

ENVIRONMENTAL FUND FOR TEXAS, INC.  
dba EARTHSHARE OF TEXAS

INDEPENDENT AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS

June 30, 2017 and 2016

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# Allman & Associates, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Environmental Fund for Texas, Inc.  
dba Earthshare of Texas

We have audited the accompanying financial statements of Environmental Fund for Texas, Inc. dba EarthShare of Texas (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2017, 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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 Environmental Fund for Texas, Inc. dba EarthShare of Texas as of June 30, 2017, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## **Prior Period Financial Statements**

The financial statements of Environmental Fund for Texas, Inc. dba EarthShare of Texas as of June 30, 2016, were audited by other auditors whose report dated February 26, 2018, expressed an unmodified opinion on those financial statements.

*Allman & Associates, Inc.*

Austin, Texas  
December 12, 2018

ENVIRONMENTAL FUND FOR TEXAS, INC.  
dba Earthshare of Texas

STATEMENTS OF FINANCIAL POSITION

June 30, 2017 and 2016

	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 828,942	\$ 834,673
Pledges receivable	264,757	220,454
Grants receivable	-	60,000
Other receivables	215,363	-
Membership dues receivable	169,916	31,247
Total current assets	1,478,978	1,146,374
Property and equipment, net	-	-
Total Assets	1,478,978	1,146,374
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable	\$ 4,664	\$ 3,263
COACCC payable	223,585	121,164
Distributions payable	615,437	447,649
Other campaigns payable	187,080	1,639
Total Current Liabilities	1,030,766	573,715
Net Assets:		
Unrestricted net assets	443,634	508,539
Temporarily restricted net assets	4,578	64,120
Total Net Assets	448,212	572,659
Total Liabilities and Net Assets	\$ 1,478,978	\$ 1,146,374

See accompanying auditors' report and notes to financial statements.

ENVIRONMENTAL FUND FOR TEXAS, INC.  
dba Earthshare of Texas

STATEMENTS OF ACTIVITIES

For The Years Ended June 30, 2017 and 2016

	<b>2017</b>	<b>2016</b>
<b>Changes in Unrestricted Net Assets</b>		
Amounts raised in campaigns		
Gross campaign pledges	\$ 464,357	\$ 470,602
Plus: Prior year campaign closeout	-	101,986
Less: Uncollectible pledges	(70,053)	(71,176)
Less: Designated to specific organizations	(343,800)	(403,536)
Public support designated to EarthShare of Texas	50,504	97,876
Revenue and support		
Public support designated to EarthShare of Texas	50,504	97,876
Membership dues	161,500	170,477
Cause campaign revenue	480,000	171,000
Management fee revenue	40,363	52,230
Grants	25,000	25,000
Contributions income	3,714	5,394
In-kind revenue	32,500	22,185
Other income	463	1,440
Interest income	220	234
Assets released from restriction	59,543	56,810
Total Support and Revenue	853,807	602,646
Expenses		
Program services		
Campaign management	830,694	491,637
Supporting services		
Management and general	87,173	77,714
Fundraising	844	10,257
Total supporting services	88,017	87,971
Total Expenses	918,711	579,608
Increase (Decrease) in unrestricted net assets	(64,904)	23,038
<b>Change in Temporarily Restricted Net Assets</b>		
Assets released from restriction	(59,543)	(56,810)
Decrease in temporarily restricted net assets	(59,543)	(56,810)
Total increase (decrease) in net assets	(124,447)	(33,772)
Net assets, beginning of year	572,659	606,431
Net assets, end of year	\$ 448,212	\$ 572,659

See accompanying auditors' report and notes to financial statements.

ENVIRONMENTAL FUND FOR TEXAS, INC.  
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STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES				
Wages and benefits	\$ 224,374	\$ 21,273	\$ -	\$ 245,647
Advertising and promotion	1,231	-	-	1,231
Affiliation fee	13,388	-	-	13,388
Bank charges	2,448	-	-	2,448
Campaign fundraising fees and expenses	9,221	-	-	9,221
Distributions to members	50,504	-	-	50,504
Dues and subscriptions	2,059	-	-	2,059
Insurance	1,921	506	101	2,528
In-kind expenses	29,685	2,815	-	32,500
Non-campaign expense	480,000	-	-	480,000
Office expense	885	2,729	47	3,661
Postage and shipping	968	-	-	968
Printing and reproduction	1,741	458	92	2,291
Professional services	-	54,201	-	54,201
Repairs and maintenance	960	253	51	1,264
Special events	927	-	232	1,159
Supplies	1,804	475	95	2,374
Telephone	2,899	763	153	3,815
Travel	5,679	3,700	73	9,452
	<u>\$ 830,694</u>	<u>\$ 87,173</u>	<u>\$ 844</u>	<u>\$ 918,711</u>

See accompanying auditors' report and notes to financial statements.

ENVIRONMENTAL FUND FOR TEXAS, INC.  
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STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2016

EXPENSES	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
	\$	\$	\$	\$
Salaries and taxes	151,813	39,951	7,990	199,754
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
	<u>\$ 491,637</u>	<u>\$ 77,714</u>	<u>\$ 10,257</u>	<u>\$ 579,608</u>

See accompanying auditors' report and notes to financial statements.



ENVIRONMENTAL FUND FOR TEXAS, INC.  
dba EARTHSHARE OF TEXAS

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2017 and 2016

	<b>2017</b>	<b>2016</b>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (124,447)	\$ (33,679)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation expense		314
Changes in assets and liabilities:		
Grants and pledges receivable	15,697	69,947
Membership dues and other receivables	(354,032)	13,757
Accounts payable	1,401	32
COACC payable	102,421	(963)
Distribution payable	353,229	(59,910)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(5,731)	(10,502)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
CHANGE IN CASH AND CASH EQUIVALENTS	(5,731)	(10,502)
BEGINNING CASH AND CASH EQUIVALENTS	834,673	845,175
ENDING CASH AND CASH EQUIVALENTS	\$ 828,942	\$ 834,673

See accompanying auditors' report and notes to financial statements.

ENVIRONMENTAL FUND FOR TEXAS, INC.  
dba EARTHSHARE OF TEXAS

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

1. 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 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.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**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 asset classes.

*Unrestricted* – These types of net assets are not subject to donor-imposed stipulations. This also includes Board-designated net assets for specific purposes, since these restrictions may be reversed by the Board at any time in the future.

*Temporarily Restricted* – These types of net assets are subject to donor-imposed stipulations, which limit their use by the Organization to a specific purpose and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Permanently Restricted* - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization did not have any permanently restricted net assets as of June 30, 2017 and 2016.

**Cash Equivalents**

Cash and cash equivalents as of June 30, 2017 and 2016 consist 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 Receivable**

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, 2017 and 2016.

ENVIRONMENTAL FUND FOR TEXAS, INC.  
dba EARTHSHARE OF TEXAS

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**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 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 actions 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, 2017 and 2016, the Organization had temporarily restricted assets of \$4,578 and \$64,120, respectively, and no permanently restricted net 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 as of June 30, 2017 or 2016 as all balances were deemed collectible by management.

**Property and Equipment**

Property and equipment items in excess of \$500 are capitalized at cost, including costs of significant improvements. Depreciation is computed on a straight-line basis using estimated useful lives of three to ten years. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the period. Maintenance and repairs are charged to expense as incurred.

**Distributions Payable**

Pledges and 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 members of EarthShare are deducted and are recorded as administrative charges for raising funds on behalf of others.

ENVIRONMENTAL FUND FOR TEXAS, INC.  
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NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**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. Funds are distributed on a bi-monthly basis and administrative charges are deducted on the first distribution of the year.

**Advertising**

Advertising costs are expenses as incurred. Advertising expense totaled \$1,231 and \$75 for the years ending June 30, 2017 and 2016, 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 judgement 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 exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Therefore, no provision for income taxes is included in the financial statements. Earthshare believes it is no longer subject to examination by the IRS for years prior to 2013. The Organization has adopted 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 financial statements. It also provides guidance for de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

ENVIRONMENTAL FUND FOR TEXAS, INC.  
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NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Concentration of Credit Risk**

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, beneficial interest and accounts receivable. Cash and cash equivalent accounts exceeded the maximum Federal Deposit Insurance Corporation limits by \$469,938 and \$89,553 at June 30, 2017 and 2016.

**Reclassifications in Prior Year Financial Statements**

Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation.

2. FAIR VALUE OF FINANCIAL INSTRUMENTS

The requirements of Fair Value Measurements and Disclosures of the Accounting Standards Codification apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement is the same in both cases – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price). Fair Value Measurements and Disclosures also establish a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 Inputs – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 Inputs – Inputs other than quoted prices included with Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 Inputs – Unobservable inputs for the asset or liability.

The carrying values of the current assets and current liabilities approximate their fair value due to their short-term, highly liquid nature.

ENVIRONMENTAL FUND FOR TEXAS, INC.  
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NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

3. 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 \$844 and \$10,257 for the years ended June 30, 2017 and 2016, respectively.

4. FURNITURE, FIXTURES AND EQUIPMENT

Furniture, fixtures and equipment as of June 30 consisted of the following:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 9,607	9,607
Less: Accumulated depreciation	<u>(9,607)</u>	<u>(9,607)</u>
Fixed assets, net	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was \$0 and \$4,358 for the years ended June 30, 2017 and 2016, respectively.

ENVIRONMENTAL FUND FOR TEXAS, INC.  
dba EARTHSHARE OF TEXAS

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

5. COMMITMENTS AND CONTINGENCIES

**Leases**

The Organization leases certain office equipment under operating leases. Minimum future rentals for equipment leases as of June 30, 2017 are as follows:

<u>For the year ended December 31,</u>	<u>Amount</u>
2018	1,599
2019	932
2020	-
2021	-
2022 and thereafter	-
	<u>\$ 2,531</u>

Equipment rental expense for the years ended June 30, 2017 and 2016 was \$2,338 and \$1,995 respectively.

6. 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.

7. 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, 2017 and 2016 was \$3,673 and \$0, respectively.



ENVIRONMENTAL FUND FOR TEXAS, INC.  
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NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

8. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statement are issued. Management has evaluated subsequent events through December 12, 2018, the date the audit report was available for issuance, and noted no subsequent events to be disclosed.