



Environmental Fund for Texas, Inc. dba EarthShare of Texas

Report of Independent Auditor and Financial Statements

For the fiscal years ended June 30, 2016
and 2015

PMB Helin Donovan

Report of Independent Auditor

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 statements of financial position as of June 30, 2016 and 2015, and the related statements of activities 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.

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, 2016 and 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

February 26, 2018
Austin, Texas

ENVIRONMENTAL FUND FOR TEXAS, INC.
dba EARTHSHARE OF TEXAS
 Statements of Financial Position
 As of June 30, 2016 and 2015

	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 834,673	\$ 845,175
Pledges receivable	220,454	258,008
Grants receivable	60,000	60,000
Membership dues receivable	31,247	17,397
Total current assests	1,146,374	1,180,580
Furniture, fixtures, and equipment, net	-	314
Long-term grant receivables	-	60,000
Total assets	\$ 1,146,374	\$ 1,240,894
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 3,263	\$ 3,231
COACCC payable	121,164	122,127
Distributions payable	449,288	509,198
Total current liabilities	573,715	634,556
Total liabilities	573,715	634,556
Net assets		
Unrestricted net assets	508,539	485,407
Temporarily restricted net assets	64,120	120,931
Total net assets	572,659	606,338
Total liabilities and net assets	\$ 1,146,374	\$ 1,240,894

See accompanying notes and report of independent auditor.

ENVIRONMENTAL FUND FOR TEXAS, INC.
dba EARTHSHARE OF TEXAS
 Statements of Activities
 For the Years Ended June 30, 2016 and 2015

	2016	2015
Change in Unrestricted Net Assets		
Amounts raised in campaigns		
Gross campaign pledges	\$ 470,602	\$ 588,386
Plus: Prior year campaign closeout	101,986	10,838
Less: Uncollectible Pledges	(71,176)	(91,157)
Less: Designated to specific organizations	(403,536)	(424,644)
Public support designated to Earthshare of Texas	97,876	83,423
Revenue and support		
Public support designated to Earthshare of Texas	97,876	83,423
Administrative fees	46,302	143,493
Non-campaign revenue	171,000	100,000
Campaign management fees	5,928	6,829
Grants	25,000	12,500
Member dues	160,000	22,551
New member entry fees	10,570	10,250
Contributions income	5,394	22,891
In-kind revenue	22,185	22,185
Special events revenue	-	2,500
Other income	1,440	6,512
Interest income	234	230
Miscellaneous income	-	500
Assets released from restrictions	56,810	59,069
Total revenue and support	602,739	492,933
Expenses		
Program services		
Campaign management	491,637	391,761
Supporting services		
Management and general	77,714	68,305
Fundraising	10,257	15,676
Total supporting services	87,971	83,981
Total expenses	579,608	475,742
Increase in unrestricted net assets	23,131	17,191
Change in Temporarily Restricted Net Assets		
Assets released from restrictions	(56,810)	(59,069)
Decrease in temporarily restricted net assets	(56,810)	(59,069)
Total decrease in net assets	(33,679)	(41,878)
Net Assets at Beginning of Year	606,338	648,216
Net Assets at End of Year	\$ 572,659	\$ 606,338

See accompanying notes and independent auditors' report.

ENVIRONMENTAL FUND FOR TEXAS, INC.
dba EARTHSHARE OF TEXAS
Statement of Functional Expenses
For the Year Ended June 30, 2016

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Payroll expenses				
Salaries	\$ 139,920	\$ 36,821	\$ 7,364	\$ 184,105
Payroll taxes	11,893	3,130	626	15,649
Total payroll expenses	<u>151,813</u>	<u>39,951</u>	<u>7,990</u>	<u>199,754</u>
Advertising and promotion	75	-	-	75
Affiliation fee	23,118	-	-	23,118
Bank charges	561	-	-	561
Campaign fundraising fees and expenses	6,769	1,781	356	8,906
Depreciation	238	63	13	314
Distributions to members	97,876	-	-	97,876
Dues and subscriptions	820	-	-	820
Insurance	1,417	373	75	1,865
In-kind expenses	16,861	4,437	887	22,185
Non-campaign expense	171,000	-	-	171,000
Office expense	3,345	880	176	4,401
Pass-thru expenses	1,940	-	-	1,940
Postage and shipping	1,371	-	-	1,371
Printing and reproduction	2,436	641	128	3,205
Professional services	-	26,430	-	26,430
Repairs and maintenance	721	190	38	949
Supplies	1,724	454	91	2,269
Telephone	2,812	740	148	3,700
Travel	6,740	1,774	355	8,869
Total expenses	<u>\$ 491,637</u>	<u>\$ 77,714</u>	<u>\$ 10,257</u>	<u>\$ 579,608</u>

See accompanying notes and report of independent auditor.

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 report of independent auditor.

ENVIRONMENTAL FUND FOR TEXAS, INC.**dba EARTHSHARE OF TEXAS**

Statements of Cash Flows

For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows used in operating activities:		
Change in net assets	\$ (33,679)	\$ (41,878)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	314	2,510
(Increase) decrease in operating assets		
Pledges and membership dues receivable	23,704	104,843
Grants receivable	60,000	60,000
Decrease in operating liabilities		
Accounts payable	32	(49,284)
COACCC payable	(963)	(25,632)
Distribution payable	<u>(59,910)</u>	<u>(100,716)</u>
Net cash used in operating activities	<u>(10,502)</u>	<u>(50,063)</u>
Cash flows from investing activities:	<u>-</u>	<u>-</u>
Cash flows from financing activities:	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	(10,502)	(50,063)
Cash and cash equivalents		
Beginning to the year	<u>845,175</u>	<u>895,238</u>
End of the year	<u>\$ 834,673</u>	<u>\$ 845,175</u>

See accompanying notes and report of independent auditor.

ENVIRONMENTAL FUND FOR TEXAS, INC.
dba EARTHSHARE OF TEXAS
Notes to the Financial Statements
June 30, 2016 and 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, 2016 and 2015.

ENVIRONMENTAL FUND FOR TEXAS, INC.
dba EARTHSHARE OF TEXAS
Notes to the Financial Statements
June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **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.
- **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, 2016 and 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, 2016 and 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, 2016 and 2015, the Organization had temporarily restricted assets of \$64,120 and \$120,931, respectively, and no permanently restricted assets.

ENVIRONMENTAL FUND FOR TEXAS, INC.
dba EARTHSHARE OF TEXAS
Notes to the Financial Statements
June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2016 or 2015 as all balances were deemed collectible by management.

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 \$75 and \$1,437 for the years ending June 30, 2016 and 2015, respectively.

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.

ENVIRONMENTAL FUND FOR TEXAS, INC.
dba EARTHSHARE OF TEXAS
Notes to the Financial Statements
June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2013. 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.

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consists principally of cash and cash equivalents, beneficial interest, and accounts receivable. There was \$89,553 and \$53,879 of cash and cash equivalents that exceeded the maximum FDIC at June 30, 2016 and 2015, respectively. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. For accounts receivable, the Organization performs ongoing credit evaluations of the donor's financial condition.

Subsequent Events

Management has evaluated subsequent events through February 26, 2018 which is the date the financial statements were available for issuance. There are no significant subsequent events requiring disclosure as of that date.

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 \$10,257 and \$15,676 for the years ended June 30, 2016 and 2015, respectively.

ENVIRONMENTAL FUND FOR TEXAS, INC.
 dba EARTHSHARE OF TEXAS
 Notes to the Financial Statements
 June 30, 2016 and 2015

NOTE D - GRANT RECEIVABLES

Grant receivables as of June 30, 2016 and 2015, are as follows:

	2016	2015
Receivables due in less than one year	\$ 60,000	\$ 60,000
Receivables due in less than two years	-	60,000
Receivables due in less than three 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:

	2016	2015
Equipment	\$ 9,607	\$ 9,607
Accumulated depreciation	(9,607)	(9,293)
	\$ -	\$ 314

Depreciation expense was \$314 and \$2,510 for the years ended June 30, 2016 and 2015, respectively.

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.

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.

NOTE G - 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, 2016 and 2015, was \$0 and \$1,894, respectively.

ENVIRONMENTAL FUND FOR TEXAS, INC.
dba EARTHSHARE OF TEXAS
Notes to the Financial Statements
June 30, 2016 and 2015

NOTE H - 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, 2016 and 2015, with the estimated values of \$22,185 and \$22,185, respectively.

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, 2016, are as follows:

Year Ending June 30,	
2017	\$ 1,729
2018	1,599
2019	932
	<hr/>
	\$ 4,260

Office space and equipment rental expense was \$22,185 and \$20,915 for the years ended June 30, 2016 and 2015, respectively.