

ENVIRONMENTAL FUND FOR TEXAS, INC
dba EARTHSHARE OF TEXAS
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

JUNE 30, 2014 AND 2013

ENVIRONMENTAL FUND FOR TEXAS, INC
dba EARTHSHARE OF TEXAS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Environmental Fund for Texas, Inc
dba EarthShare of Texas
Austin, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Environmental Fund for Texas, Inc dba EarthShare of Texas (the Organization) which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Atchley & Associates, LLP

Austin, Texas
March 24, 2015

ENVIRONMENTAL FUND FOR TEXAS, INC
 dba EARTHSHARE OF TEXAS
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2014 and 2013

	2014	2013
<u>ASSETS</u>		
Current Assets		
Cash and Cash Equivalents	\$ 895,238	\$ 890,373
Receivables		
Pledges Receivable	374,380	426,883
Grant Receivables	60,000	-
Membership Dues Receivable	5,962	4,530
Total Receivables	440,342	431,413
Total Current Assets	1,335,580	1,321,786
Furniture, Fixtures, and Equipment, net	2,824	5,335
Long Term Grant Receivables	120,000	-
Deposits	-	1,325
Total Assets	\$ 1,458,404	\$ 1,328,446
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts Payable	\$ 52,515	\$ 116,434
COACCC Payable	147,759	102,960
Distributions Payable	609,914	670,901
Total Current Liabilities	810,188	890,295
Net Assets		
Unrestricted	468,216	423,486
Temporarily Restricted	180,000	14,665
Total Net Assets	648,216	438,151
Total Liabilities and Net Assets	\$ 1,458,404	\$ 1,328,446

The accompanying notes are an integral part of these financial statements.

ENVIRONMENTAL FUND FOR TEXAS, INC
dba EARTHSHARE OF TEXAS
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2014 and 2013

	2014	2013
Change in Unrestricted Net Assets		
Amounts Raised in Campaigns		
Gross Campaign Pledges	\$ 674,828	\$ 732,412
Plus: Prior Year Campaign Closeout	26,152	76,067
Less: Uncollectible Pledges	(93,258)	(103,501)
Less: Designated to Specific Organizations	(558,619)	(547,378)
Public Support Designated to EarthShare of Texas	49,103	157,600
Revenue and support		
Public Support Designated to EarthShare of Texas	49,103	157,600
Administrative Fees	110,459	117,061
Pledge Closeout	65,866	71,219
Campaign Management Fees	25,914	28,439
Grants	25,000	35,000
Member Dues	24,407	27,564
New Member Entry Fees	8,750	2,900
Contributions Income	7,815	6,210
In-Kind Revenue	18,913	8,000
Other Income	4,350	1,112
Interest Income	407	618
Assets Released from Restrictions	14,665	27,675
Total Revenue and Support	355,649	483,398
Expenses		
Program Services		
Campaign Management	240,857	338,921
Supporting Services		
Management and General	62,767	54,199
Fundraising	7,295	7,311
Total Supporting Services	70,062	61,510
Total Expenses	310,919	400,431
Increase (Decrease) in Unrestricted Net Assets	44,730	82,967

The accompanying notes are an integral part of these financial statements.

ENVIRONMENTAL FUND FOR TEXAS, INC
 dba EARTHSHARE OF TEXAS
 STATEMENTS OF ACTIVITIES - Continued
 YEARS ENDED JUNE 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Change in Temporarily Restricted Net Assets		
Grant Revenue	\$ 180,000	\$ -
Assets Released from Restrictions	<u>(14,665)</u>	<u>(27,675)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>165,335</u>	<u>(27,675)</u>
Total Increase (Decrease) in Net Assets	210,065	55,292
Net Assets at Beginning of Year	<u>438,151</u>	<u>382,859</u>
Net Assets at End of Year	<u><u>\$ 648,216</u></u>	<u><u>\$ 438,151</u></u>

The accompanying notes are an integral part of these financial statements.

ENVIRONMENTAL FUND FOR TEXAS, INC
dba EARTHSHARE OF TEXAS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014

	Program Services	Management and General	Fundraising	Totals
Payroll Expenses				
Salaries	\$ 123,228	\$ 13,692	\$ -	\$ 136,920
Payroll Taxes	8,687	965	-	9,652
Employee Health Insurance	6,034	670	-	6,704
Retirement Contribution	1,890	210	-	2,100
Total Payroll Expenses	<u>139,839</u>	<u>15,537</u>	<u>-</u>	<u>155,376</u>
Advertising and Promotion	25	-	-	25
Affiliation Fee	24,147	-	-	24,147
Bank Charges	-	943	-	943
Board Meetings	353	-	-	353
Campaign Development	50	-	-	50
Depreciation	2,511	-	-	2,511
Distributions to Members	49,103	-	-	49,103
Dues and Subscriptions	-	470	-	470
Fundraising	-	-	7,295	7,295
Insurance	-	1,984	-	1,984
Occupancy	11,587	1,288	-	12,875
Office Expense	797	88	-	885
Postage and Shipping	-	1,621	-	1,621
Printing and Reproduction	2,295	-	-	2,295
Professional Services	-	40,316	-	40,316
Repairs and Maintenance	966	-	-	966
Special Events	130	-	-	130
Supplies	1,626	-	-	1,626
Telephone	4,679	520	-	5,199
Travel	2,749	-	-	2,749
	<u>\$ 240,857</u>	<u>\$ 62,767</u>	<u>\$ 7,295</u>	<u>\$ 310,919</u>

The accompanying notes are an integral part of these financial statements.

ENVIRONMENTAL FUND FOR TEXAS, INC
dba EARTHSHARE OF TEXAS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2013

	Program Services	Management and General	Fundraising	Totals
Payroll Expenses				
Salaries	\$ 111,341	\$ 12,371	\$ -	\$ 123,712
Payroll Taxes	8,055	895	-	8,950
Employee Health Insurance	3,044	338	-	3,382
Retirement Contribution	3,423	380	-	3,803
Total Payroll Expenses	<u>125,863</u>	<u>13,984</u>	-	<u>139,847</u>
Advertising and Promotion	70	-	-	70
Affiliation Fee	26,185	-	-	26,185
Bank Charges	-	154	-	154
Board Meetings	338	-	-	338
Campaign Development	-	-	-	-
Depreciation	2,196	-	-	2,196
Distributions to Members	157,600	-	-	157,600
Dues and Subscriptions	-	400	-	400
Fundraising	-	-	7,311	7,311
Insurance	-	1,501	-	1,501
Occupancy	13,117	1,458	-	14,575
Office Expense	560	62	-	622
Postage and Shipping	-	1,553	-	1,553
Printing and Reproduction	4,516	-	-	4,516
Professional Services	-	34,642	-	34,642
Repairs and Maintenance	627	-	-	627
Special Events	-	-	-	-
Supplies	871	-	-	871
Telephone	4,001	445	-	4,446
Travel	2,977	-	-	2,977
	<u>\$ 338,921</u>	<u>\$ 54,199</u>	<u>\$ 7,311</u>	<u>\$ 400,431</u>

The accompanying notes are an integral part of these financial statements.

ENVIRONMENTAL FUND FOR TEXAS, INC
 dba EARTHSHARE OF TEXAS
 STATEMENTS OF CASH FLOWS
 YEARS ENDED JUNE 30, 2014 and 2013

<u>Cash Flows Provided (Used) by Operating Activities</u>	<u>2014</u>	<u>2013</u>
Increase (Decrease) in Net Assets	\$ 210,065	\$ 55,292
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	2,511	2,196
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(8,929)	(19,947)
(Increase) Decrease in Long Term Grant Receivable	(120,000)	-
(Increase) Decrease in Deposits	1,325	-
(Decrease) Increase in Accounts Payable	(63,919)	108,123
(Decrease) Increase in Accrued Expenses	-	(4,185)
(Decrease) Increase in COACCC Payable	44,799	3,971
(Decrease) Increase in Distributions Payable	(60,987)	(66,249)
Net Cash Provided (Used) by Operating Activities	<u>4,865</u>	<u>79,201</u>
 <u>Cash Flows Provided (Used) by Investing Activities</u>		
Purchases of Furnitures, Fixtures, and Equipment	<u>-</u>	<u>(7,531)</u>
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>(7,531)</u>
 <u>Cash Flows Provided (Used) by Financing Activities</u>	<u>-</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>-</u>
 Increase (Decrease) in Cash and Cash Equivalents	4,865	71,670
Cash and Cash Equivalents - Beginning of Year	<u>890,373</u>	<u>818,703</u>
Cash and Cash Equivalents - End of Year	<u>\$ 895,238</u>	<u>\$ 890,373</u>
 Cash paid during the year for:		
Taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

ENVIRONMENTAL FUND FOR TEXAS, INC
dba EARTHSHARE OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 and 2013

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

EarthShare of Texas (the Organization) is a not-for-profit organization that was founded in 1992 as an umbrella organization of environmental groups working together to raise funds from workplace giving campaigns in Texas. The Organization represents environmental organizations dedicated to protecting our air, land, water, wildlife, and public health; and promoting environmental education. In 1997, the Organization affiliated itself with EarthShare, a national federated fund-raising organization.

Annual campaigns are conducted by the Organization to raise public support for distribution to participating agencies. Funds are raised during a campaign period, which is the time between the start of the planning, promotion, and initiation of appeals for contributions and pledges under a particular annual campaign and the formal termination date of the campaign. Most annual campaigns of the Organization are conducted in the fall of each year. The Organization distributes campaign funds using a distribution year, which is the 12-month period for which funds from a particular campaign are earmarked to be distributed to participating agencies. Distributions are made quarterly. The Organization earns administrative fees for conducting campaigns, monitoring and distributing funds to participant agencies, and other donor designated organizations.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization has adopted Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities- Presentation of Financial Statements*. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ENVIRONMENTAL FUND FOR TEXAS, INC
dba EARTHSHARE OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 and 2013

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2014 and 2013, consisted of money market accounts and operating accounts at two financial institutions in Austin, Texas. The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed over the estimated useful lives using the straight-line method. The estimated useful lives for these assets, consisting of furniture and equipment, are 3 to 10 years.

Repair and maintenance items are charged to expense as incurred.

Revenue Recognition

The Organization receives contributions and other resources whose use is limited by stipulations that are more specific than the broad limits resulting from the nature and purpose of the Organization and its programs. Resources (net assets) with such stipulations that either expire by the passage of time or can be fulfilled by actions of the Organization are reported as temporarily restricted net assets. Net assets released from accompanying stipulations due to the Organization's action are reported as net assets released from restrictions and reported as transfers from temporarily restricted net assets to unrestricted net assets. As of June 30, 2014 and 2013, the Organization had temporarily restricted assets of \$180,000 and \$14,665, respectively, and no permanently restricted assets.

Advertising

Advertising costs are expensed as incurred. Advertising expense totaled \$25 and \$70 for the years ending June 30, 2014 and 2013, respectively.

Income Taxes

The Organization is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes. As such, no provision for Federal income taxes is presented in these financial statements.

ENVIRONMENTAL FUND FOR TEXAS, INC
dba EARTHSHARE OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 and 2013

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Income Taxes - Continued

The Organization follows FASB ASC 740-10, *Accounting for Uncertainty in Income Tax*. That standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Subsequent Events

Management of the Organization has evaluated subsequent events for disclosure through the date of the independent auditors' report, the date the financial statements were available to be issued.

NOTE B - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

The following program and supporting services are included in the accompanying financial statements:

Program Services:

The Organization conducts annual campaigns to raise public support for distribution to participating agencies.

Supporting Services:

Management and General – Provides management and administrative functions necessary to ensure a proper office, articulates organizational strategies and administrative policies of the President and Board of Directors, maintains competent legal services for program administration, and properly manages the financial and budgetary responsibilities of the Organization.

Fundraising – Costs allocated to fundraising are direct costs related to specific campaigns operated by the Organization. Fundraising costs totaled \$7,295 and \$7,311 for the years ended June 30, 2014 and 2013, respectively.

ENVIRONMENTAL FUND FOR TEXAS, INC
 dba EARTHSHARE OF TEXAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014 and 2013

NOTE C - GRANT RECEIVABLES

Grant receivables as of June 30, 2014 and 2013, are as follows:

	<u>2014</u>	<u>2013</u>
Receivables due in less than one year	\$ 60,000	\$ -
Receivables due in less than two years	60,000	-
Receivables due in less than three years	60,000	-
	<u>\$ 180,000</u>	<u>\$ -</u>

There is not a significant difference between the present value and the recorded value of the receivables.

NOTE D - FURNITURE, FIXTURES, AND EQUIPMENT

Furniture, fixtures, and equipment consists of the following at June 30:

	<u>2014</u>	<u>2013</u>
Cost		
Equipment	\$ 9,607	\$ 9,607
Accumulated depreciation	<u>(6,783)</u>	<u>(4,272)</u>
	<u>\$ 2,824</u>	<u>\$ 5,335</u>

NOTE E - UNDESIGNATED DISTRIBUTIONS

Public support received during the annual campaign, not designated for a specific participant organization, is to be allocated and distributed to participant agencies based on a formula determined by the governing board and approved by the membership council.

Such undistributed funds are to be allocated equally to fully participating agencies. The allocations are to be tracked and reported to participant agencies and no interest is to accumulate on undistributed funds. Whenever the Board authorizes payments on deferred distributions, the payments will be pro-rata to participant agencies. If a participant agency resigns and is in good standing, the agency may receive its deferred distribution wherever a payment occurs. However, if a participant agency is terminated, its deferred distribution reverts to the Organization.

ENVIRONMENTAL FUND FOR TEXAS, INC
 dba EARTHSHARE OF TEXAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014 and 2013

NOTE F - RETIREMENT PLAN

The Organization offers full time employees the opportunity for participation in a contributory retirement plan. The Organization matches employees' contributions up to 3% of salary. The expense to the Organization for the years ended June 30, 2014 and 2013, was \$2,100 and \$3,803, respectively.

NOTE G - IN-KIND CONTRIBUTIONS

In accordance with FASB ASC 958-605-25-16, *Not-for-Profit Entities - Revenue Recognition - Recognition - Contributed Services*, donated materials, facilities, and services are recorded at their estimated values and recorded as revenue in the accounting period in which they are received. The Organization received professional services and office space for the years ended June 30, 2014 and 2013, with the estimated values of \$18,913 and \$8,000, respectively.

NOTE H - OPERATING LEASES

The Organization leases office equipment under non-cancelable operating leases. Future minimum lease payments under leases charged to or signed by the Organization at June 30, 2014, are as follows:

Year Ending June 30,	
2015	\$ 2,014
2016	2,014
2017	1,729
2018	1,599
2019	932
	<hr/>
	\$ 8,288
	<hr/> <hr/>

Office space and equipment rental expense was \$12,380 and \$17,413 for the years ended June 30, 2014 and 2013, respectively.

NOTE I - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments and accounts receivable.

ENVIRONMENTAL FUND FOR TEXAS, INC
dba EARTHSHARE OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 and 2013

NOTE I - CONCENTRATION OF CREDIT RISK (Continued)

The Organization places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. The Organization maintains cash balances at Capitol Credit Union and Bank of America in Austin, Texas.

The total cash held by the Organization at June 30, 2014 includes \$540,506 in monies that are not covered by the Federal Deposit Insurance Corporation. It is the opinion of management that the solvency of the financial institutions is not of particular concern at this time.

NOTE J - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.