

COMMITTEE FOR A CONSTRUCTIVE TOMORROW

**Financial Statements For the Years Ended December 31, 2017 and 2016
and Independent Auditors' Report
Dated July 13, 2018**

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Jennifer S. Burke, CPA PLLC

Independent Auditors' Report

Members of the Board of Directors
Committee For A Constructive Tomorrow

We have audited the accompanying financial statements of Committee For A Constructive Tomorrow ("the Organization"), which comprise the statement of financial position as of December 31, 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.

Auditor's 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 auditor's 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 Committee For A Constructive Tomorrow as of December 31, 2017, 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.

Other Matters

The financial statements of Committee For A Constructive Tomorrow as of December 31, 2016, were audited by other accountants who have ceased operations and whose report dated June 29, 2017, expressed an unmodified opinion.

A handwritten signature in black ink that reads "Jennifer S. Burke CPA PLLC". The signature is written in a cursive style and is positioned above a horizontal line.

Jennifer S. Burke CPA PLLC
Warrenton, Virginia
July 13, 2018

COMMITTEE FOR A CONSTRUCTIVE TOMORROW

Statements of Financial Position As of December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash	\$ 941,557	\$ 980,757
Accounts Receivable	899	43,097
Prepaid Expenses	<u>10,252</u>	<u>12,404</u>
Total Current Assets	952,708	1,036,258
Furniture and Equipment		
Furniture and Equipment	16,892	41,109
Accumulated Depreciation	<u>(10,801)</u>	<u>(38,420)</u>
Total Furniture and Equipment	<u>6,091</u>	<u>2,689</u>
Total Assets	<u>\$ 958,799</u>	<u>\$ 1,038,947</u>
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 22,143	\$ 19,884
Payroll Liabilities	<u>7,781</u>	<u>8,420</u>
Total Current Liabilities	<u>29,924</u>	<u>28,304</u>
Total Liabilities	29,924	28,304
Net Assets		
Unrestricted Net Assets	843,393	1,010,643
Temporarily Restricted Net Assets	<u>85,482</u>	<u>-</u>
Total Net Assets	<u>928,875</u>	<u>1,010,643</u>
Total Liabilities and Net Assets	<u>\$ 958,799</u>	<u>\$ 1,038,947</u>

See the accompanying Independent Auditors' Report and notes to the financial statements

COMMITTEE FOR A CONSTRUCTIVE TOMORROW

Statement of Activities

For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue			
Contributions	\$ 1,501,384	\$ 85,482	\$ 1,586,866
Advertising Income	25,257	-	25,257
List Rental Income	5,092	-	5,092
Realized Gains / (Losses)	1,019	-	1,019
Book Sales	669	-	669
Miscellaneous Income	92	-	92
Loss on Disposal of Assets	(26)	-	(26)
Total Revenue	<u>1,533,487</u>	<u>85,482</u>	<u>1,618,969</u>
Expenses			
Program	1,053,741	-	1,053,741
Administrative	157,545	-	157,545
Fundraising	489,451	-	489,451
Total Expenses	<u>1,700,737</u>	<u>-</u>	<u>1,700,737</u>
Change in Net Assets	(167,250)	85,482	(81,768)
Net Assets, <i>Beginning of Year</i>	<u>1,010,643</u>	<u>-</u>	<u>1,010,643</u>
Net Assets, <i>End of Year</i>	<u>\$ 843,393</u>	<u>\$ 85,482</u>	<u>\$ 928,875</u>

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COMMITTEE FOR A CONSTRUCTIVE TOMORROW
Statement of Activities
For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue			
Contributions	\$ 1,636,697	\$ -	\$ 1,636,697
Program Revenue from Collaborative Arrangement	35,000	-	35,000
Advertising Income	25,812	-	25,812
List Rental Income	15,737	-	15,737
Speaking Fees	4,000	-	4,000
Book Sales	2,195	-	2,195
Miscellaneous Income	263	-	263
Unrealized Gains / (Losses)	(43)	-	(43)
Realized Gains / (Losses)	<u>(586)</u>	<u>-</u>	<u>(586)</u>
Total Revenue	1,719,075	-	1,719,075
Expenses			
Program	1,181,314	-	1,181,314
Administrative	144,267	-	144,267
Fundraising	<u>429,177</u>	<u>-</u>	<u>429,177</u>
Total Expenses	<u>1,754,758</u>	<u>-</u>	<u>1,754,758</u>
Change in Net Assets	(35,683)	-	(35,683)
Unrestricted Net Assets, <i>Beginning of Year</i>	<u>1,046,326</u>	<u>-</u>	<u>1,046,326</u>
Unrestricted Net Assets, <i>End of Year</i>	<u>\$ 1,010,643</u>	<u>\$ -</u>	<u>\$ 1,010,643</u>

See the accompanying Independent Auditors' Report and notes to the financial statements

COMMITTEE FOR A CONSTRUCTIVE TOMORROW

Statements of Cash Flows

For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (81,768)	\$ (35,683)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Stock donation	(49,163)	(50,170)
Investment Gains/Losses	(1,018)	629
Loss on Disposal of Assets	26	-
Depreciation	2,715	3,058
Changes in assets and liabilities		
(Increase)/decrease in accounts receivable	42,198	(40,601)
(Increase)/decrease in prepaid expenses	2,152	2,388
Increase/(decrease) in accounts payable	2,259	(23,437)
Increase/(decrease) in payroll liabilities	<u>(639)</u>	<u>1,112</u>
NET CASH PROVIDED BY/(USED BY) OPERATING ACTIVITIES	(83,238)	(142,704)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Investments	50,181	59,944
Purchase of Investments	-	(138)
(Purchases) of property and equipment	<u>(6,143)</u>	<u>(1,750)</u>
NET CASH PROVIDED BY/(USED BY) INVESTING ACTIVITIES	44,038	58,056
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Increase / (decrease) in cash	(39,200)	(84,648)
Cash at beginning of year	<u>980,757</u>	<u>1,065,405</u>
CASH AT END OF YEAR	<u>\$ 941,557</u>	<u>\$ 980,757</u>

See the accompanying Independent Auditors' Report and notes to the financial statements

COMMITTEE FOR A CONSTRUCTIVE TOMORROW

Statement of Functional Expenses For the Year Ended December 31, 2017

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Compensation	\$ 553,815	\$ 57,804	\$ 95,184	\$ 706,803
Direct Mail Expense	-	-	349,459	349,459
Employee Benefits	80,382	7,474	6,545	94,401
Travel	72,556	2,331	3,831	78,718
Consulting	61,141	844	574	62,559
Payroll Taxes	38,773	4,408	7,518	50,699
Internet and Social Media	40,825	3,955	2,157	46,937
Professional Fees: Other	42,266	2,936	287	45,489
Professional Fees: Accounting	-	45,315	-	45,315
Radio	38,639	-	-	38,639
Printing and Reproduction	24,062	1,150	3,968	29,180
Telephone	22,813	3,110	2,305	28,228
Meetings and Conferences	23,124	123	110	23,357
Supplies	13,150	6,503	465	20,118
Dues and Subscriptions	5,094	1,120	11,017	17,231
Miscellaneous	6,459	8,860	168	15,487
Rent	13,600	958	854	15,412
Taxes and Licenses	-	7,214	3,654	10,868
Postage and Delivery	6,601	820	673	8,094
Books and Publications	3,786	25	-	3,811
Utilities	2,938	250	223	3,411
Depreciation Expense	2,117	316	282	2,715
Professional Fees: Legal	275	1,831	-	2,106
Insurance	1,325	198	177	1,700
Total	<u>\$ 1,053,741</u>	<u>\$ 157,545</u>	<u>\$ 489,451</u>	<u>\$ 1,700,737</u>

See the accompanying Independent Auditors' Report and notes to the financial statements

COMMITTEE FOR A CONSTRUCTIVE TOMORROW

Statement of Functional Expenses For the Year Ended December 31, 2016

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Compensation	\$ 548,817	\$ 57,674	\$ 94,228	\$ 700,719
Direct Mail Expense	5,002	-	300,054	305,056
Professional Fees: Other	148,720	81	230	149,031
Consulting	101,995	730	665	103,390
Employee Benefits	77,921	6,486	5,876	90,283
Travel	54,854	590	759	56,203
Payroll Taxes	36,287	4,279	7,335	47,901
Professional Fees: Accounting	-	39,825	-	39,825
Radio	38,797	-	-	38,797
Meetings and Conferences	31,673	47	43	31,763
Telephone	23,363	1,994	1,815	27,172
Internet and Social Media	16,329	6,697	754	23,780
Postage and Delivery	20,651	561	236	21,448
Supplies	11,414	6,900	484	18,798
Advertising	18,100	-	-	18,100
Printing and Reproduction	15,160	128	309	15,597
Miscellaneous	5,347	9,988	98	15,433
Dues and Subscriptions	4,140	526	10,678	15,344
Rent	9,936	981	797	11,714
Taxes and Licenses	25	6,305	4,385	10,715
Adopt a Village Expenses	4,425	-	-	4,425
Books and Publications	3,889	-	-	3,889
Depreciation Expense	2,486	300	272	3,058
Utilities	1,983	175	159	2,317
	<u>\$ 1,181,314</u>	<u>\$ 144,267</u>	<u>\$ 429,177</u>	<u>\$ 1,754,758</u>

See the accompanying Independent Auditors' Report and notes to the financial statements

COMMITTEE FOR A CONSTRUCTIVE TOMORROW

Notes to the Financial Statements

For the Years Ended December 31, 2017 and 2016

NOTE 1: ORGANIZATION AND PURPOSE

The Committee For A Constructive Tomorrow (“the Organization”) was organized in 1986 and is registered under the District of Columbia Not-for-Profit Corporation Act. The Organization conducts educational activities on a wide range of public policy issues, centered around the topics of environment and development.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Method of accounting: The financial statements are presented on the accrual basis of accounting.

Use of 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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities in the financial statements and reported amounts of revenues and expenses during the reporting period. Due to their prospective nature, actual results could differ from those estimates.

Investments: The Organization reports investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Public support and revenue recognition: Current unrestricted net assets are those funds presently available for use by the Organization at management’s discretion. All contributions with time or donor-imposed restrictions are recognized as temporarily or permanently restricted revenue that increases those net asset classes. When temporary restrictions are met, the contributions are transferred to unrestricted revenue. Donor restricted contributions whose restrictions are met in the same year are reported solely as unrestricted revenue. Contributions with no restrictions are recognized immediately as unrestricted revenue.

Property and Equipment: The Organization capitalizes all property and equipment acquisitions in excess of \$250. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over their estimated useful lives. One-half year depreciation is taken during the years of acquisition and disposal. Equipment is depreciated over three to five years and furniture over five years. The Organization’s

COMMITTEE FOR A CONSTRUCTIVE TOMORROW
Notes to the Financial Statements
For the Years Ended December 31, 2017 and 2016

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)

annual depreciation expense amounted to \$2,715 and \$3,058 for the years ended December 31, 2017 and 2016, respectively.

Functional Expenses: Expenses are charged directly to program, administrative, and fundraising in general categories based on specific identification. Indirect expenses have been allocated based on direct costs.

Income Tax Status: The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

Collaborative Arrangements: Under FASB ASC 808, a collaborative arrangement is defined as a contractual arrangement that involves a joint operating activity. These arrangements involve two or more parties who are both (i) active participants in the activity and (ii) exposed to significant risks and rewards dependent on the commercial success of the activity. The Organization evaluates whether an arrangement is a collaborative arrangement at its inception based on the facts and circumstances specific to the arrangement. The Organization will re-evaluate whether an arrangement qualifies or continues to qualify as a collaborative arrangement whenever there is a change in either the roles of the participants or the participants' exposure to significant risks and rewards dependent on the ultimate commercial success of the endeavor. For collaborative arrangements where it is determined that we are the principal participant, in accordance with existing accounting rules, revenue generated and costs incurred with third parties are recorded on a gross basis in our financial statements.

NOTE 3: RETIREMENT PLAN

Eligible employees may participate in an Internal Revenue Code section 403(b) retirement savings plan. The plan is funded solely by employee contributions to the plan. Full time employees and those who are part time who have worked over 2,000 hours in a calendar year are eligible.

NOTE 4. COLLABORATIVE ARRANGEMENT

In 2015, the Organization entered into a collaborative arrangement with another organization (hereafter known as "Collaborating Entity"). The purpose of the collaborative arrangement was to produce a film. The Organization and the Collaborating Entity will hold joint ownership of all materials produced from the contract, both organizations are actively involved in the oversight of the project, and the expenses and revenues will be shared. Under this collaborative agreement, the Collaborating Entity is responsible for the production and manufacturing of the film and

COMMITTEE FOR A CONSTRUCTIVE TOMORROW

Notes to the Financial Statements

For the Years Ended December 31, 2017 and 2016

NOTE 4. COLLABORATIVE ARRANGEMENT (continued)

the collection of revenues. The Collaborating Entity will bill the Organization for a portion of the costs incurred and remit revenues collected to the Organization. The Organization and Collaborating Entity will split revenues evenly.

Amounts received from and paid to the Collaborating Entity are presented as follows in the statements of activities and functional expenses:

	<u>2017</u>	<u>2016</u>
Program Revenue from Collaborative Arrangement	\$ 0	\$ 35,000
Total Received from Collaborating Entity	\$ 0	\$ 35,000
Advertising	\$ 0	\$ 18,100
Supplies	0	166
Postage & Deliver	0	58
Professional Fees - Other	13,958	70,468
Total Paid to Collaborating Entity	\$ 13,958	\$ 88,792

NOTE 5: SUBSEQUENT EVENTS

Management evaluated events and transactions that occurred after the statement of financial position date for potential recognition and disclosure through July 13, 2018, the date on which the financial statements were available to be issued.