



**CENTER FOR HEALTH, ENVIRONMENT  
AND JUSTICE**

**Financial Statements**

*For the Year Ended December 31, 2010*

*(With Summarized Financial Information for the Year Ended December 31, 2009)*



**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, 2010, 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 2009 financial statements and in our report dated April 30, 2010, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2010, 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  
April 19, 2011

**CENTER FOR HEALTH, ENVIRONMENT AND JUSTICE**

**STATEMENT OF FINANCIAL POSITION**

December 31, 2010

(With Summarized Financial Information as of December 31, 2009)

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 385,018	\$ 549,140
Certificates of deposit	100,517	176,826
Accounts receivable	16,820	20,722
Grants receivable	152,000	308,000
Prepaid expenses and other assets	<u>21,198</u>	<u>18,722</u>
Total Current Assets	<u>675,553</u>	<u>1,073,410</u>
Net furniture and equipment	1,733	2,664
Deposits	<u>4,471</u>	<u>4,471</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 681,757</u></u>	<u><u>\$ 1,080,545</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 6,336	\$ 9,393
Accrued vacation	<u>15,371</u>	<u>18,740</u>
<b>TOTAL LIABILITIES</b>	<u>21,707</u>	<u>28,133</u>
Net Assets		
Unrestricted		
Undesignated	213,550	440,103
Board designated	<u>100,000</u>	<u>100,000</u>
Total Unrestricted Net Assets	313,550	540,103
Temporarily restricted	<u>346,500</u>	<u>512,309</u>
<b>TOTAL NET ASSETS</b>	<u>660,050</u>	<u>1,052,412</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 681,757</u></u>	<u><u>\$ 1,080,545</u></u>

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, 2010**

**(With Summarized Financial Information for the Year Ended December 31, 2009)**

	Unrestricted	Temporarily Restricted	2010 Total	2009 Total
<b>REVENUE AND SUPPORT</b>				
Grants	\$ 192,200	\$ 294,909	\$ 487,109	\$ 934,073
Contributions	151,696	-	151,696	224,837
In-kind contributions	71,101	-	71,101	120,151
Membership dues	36,857	-	36,857	27,042
Interest	6,558	-	6,558	14,137
Program services and travel reimbursements	23,906	-	23,906	20,275
Publications and advertising	2,580	-	2,580	3,703
Net assets released from restrictions:				
Satisfaction of program restrictions	398,718	(398,718)	-	-
Satisfaction of time restrictions	62,000	(62,000)	-	-
	<u>945,616</u>	<u>(165,809)</u>	<u>779,807</u>	<u>1,344,218</u>
<b>TOTAL REVENUE AND SUPPORT</b>				
<b>EXPENSES</b>				
Program services	998,095	-	998,095	1,114,140
General and administrative	71,273	-	71,273	50,691
Fundraising	102,801	-	102,801	106,957
	<u>1,172,169</u>	<u>-</u>	<u>1,172,169</u>	<u>1,271,788</u>
<b>TOTAL EXPENSES</b>				
<b>CHANGE IN NET ASSETS</b>	(226,553)	(165,809)	(392,362)	72,430
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>540,103</u>	<u>512,309</u>	<u>1,052,412</u>	<u>979,982</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 313,550</u>	<u>\$ 346,500</u>	<u>\$ 660,050</u>	<u>\$ 1,052,412</u>

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

**CENTER FOR HEALTH, ENVIRONMENT AND JUSTICE**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2010

(With Summarized Financial Information for the Year Ended December 31, 2009)

	Program Services						Supporting Services		2010 Total	2009 Total	
	Childproofing Our Community	Be Safe	Ohio Project	Technical Assistance/ Organizing	Communication	Membership	Total Program Services	General and Administration			Fundraising
Salaries	\$ 245,369	\$ 153,312	\$ -	\$ 118,293	\$ -	\$ 46,859	\$ 563,833	\$ 30,089	\$ 62,122	\$ 656,044	\$ 642,976
Payroll taxes	21,247	13,809	-	10,126	-	4,011	49,193	2,576	5,318	57,087	53,825
Employee benefits	20,604	22,510	-	8,708	-	3,661	55,483	2,351	4,854	62,688	63,368
In-kind legal services	-	-	-	39,650	-	-	39,650	20,150	7,800	67,600	113,320
Professional services	21,299	10,653	1,140	4,788	(146)	1,958	39,692	4,897	1,759	46,348	75,847
Interns	11,352	4,063	-	8,323	3,929	283	27,950	284	3,000	31,234	42,870
Rent and utilities	56,423	20,177	-	15,311	-	5,104	97,015	5,104	5,104	107,223	109,333
Repairs and maintenance	3,269	1,635	-	1,347	-	487	6,738	489	488	7,715	6,754
Depreciation	451	730	-	155	-	47	1,383	47	47	1,477	2,020
Telephone	11,326	5,764	-	4,080	-	707	21,877	708	719	23,304	22,381
Supplies	6,173	2,586	-	1,849	-	670	11,278	671	3,548	15,497	14,967
Postage	2,694	1,495	-	1,005	-	856	6,050	285	2,375	8,710	10,505
Printing and advertising	8,655	6,040	-	3,075	-	1,756	19,526	1,757	2,426	23,709	24,234
Travel	13,777	13,236	-	8,918	737	537	37,205	538	765	38,508	37,984
Conferences and meetings	5,484	2,742	-	1,317	-	815	10,358	872	815	12,045	28,039
Licenses, taxes and fees	3,022	1,511	-	989	-	458	5,980	422	1,038	7,440	8,211
Auction expense	-	-	-	-	-	-	-	-	590	590	905
Pension	-	-	-	-	-	-	-	-	-	-	7,899
Donations	193	68	-	90	-	33	384	33	33	450	350
Minigrants	-	-	-	4,500	-	-	4,500	-	-	4,500	6,000
<b>TOTAL</b>	<b>\$ 431,338</b>	<b>\$ 260,331</b>	<b>\$ 1,140</b>	<b>\$ 232,524</b>	<b>\$ 4,520</b>	<b>\$ 68,242</b>	<b>\$ 998,095</b>	<b>\$ 71,273</b>	<b>\$ 102,801</b>	<b>\$ 1,172,169</b>	<b>\$ 1,271,788</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, 2010**

**(With Summarized Financial Information for the Year Ended December 31, 2009)**

**Increase (Decrease) in Cash and Cash Equivalents**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (392,362)	\$ 72,430
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,477	2,020
Donated stock	(2,198)	(1,591)
Changes in assets and liabilities:		
Accounts receivable	3,902	(7,068)
Grants receivable	156,000	(81,000)
Prepaid expenses and other assets	(278)	(2,009)
Accounts payable and accrued expenses	(3,057)	(16,509)
Accrued vacation	(3,369)	(4,039)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(239,885)</u>	<u>(37,766)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from redemption of certificates of deposit	78,628	99,616
Purchases of certificates of deposit	(2,319)	(5,292)
Acquisition of equipment	(546)	-
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>75,763</u>	<u>94,324</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(164,122)	56,558
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>549,140</u>	<u>492,582</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 385,018</u>	<u>\$ 549,140</u>
<b>SUPPLEMENTAL INFORMATION</b>		
Noncash investing transactions:		
Gift of donated stock	<u>\$ 2,198</u>	<u>\$ 1,591</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, 2010

---

### 1. Organization and Summary of Significant Accounting Policies

#### **Organization**

The Center for Health, Environment and Justice (CHEJ) is a nonprofit 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 considers money market funds and all highly liquid investments purchased with maturities of three months or less to be cash equivalents.

#### **Certificates of Deposit**

CHEJ's certificates of deposit are recorded at fair market value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### **Fair Value of Financial Instruments**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements*, defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and requires disclosures about fair value measurements for assets and liabilities measured at fair value on a recurring basis. The ASC emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the ASC established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances.

The three levels of the fair value hierarchy are described as follows:

*Level 1* – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Continued

# CENTER FOR HEALTH, ENVIRONMENT AND JUSTICE

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

---

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

#### **Fair Value of Financial Instruments (continued)**

*Level 2* – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

*Level 3* – Unobservable inputs for the asset or liability including the reporting entity's own assumptions in determining the fair value measurement.

As of December 31, 2010, only CHEJ's certificates of deposit, as described in Note 1 of these financial statements, were measured at fair value on a recurring basis. The certificates of deposit are classified under level 2 of fair value hierarchy level.

#### **Furniture and 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; expenditures for minor repairs and maintenance costs are expensed when incurred. The cost of furniture and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation, and any gain or loss is reflected in income or expense in the accompanying statement of activities.

#### **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. Board-designated net assets are funds set aside by the Board to establish a reserve fund.
- Temporarily restricted net assets represent amounts that are specifically restricted by donors or grantors for various programs or for specific periods.

#### **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.

Continued

**CENTER FOR HEALTH, ENVIRONMENT AND JUSTICE**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2010**

---

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

**In-Kind Contributions**

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.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated proportionately among the programs and supporting services benefited.

**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 \$152,000 includes promises to give from various foundations and is due within one year. All amounts are deemed fully collectible.

3. Furniture and Equipment

CHEJ held the following furniture and equipment as of December 31, 2010:

Office equipment	\$ 28,589
Furniture	<u>383</u>
Total	28,972
Less: Accumulated depreciation	<u>(27,239)</u>
Net Furniture and Equipment	<u>\$ 1,733</u>

Depreciation expense was \$1,477 for the year ended December 31, 2010.

Continued

**CENTER FOR HEALTH, ENVIRONMENT AND JUSTICE**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2010**

---

4. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following programs at December 31, 2010:

Childproofing Our Community	\$ 185,000
Be Safe	80,000
Minigrant	1,500
General Support – Time Restricted	<u>80,000</u>
Total	<u>\$ 346,500</u>

5. Operating Lease

CHEJ leases its current office space under a five-year, noncancelable operating lease, which will expire on March 31, 2012. Lease payments are subject to annual escalations based on increases in operating expenses and the Consumer Price Index.

The future minimum lease payments required under the lease are as follows as of December 31, 2010:

For the Year Ending	
<u>December 31,</u>	
2011	\$ 98,091
2012	<u>24,523</u>
Total	<u>\$ 122,614</u>

Rent expense totaled \$107,223 for the year ended December 31, 2010.

6. Line of Credit

In September 2009, CHEJ entered into a revolving line of credit agreement with a bank. The line of credit has a borrowing limit of \$95,000 and is renewable annually. Funds drawn against this line of credit accrue interest at the fixed rate of 3.05% and are secured by the certificates of deposit. As of December 31, 2010, and throughout the year then ended, CHEJ had no outstanding balance on this line of credit.

Continued

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

## **NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2010**

---

### 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. In April 2009, management decided to temporarily discontinue contributions toward the employees' pension plan. During the year ended December 31, 2010, CHEJ made no contributions toward the pension plan.

### 8. Related Party

In 2006, CHEJ formed an incorporated social nonprofit organization, the 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 Fund's books and records. However, because CHEJ does not control the Fund, it is not consolidated in the accompanying financial statements. Additionally, CHEJ pays certain costs on behalf of the Fund for which CHEJ is later reimbursed. At December 31, 2010, the Fund did not owe CHEJ for any fees.

### 9. In-kind Contributions

During the year ended December 31, 2010, CHEJ received donated legal services. The legal services provided were for various consultations by the management on issues like community technical assistance, board structure, fundraising, etc. CHEJ estimated that it received approximately 104 hours of donated legal services from attorneys and legal assistants. The total donated legal services are estimated to be approximately \$67,600 and are included as an expense in the accompanying statement of functional expenses and as revenue on the statement of activities.

### 10. Income Taxes

CHEJ is exempt from federal taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. No provision for taxes is required for the year ended December 31, 2010, as CHEJ had no net unrelated business income.

**Continued**

# CENTER FOR HEALTH, ENVIRONMENT AND JUSTICE

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

---

10. Income Taxes (continued)

CHEJ follows the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. CHEJ performed an evaluation of uncertain tax positions for the year ended December 31, 2010, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2010, the statute of limitations for tax years 2007 through 2009 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which CHEJ files tax returns. It is CHEJ's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

11. Subsequent Events

In the preparation of the financial statements, CHEJ has evaluated events and transactions for potential recognition or disclosure through April 19, 2011, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the financial statements.

12. 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, 2009, from which the summarized information was derived.