



# **CENTER FOR HEALTH, ENVIRONMENT AND JUSTICE**

## **Financial Statements**

*For the Year Ended December 31, 2005*

*(With Summarized Financial Information for the Year Ended December 31, 2004)*



**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, 2005, 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 2004 financial statements and in our report dated March 18, 2005 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, 2005, 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.

  
**RAFFA, P.C.**

Washington, DC  
March 17, 2006

**CENTER FOR HEALTH, ENVIRONMENT AND JUSTICE**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2005  
(With Summarized Financial Information as of December 31, 2004)

	2005	2004
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 278,779	\$ 210,480
Certificates of deposit	555,363	287,484
Accounts receivable	14,897	13,397
Grants receivable	552,500	130,500
Prepaid expenses and other assets	13,136	13,891
Total Current Assets	1,414,675	655,752
Net furniture and equipment	7,721	6,898
Deposits	4,471	4,471
TOTAL ASSETS	\$ 1,426,867	\$ 667,121
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 15,963	\$ 34,829
Accrued expenses	13,995	10,590
Total Liabilities	29,958	45,419
Risks and Commitments		
Net Assets		
Unrestricted	342,388	323,927
Temporarily restricted	1,054,521	297,775
TOTAL NET ASSETS	1,396,909	621,702
TOTAL LIABILITIES AND NET ASSETS	\$ 1,426,867	\$ 667,121

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, 2005  
(With Summarized Financial Information for the Year Ended December 31, 2004)

	Unrestricted	Temporarily Restricted	2005 Total	2004 Total
<b>REVENUE AND SUPPORT</b>				
Grants	\$ 89,500	\$ 1,357,944	\$ 1,447,444	\$ 720,464
Contributions	129,239	-	129,239	130,164
In-kind contributions	79,253	-	79,253	53,476
Membership dues	60,857	-	60,857	53,766
Travel reimbursements	20,125	-	20,125	15,737
Interest	8,357	-	8,357	5,468
Publications	2,257	-	2,257	2,913
Net assets released from restrictions	601,198	(601,198)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>990,786</b>	<b>756,746</b>	<b>1,747,532</b>	<b>981,988</b>
<b>EXPENSES</b>				
Program Services	867,228	-	867,228	710,150
General and administrative	30,335	-	30,335	27,274
Fundraising	74,762	-	74,762	64,094
<b>TOTAL EXPENSES</b>	<b>972,325</b>	<b>-</b>	<b>972,325</b>	<b>801,518</b>
Change in Net Assets	18,461	756,746	775,207	180,470
NET ASSETS, BEGINNING OF YEAR	323,927	297,775	621,702	441,232
NET ASSETS, END OF YEAR	<u>\$ 342,388</u>	<u>\$ 1,054,521</u>	<u>\$ 1,396,909</u>	<u>\$ 621,702</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, 2005  
(With Summarized Financial Information for the Year Ended December 31, 2004)

	Program Services				Supporting Services			2005 Totals	2004 Totals
	Be Safe	Childproofing Our Community	Technical Assistance/ Organizing	Membership	Total Program Services	General and Administration	Fundraising		
Salaries	\$ 166,438	\$ 165,560	\$ 75,846	\$ 24,692	\$ 432,536	\$ 16,179	\$ 39,537	\$ 488,252	\$ 366,559
Rent and utilities	27,070	30,911	16,593	4,609	79,183	5,531	9,217	93,931	88,290
Professional services	35,150	18,013	11,256	5,539	69,958	693	(1,192)	69,459	92,871
In-kind legal services	19,800	15,675	22,275	11,550	69,300	3,300	1,650	74,250	47,150
Payroll taxes	15,143	15,454	6,845	2,238	39,680	1,471	3,597	44,748	31,630
Printing	2,894	24,189	3,927	4,266	35,276	24	8,308	43,608	47,009
Employee benefits	16,145	10,617	4,989	1,699	33,450	1,121	2,744	37,315	30,347
Travel	7,166	8,172	11,867	138	27,343	-	2,054	29,397	18,631
Telephone	7,033	6,655	3,643	688	18,019	128	1,177	19,324	21,211
Postage	2,214	2,242	2,313	2,766	9,535	168	2,826	12,529	12,884
Interns	5,507	5,757	123	-	11,387	-	-	11,387	7,628
Supplies	2,668	3,995	615	1,488	8,766	95	1,387	10,248	12,340
Repairs and maintenance	2,389	3,037	2,383	361	8,170	356	1,139	9,665	10,234
Pension	3,717	2,789	1,517	468	8,491	298	724	9,513	-
Conferences and meetings	3,046	3,066	1,024	641	7,777	552	701	9,030	5,170
Licenses, taxes and fees	1,462	1,625	779	389	4,255	293	390	4,938	4,352
Depreciation	1,301	1,110	593	59	3,063	89	356	3,508	4,295
Loss on disposal of fixed assets	428	342	245	24	1,039	37	147	1,223	917
<b>TOTAL</b>	<b>\$ 319,571</b>	<b>\$ 319,209</b>	<b>\$ 166,833</b>	<b>\$ 61,615</b>	<b>\$ 867,228</b>	<b>\$ 30,335</b>	<b>\$ 74,762</b>	<b>\$ 972,325</b>	<b>\$ 801,518</b>

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, 2005  
(With Summarized Financial Information for the Year Ended December 31, 2004)  
Increase (Decrease) in Cash

	2005	2004
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 775,207	\$ 180,470
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,508	4,295
Loss on disposal	1,223	917
Donated stock	(2,435)	(3,731)
Changes in assets and liabilities:		
Accounts receivable	(1,500)	(322)
Grants receivable	(422,000)	84,500
Prepaid expenses and other assets (including donated stock)	(541)	(600)
Accounts payable	(18,866)	(6,862)
Accrued expenses	3,405	1,096
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>338,001</b>	<b>259,763</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from redemption of certificates of deposit	240,086	154,647
Proceeds from the sales of investments	3,731	1,033
Purchases of certificates of deposit	(507,965)	(339,199)
Acquisition of equipment	(5,554)	(2,007)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(269,702)</b>	<b>(185,526)</b>
<b>NET INCREASE IN CASH</b>	<b>68,299</b>	<b>74,237</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>210,480</b>	<b>136,243</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 278,779</b>	<b>\$ 210,480</b>
<b>SUPPLEMENTAL INFORMATION</b>		
Noncash investing transactions:		
Investments received as a donation	\$ 2,435	\$ 3,731

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of these financial statements.

**CENTER FOR HEALTH, ENVIRONMENT AND JUSTICE**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2005**

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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.

**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, 2005**

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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.

**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 effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Grants Receivable

Grants receivable represent amounts due from foundations. The promised contributions are due as follows:

Less than one year	\$ 352,500
One to five years	<u>200,000</u>
Total	<u>\$ 552,500</u>

**CENTER FOR HEALTH, ENVIRONMENT AND JUSTICE**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2005**

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3. Furniture and Equipment

CHEJ held the following furniture and equipment as of December 31, 2005:

Office equipment	\$ 32,451
Furniture	<u>383</u>
Total	32,834
Less: accumulated depreciation	<u>(25,113)</u>
Net furniture and equipment	<u>\$ 7,721</u>

4. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2005 are available for the following programs:

Be Safe	\$1,014,700
Childproofing Our Community	<u>39,821</u>
Total	<u>\$1,054,521</u>

5. Operating Leases

CHEJ leases its current office space under a five year, non-cancelable operating lease ending on March 31, 2007. The lease provides for monthly payments of \$6,614, 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, 2005 are as follows:

For the Year Ending	
<u>December 31,</u>	
2006	\$ 79,368
2007	<u>19,842</u>
Total	<u>\$ 99,210</u>

Rent expense under this lease for the year ended December 31, 2005 was \$89,087.

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**CENTER FOR HEALTH, ENVIRONMENT AND JUSTICE**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2005**

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6. 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. The early part of 2005 contribution was done by transferring the fund from the master account. CHEJ began making cash contributions to pension accounts in May 2005. CHEJ contributed \$9,513 to the plan for the year ended December 31, 2005.

7. 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, 2005, as CHEJ had no net unrelated business income.

8. 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, 2004, from which the summarized information was derived.