



CENTER FOR HEALTH, ENVIRONMENT AND JUSTICE

Financial Statements

For the Year Ended December 31, 2007

(With Summarized Financial Information for the Year Ended December 31, 2006)



**and
Report Thereon**





INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Center for Health, Environment and Justice

CONSULTING
ACCOUNTING
TECHNOLOGY

*Certified Public
Accountants*

We have audited the accompanying statement of financial position of the Center for Health, Environment and Justice (CHEJ) as of December 31, 2007, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of CHEJ's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from CHEJ's 2006 financial statements and in our report dated March 28, 2007 we expressed an unqualified opinion on those statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CHEJ as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink, appearing to read 'RAFFA, P.C.'.

RAFFA, P.C.

Washington, DC
April 21, 2008

CENTER FOR HEALTH, ENVIRONMENT AND JUSTICE
STATEMENT OF FINANCIAL POSITION
December 31, 2007
(With Summarized Financial Information as of December 31, 2006)

	2007	2006
ASSETS		
Current Assets		
Cash	\$ 186,192	\$ 207,236
Certificates of deposit	648,580	722,079
Accounts receivable	16,851	23,667
Grants receivable	280,000	280,000
Prepaid expenses and other assets	14,834	12,173
Total Current Assets	1,146,457	1,245,155
Net furniture and equipment	5,484	5,244
Deposits	4,471	4,471
TOTAL ASSETS	\$ 1,156,412	\$ 1,254,870
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expense	\$ 19,359	\$ 17,007
Accrued expenses	15,617	18,580
Total Liabilities	34,976	35,587
Net Assets		
Unrestricted	381,732	405,723
Temporarily restricted	739,704	813,560
TOTAL NET ASSETS	1,121,436	1,219,283
TOTAL LIABILITIES AND NET ASSETS	\$ 1,156,412	\$ 1,254,870

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

CENTER FOR HEALTH, ENVIRONMENT AND JUSTICE

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2007

(With Summarized Financial Information for the Year Ended December 31, 2006)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2007 Total</u>	<u>2006 Total</u>
REVENUE AND SUPPORT				
Grants	\$ 159,415	\$ 750,500	\$ 909,915	\$ 782,500
Contributions	160,962	2,000	162,962	173,682
In-kind contributions (Note 9)	276,289	-	276,289	65,238
Membership dues	69,973	-	69,973	51,140
Interest	35,185	-	35,185	26,274
Travel reimbursements	28,812	-	28,812	41,239
Conference and registration	9,303	-	9,303	37,995
Publications and advertising	1,567	-	1,567	5,074
Others	199	-	199	81
Net assets released from restrictions	826,356	(826,356)	-	-
	<u>1,568,061</u>	<u>(73,856)</u>	<u>1,494,205</u>	<u>1,183,223</u>
TOTAL REVENUE AND SUPPORT				
	<u>1,568,061</u>	<u>(73,856)</u>	<u>1,494,205</u>	<u>1,183,223</u>
EXPENSES				
Program Services	1,447,365	-	1,447,365	1,204,474
General and administrative	42,524	-	42,524	40,322
Fundraising	102,163	-	102,163	116,053
	<u>1,592,052</u>	<u>-</u>	<u>1,592,052</u>	<u>1,360,849</u>
TOTAL EXPENSES				
	<u>1,592,052</u>	<u>-</u>	<u>1,592,052</u>	<u>1,360,849</u>
Change in Net Assets	(23,991)	(73,856)	(97,847)	(177,626)
NET ASSETS, BEGINNING OF YEAR	<u>405,723</u>	<u>813,560</u>	<u>1,219,283</u>	<u>1,396,909</u>
NET ASSETS, END OF YEAR	<u>\$ 381,732</u>	<u>\$ 739,704</u>	<u>\$ 1,121,436</u>	<u>\$ 1,219,283</u>

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of these financial statements.

CENTER FOR HEALTH, ENVIRONMENT AND JUSTICE

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2007

(With Summarized Financial Information for the Year Ended December 31, 2006)

	Program Services					Supporting Services		2007 Totals	2006 Totals	
	Childproofing Our Community	Be Safe	Ohio Project	Technical Assistance/ Organizing	Membership	Total Program Services	General and Administration			Fundraising
Salaries	\$ 104,004	\$ 301,038	\$ -	\$ 114,379	\$ 29,275	\$ 548,696	\$ 20,174	\$ 56,091	\$ 624,961	\$ 590,345
In-kind legal services (Note 9)	4,136	4,728	247,000	13,000	-	268,864	4,136	-	273,000	55,000
Professional services	14,402	91,059	47,342	4,372	1,091	158,266	1,091	1,452	160,809	130,441
Rent and utilities	23,972	38,719	-	17,259	6,712	86,662	6,712	6,712	100,086	95,636
Conferences and meetings	8,887	44,521	11,302	3,221	1,299	69,230	2,437	1,599	73,266	137,681
Travel	8,664	26,272	13,580	11,672	-	60,188	-	963	61,151	48,531
Employee benefits	8,724	29,062	-	12,872	2,691	53,349	1,949	4,876	60,174	51,239
Payroll taxes	9,110	26,794	-	10,019	2,564	48,487	1,767	4,913	55,167	50,145
Printing	9,746	20,171	2,340	2,224	1,362	35,843	540	6,160	42,543	62,183
Pension	6,095	17,641	-	6,703	1,716	32,155	1,182	3,287	36,624	34,274
Telephone	6,124	14,713	2,975	3,400	610	27,822	563	819	29,204	22,439
Supplies	5,053	8,121	3,397	1,475	825	18,871	742	6,133	25,746	32,756
Postage	2,608	5,861	563	2,322	558	11,912	369	5,081	17,362	18,518
Interns	1,227	4,089	-	6,485	29	11,830	29	29	11,888	5,782
Repairs and maintenance	1,803	2,437	-	1,469	443	6,152	444	443	7,039	7,714
Licenses, taxes and fees	1,501	1,655	32	781	358	4,327	358	478	5,163	11,030
Auction Expense	-	-	-	-	-	-	-	3,096	3,096	4,657
Minigrants	1,500	-	1,500	-	-	3,000	-	-	3,000	-
Depreciation	562	1,014	-	104	31	1,711	31	31	1,773	2,355
Loss on disposal of fixed assets	-	-	-	-	-	-	-	-	-	123
TOTAL	\$ 218,118	\$ 637,895	\$ 330,031	\$ 211,757	\$ 49,564	\$ 1,447,365	\$ 42,524	\$ 102,163	\$ 1,592,052	\$ 1,360,849

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

CENTER FOR HEALTH, ENVIRONMENT AND JUSTICE

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2007

(With Summarized Financial Information for the Year Ended December 31, 2006)

	<u>2007</u>	<u>2006</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ (97,847)	\$ (177,626)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	1,774	2,355
Loss on disposal	-	123
Donated stock	(2,030)	(1,005)
Changes in assets and liabilities:		
Accounts receivable	6,816	(8,770)
Grants receivable	-	272,500
Prepaid expenses and other assets	(2,661)	(467)
Accounts payable	2,352	1,044
Accrued expenses	(2,963)	4,585
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(94,559)</u>	<u>92,739</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from redemption of certificates of deposit	627,791	837,488
Proceeds from the sales of investments	-	2,436
Purchases of certificates of deposit	(552,262)	(1,004,206)
Acquisition of equipment	(2,014)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>73,515</u>	<u>(164,282)</u>
NET DECREASE IN CASH	(21,044)	(71,543)
CASH, BEGINNING OF YEAR	<u>207,236</u>	<u>278,779</u>
CASH, END OF YEAR	<u>\$ 186,192</u>	<u>\$ 207,236</u>
SUPPLEMENTAL INFORMATION		
Noncash investing transactions:		
Investments received as a donation	<u>\$ 2,030</u>	<u>\$ 1,005</u>

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

CENTER FOR HEALTH, ENVIRONMENT AND JUSTICE

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2007

1. Organization and Summary of Significant Accounting Policies

Organization

The Center for Health, Environment and Justice (CHEJ) is a non-profit organization incorporated under the laws of the District of Columbia on April 6, 1981. CHEJ's primary purpose is to provide scientific and technical assistance to local community organizations and to provide a vehicle for exchange of information. CHEJ also organizes and conducts workshops and strategy sessions at the grassroots level. It reviews, evaluates and comments on technical reports and materials submitted by individuals of the community. CHEJ provides technical and scientific expertise as needed and requested, and is funded primarily from foundation grants.

Cash and cash equivalents

CHEJ's cash and cash equivalents include funds in bank checking and savings accounts and money market funds.

Certificates of Deposit

CHEJ's certificates of deposit are recorded at fair market value. As of December 31, 2007, fair market value was \$648,580.

Furniture, Equipment and Related Depreciation

Furniture and equipment are stated at cost and are depreciated using the straight-line method over five years, with no salvage value. Expenditures for major repairs and improvements are capitalized; conversely, expenditures for minor repairs and maintenance costs are expensed when incurred.

Classification of Net Assets

The net assets of CHEJ are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of CHEJ's operations;
- Temporarily restricted net assets represent amounts that are specifically restricted by donors or grantors for various programs or for specific periods.

CENTER FOR HEALTH, ENVIRONMENT AND JUSTICE

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2007

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition

CHEJ reports gifts and grants of cash and other assets as unrestricted and available for general operations unless specifically restricted by the donor. CHEJ reports gifts and grants of cash and other assets as temporarily restricted if they are received with donor stipulations that limit the use of the donated funds or assets to a particular purpose or to specific periods. When a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. CHEJ reports grants pledged by the donor but not yet received as grants receivable.

Donated Services

In-kind contributions are recognized as revenue and expense in the accompanying statement of activities at their estimated fair value as provided by the donor, at the date of receipt. In-kind contributions consist of contributed services and facilities.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Grants Receivable

The grants receivable balance of \$280,000 includes promises to give from various foundations and is due within one year.

3. Furniture and Equipment

CHEJ held the following furniture and equipment as of December 31, 2007:

Office equipment	\$ 30,768
Furniture	<u>383</u>
Total	31,151
Less: accumulated depreciation	<u>(25,667)</u>
Net furniture and equipment	<u>\$ 5,484</u>

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CENTER FOR HEALTH, ENVIRONMENT AND JUSTICE

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2007

4. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2007 are available for the following programs:

Be Safe	\$ 622,704
Childproofing Our Community	115,000
Technical Assistance - Teamsters	<u>2,000</u>
Total	<u>\$ 739,704</u>

5. Concentration of Credit Risk

CHEJ's cash is held in accounts at several financial institutions. Although the amount deposited at times exceeds the amount guaranteed by the Federal Deposit Insurance Corporation (FDIC) and, therefore bears some risk, CHEJ has neither experienced nor anticipates any loss on its funds. As of December 31, 2007, the amount in excess of the FDIC insured limit of \$100,000 was \$102,337.

6. Operating Leases

CHEJ leases its current office space under a five year, non-cancelable operating lease ending on March 31, 2007. During fiscal year 2007, CHEJ elected to renew another five-year term of the lease and the lease provides for monthly payments of \$7,765, plus annual escalations based on increases in operating expenses and the Consumer Price Index.

The future minimum lease payments required under the lease as of December 31, 2007 are as follows:

For the Year Ending <u>December 31,</u>	
2008	\$ 94,509
2009	94,509
2010	94,509
2011	94,509
2012	<u>23,627</u>
Total	<u>\$ 401,663</u>

Rent expense under this lease for the year ended December 31, 2007 was \$92,584.

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CENTER FOR HEALTH, ENVIRONMENT AND JUSTICE

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2007

7. Pension Plan

CHEJ sponsors a defined contribution pension plan available to all full-time employees with at least one year of service. The plan is currently funded with annuity contracts. Employer contributions are based on a percentage of each participant's annual compensation. This percentage is discretionary and decided by the Board each year. When an eligible employee leaves CHEJ, nonvested funds are reallocated to the other participants as part of CHEJ's contribution to the plan for the year. Employees are also eligible to make tax deferred contributions up to the limit established by the Internal Revenue Code. CHEJ contributed \$36,624 to the plan for the year ended December 31, 2007.

8. Related Party

In 2006, CHEJ formed an incorporated social organization, CHEJ Action Fund (the Fund), to build healthy communities with social justice, economic well-being, and democratic governance. The Fund receives funding from other organizations for its projects and CHEJ is contracted to maintain the books and records for the Fund; however, because CHEJ does not control the Fund as defined under SOP 94-3, it is not consolidated in the accompanying financial statements. Additionally, CHEJ pays certain costs on behalf of the Fund for which it is later reimbursed. At December 31, 2007, the Fund owed CHEJ \$150 for miscellaneous expenses and administrative fees and this amount is included in accounts receivables in the accompanying statement of financial position.

9. Donated Services

During the year ended December 31, 2007, CHEJ received legal services, which were provided for a CHEJ community group involved in Environmental Justice litigation with the State of Ohio Environmental Protection Agency and Von Roll Industries. CHEJ estimated that it received approximately 420 hours of donated legal services from attorneys and legal assistants. Total donated services are estimated to be approximately \$273,000 and are included as an expense in the accompanying statement of functional expenses, and as revenue on the statement of activities.

10. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, CHEJ is exempt from federal taxes on income other than net unrelated business income. No provision for taxes is required for the year ended December 31, 2007, as CHEJ had no net unrelated business income.

CENTER FOR HEALTH, ENVIRONMENT AND JUSTICE

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2007

11. Prior Year Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CHEJ's financial statements for the year ended December 31, 2006, from which the summarized information was derived.

12. Reclassifications

Certain 2006 balances have been reclassified to conform to the 2007 presentation.