

# PMB Helin Donovan

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## Independent Auditor's Report

To the Board of Directors  
of Environmental Fund for Texas, Inc  
dba EarthShare of 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 statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year 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.

### Auditor's 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 auditor considers internal control relevant to the entity'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, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PMB HELIN DONOVAN, LLP

*PMB Helin Donovan, LLP*

March 15, 2017  
Austin, Texas

Austin • Dallas • Houston



**ENVIRONMENTAL FUND FOR TEXAS, INC.**  
**dba EARTHSHARE OF TEXAS**  
Statement of Financial Position  
As of June 30, 2015

<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 845,175
Pledges receivable	258,008
Grants receivable	60,000
Membership dues receivable	17,397
Total current assets	<u>1,180,580</u>
Furniture, fixtures, and equipment, net	314
Long-term grant receivables	60,000
Total assets	<u>\$ 1,240,894</u>
 <b>Liabilities and Net Assets</b>	
Current liabilities	
Accounts payable	\$ 3,231
COACCC payable	122,127
Distributions payable	509,198
Total current liabilities	<u>634,556</u>
Total liabilities	<u>634,556</u>
Net assets	
Unrestricted net assets	485,407
Temporarily restricted net assets	120,931
Total net assets	<u>606,338</u>
Total liabilities and net assets	<u>\$ 1,240,894</u>

See accompanying notes and independent auditor's report.

**ENVIRONMENTAL FUND FOR TEXAS, INC.**  
**dba EARTHSHARE OF TEXAS**  
Statement of Activities  
For the Year Ended June 30, 2015

**Change in Unrestricted Net Assets**

<b>Amounts raised in campaigns</b>	
Gross campaign pledges	\$ 588,386
Plus: Prior year campaign closeout	10,838
Less: Uncollectible pledges	(91,157)
Less: Designated to specific organizations	(424,644)
Public support designated to Earthshare of Texas	<u>83,423</u>
<b>Revenue and support</b>	
Public support designated to Earthshare of Texas	83,423
Administrative fees	143,493
Non-campaign revenue	100,000
Campaign management fees	6,829
Grants	12,500
Member dues	22,551
New member entry fees	10,250
Contributions income	22,891
In-kind revenue	22,185
Special events revenue	2,500
Other income	6,512
Interest income	230
Miscellaneous income	500
Assets released from restrictions	59,069
Total revenue and support	<u>492,933</u>
<b>Expenses</b>	
Program services	
Campaign management	391,761
Supporting services	
Management and general	68,305
Fundraising	15,676
Total supporting services	<u>83,981</u>
Total expenses	<u>475,742</u>
Increase in Unrestricted Net Assets	17,191
<b>Change in Temporarily Restricted Net Assets</b>	
Assets released from restrictions	<u>(59,069)</u>
Decrease in temporarily restricted net assets	<u>(59,069)</u>
Total Decrease in Net Assets	(41,878)
Net Assets at Beginning of Year	<u>648,216</u>
Net Assets at End of Year	<u>\$ 606,338</u>

See accompanying notes and independent auditor's report.

**ENVIRONMENTAL FUND FOR TEXAS, INC.**  
**dba EARTHSHARE OF TEXAS**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2015**

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Payroll expenses				
Salaries	\$ 129,236	\$ 34,009	\$ 6,801	\$ 170,046
Payroll taxes	11,336	2,983	597	14,916
Retirement contribution	1,439	379	76	1,894
Total payroll expenses	<u>142,011</u>	<u>37,371</u>	<u>7,474</u>	<u>186,856</u>
Advertising and promotion	1,437	-	-	1,437
Affiliation fee	25,561	-	-	25,561
Bank charges	498	-	-	498
Campaign fundraising fees and expenses	-	-	6,094	6,094
Depreciation	1,908	502	100	2,510
Distributions to members	83,423	-	-	83,423
Dues and subscriptions	470	-	-	470
Insurance	1,872	493	99	2,464
In-kind expenses	17,165	4,183	837	22,185
Non-campaign expense	100,000	-	-	100,000
Office expense	710	118	24	852
Pass-thru expenses	3,272	-	-	3,272
Postage and shipping	1,389	-	-	1,389
Printing and reproduction	1,943	511	102	2,556
Professional services	-	22,360	-	22,360
Repairs and maintenance	1,303	343	68	1,714
Special events	2,535	-	634	3,169
Supplies	968	255	51	1,274
Telephone	2,181	574	115	2,870
Travel	3,115	1,595	78	4,788
Total expenses	<u>\$ 391,761</u>	<u>\$ 68,305</u>	<u>\$ 15,676</u>	<u>\$ 475,742</u>

See accompanying notes and independent auditor's report.

**ENVIRONMENTAL FUND FOR TEXAS, INC.**  
**dba EARTHSHARE OF TEXAS**  
Statement of Cash Flows  
For the Year Ended June 30, 2015

<b>Cash flows from operating activities:</b>	
Change in net assets	\$ (41,878)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	2,510
(Increase) decrease in operating assets	
Pledges and membership dues receivable	104,937
Grants receivable	60,000
Increase (decrease) in operating liabilities	
Accounts payable	(49,284)
COACCC payable	(25,632)
Distributions payable	(100,716)
	<hr/>
Net cash used in operating activities	(50,063) <hr/>
<b>Cash flows from investing activities:</b>	<hr/> -
<b>Cash flows from financing activities:</b>	<hr/> -
<b>Net decrease in cash and cash equivalents</b>	(50,063)
<b>Cash and cash equivalents</b>	
Beginning of the year	<hr/> 895,238
End of the year	\$ <u><u>845,175</u></u>

See accompanying notes and independent auditor's report.

**ENVIRONMENTAL FUND FOR TEXAS, INC.**  
**dba EARTHSHARE OF TEXAS**  
Notes to the Financial Statements  
June 30, 2015

**NOTE A – DESCRIPTION OF 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.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements have been prepared on the accrual basis method of accounting. Using this method of accounting, revenues and other support and the related accounts receivable are reported when the funds are considered earned, regardless of when the cash is received. Expenses and the related accounts payable are reported when the obligation is incurred, regardless of when the cash is disbursed.

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. The Organization reports the following net assets classes.

- **Permanently restricted net assets:** The part of the net assets of a not-for-profit organization resulting from contributions whose use by an organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of an organization are considered permanently restricted net assets. An example of a permanently restricted net asset would be the donation of funds (or other assets) to an organization in which the donor imposed a restriction that the funds not be expended, but that an organization would be permitted to use or expend part or all of the income (or other economic benefit) derived from the donation. The Organization did not have any permanently restricted net assets as of June 30, 2015.
- **Temporarily restricted net assets:** Not-for-profit organizations will receive 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 an organization and its programs. An example of a temporarily restricted net asset would be resources contributed to be used in a specific program. Resources (net assets) with such stipulations that either expire by passage of time or can be fulfilled by actions of an organization are reported as temporarily restricted net assets.

**ENVIRONMENTAL FUND FOR TEXAS, INC.**  
**dba EARTHSHARE OF TEXAS**  
Notes to the Financial Statements  
June 30, 2015

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- **Unrestricted net assets:** All resources not included in the above categories are reported as unrestricted net assets. While these resources are reported as unrestricted, a not-for-profit organization manages them in compliance with its exempt purpose, Board of Director designations, applicable legal requirements, and any contractual obligations.

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.

Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2015, 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.

Pledges

Pledges are recorded in the financial statements upon receipt of pledge information from the campaigns. EarthShare honors designations made to each member organization. As all pledges are expected to be collected within one year, they are recorded at their net realizable value, which approximates fair value. This is achieved by creating allowances for estimated uncollectible pledges and for estimated costs incurred by others (shrinkage). There were no allowances for doubtful accounts as of June 30, 2015.

Contributions and Grants

Contributions and grants are recognized when unconditionally promised to or received. Contributions are recorded as unrestricted or temporarily restricted support depending upon the existence and/or nature of any donor restrictions. 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, 2015, the Organization had temporarily restricted assets of \$120,931 and no permanently restricted assets.

Receivables

Pledges, grants and membership dues receivable report promises to give, amounts owed due to contractual relationships, or membership fees due from participating agencies. Any allowance for uncollectible amounts is based on prior years' collection experience, the age of the receivable, and management's analysis of any other specific circumstances related to individual receivables. The allowance for uncollectible accounts is considered an accounting estimate. This estimate may be adjusted as more current information becomes available and any adjustment could be significant. There were no balances for allowances for uncollectible accounts at as of June 30, 2015 as all balances were deemed collectible by management.

**ENVIRONMENTAL FUND FOR TEXAS, INC.**  
**dba EARTHSHARE OF TEXAS**  
Notes to the Financial Statements  
June 30, 2015

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

Distributions Payable

Pledges and contributions that are designated to EarthShare's member agencies are recorded as distributions payable. Cash received from campaigns is allocated to each participating member agency in the ratio that each agency was designated from the relevant campaign. Their share of undesignated pledges, is calculated based upon a board-approved formula. Prior to the quarterly distribution of the campaign receipts to the members, expenses approved by the organization members of EarthShare are deducted and are recorded as administrative charges for raising funds on behalf of others.

COACCC Funds Payable

Pledges and contributions that are designated to EarthShare's member agencies that are received from participating City of Austin employees are recorded as City of Austin Combined Charities Campaign ("COACCC") funds payable. Cash received is allocated to each participating member agency in the ratio that each agency was designated from the donor. Their share of undesignated pledges, is calculated based upon a ratio derived from the percent of designated funds received. Fund are distributed on a bi-monthly basis and administrative charges are deducted on the first distribution of the year.

Advertising

Advertising costs are expensed as incurred. Advertising expense totaled \$1,437 for the year ended June 30, 2015.

Functional Expenses

Common costs such as salaries and benefits, supplies and other costs are allocated between program services, management and general, and fund raising by management's judgment of the activities that benefit from the costs. The allocation of costs is reviewed periodically and the allocations revised, if necessary, to reflect changes in activities. The allocation of costs is considered an accounting estimate. The estimate may be adjusted as more current information becomes available and any adjustment could be significant.

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. The Organization believes it is no longer subject to examination by the IRS for years prior to 2012. 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. Management has analyzed the tax positions of the Organization, and has concluded that as of June 30, 2015, there are no uncertain positions taken or expected to be taken that would required recognition of a liability (or assets) or disclosure in the notes to the financial statements.



**ENVIRONMENTAL FUND FOR TEXAS, INC.**  
**dba EARTHSHARE OF TEXAS**  
Notes to the Financial Statements  
June 30, 2015

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consists principally of cash and cash equivalents and accounts receivable. There was \$53,879 of cash and cash equivalents that exceeded the maximum FDIC at June 30, 2015. For accounts receivable, the Organization performs ongoing credit evaluations of the donor's financial condition.

Recently Issued Accounting Pronouncements

The Organization considers the applicability and impact of all accounting standards updates (ASU's) issued by the Financial Accounting Standards Board (FASB).

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements—Going Concern (Subtopic 205-40)* requiring management to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern, which is currently performed by the external auditors. Management will be required to perform this assessment for both interim and annual reporting periods and must make certain disclosures if it concludes that substantial doubt exists. This ASU is effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2016. The adoption of this guidance is not expected to have a material effect on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to recognize on its balance sheet a right-of-use asset and a lease liability under most operating leases. For private companies, the ASU is effective for annual and interim periods beginning after December 15, 2019. Early adoption is permitted. The Organization is currently evaluating the effects that the adoption of ASU 2016-02 will have on its financial position, results of operations, or cash flows.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this Accounting Standards Update make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments in this Update is permitted. The Organization is currently evaluating the impact of the standard on its financial statements.

Subsequent Events

Management has evaluated subsequent events through March 15, 2017 which is the date the financial statements were available for issuance. There are no significant subsequent events requiring disclosure as of that date.

**ENVIRONMENTAL FUND FOR TEXAS, INC.**  
**dba EARTHSHARE OF TEXAS**  
Notes to the Financial Statements  
June 30, 2015

**NOTE C - 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 \$15,676 for the year ended June 30, 2015.

**NOTE D - GRANT RECEIVABLES**

Grant receivables as of June 30, 2015, are as follows:

	2015
Receivables due in less than one year	\$ 60,000
Receivables due in less than two years	60,000
	\$ 120,000

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

**NOTE E - FURNITURE, FIXTURES, AND EQUIPMENT**

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

	2015
Equipment	\$ 9,607
Accumulated depreciation	(9,293)
	\$ 314

Depreciation expense was \$2,510 for the year ended June 30, 2015.

**NOTE F - 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.

**ENVIRONMENTAL FUND FOR TEXAS, INC.**  
**dba EARTHSHARE OF TEXAS**  
Notes to the Financial Statements  
June 30, 2015

**NOTE F - UNDESIGNATED DISTRIBUTIONS (Continued)**

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 whenever a payment occurs. However, if a participant agency is terminated, its deferred distribution reverts to the Organization.

**NOTE G - RETIREMENT PLAN**

The Organization maintains a 403(b) plan (the "Plan"). The Plan is administered and held in trust by The Vanguard Group. The Organization's employees must meet certain minimum requirements before being eligible for participation in the Plan. The Organization matches employees' contributions up to 3% of salary. The expense to the Organization for the year ended June 30, 2015 was \$1,894.

**NOTE H - IN-KIND CONTRIBUTIONS**

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 year ended June 30, 2015, with an estimated value of \$22,185.

**NOTE I - 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, 2015, are as follows:

Year Ending June 30,		
2016	\$	2,014
2017		1,729
2018		1,599
2019		932
	\$	<u>4,260</u>

Office space and equipment rental expense was \$20,915 for the year ended June 30, 2015.

**NOTE J - TEMPORARILY RESTRICTED NET ASSETS**

As of June 30, 2015, net assets in the amount of \$120,931 are temporarily restricted by donors for the purpose of expanding EarthShare of Texas operations in Houston, Texas. During the year ended June 30, 2015, net assets totaling \$59,069 were released from temporary restrictions by incurring expenses satisfying the aforementioned purpose.

**NOTE K - CONCENTRATIONS**

At June 30, 2015, one donor accounted for 21% of the total pledges receivable balance for the Organization.