

COMMITTEE FOR A CONSTRUCTIVE TOMORROW

**Financial Statements For the Years Ended December 31, 2020 and 2019
and Independent Auditors' Report
Dated May 14, 2021**

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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, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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

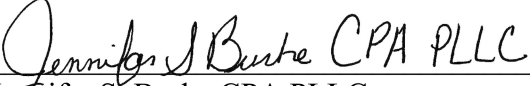
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Jennifer S. Burke CPA PLLC
Warrenton, Virginia
May 14, 2021

COMMITTEE FOR A CONSTRUCTIVE TOMORROW**Statements of Financial Position
As of December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash	\$1,429,761	\$1,439,784
Investments	300,201	-
Inventory	8,937	5,029
Prepaid Expenses	15,787	26,771
Accounts Receivable	<u>1,471</u>	<u>1,547</u>
Total Current Assets	1,756,157	1,473,131
 Furniture and Equipment		
Furniture and Equipment	21,122	17,692
Accumulated Depreciation	<u>(15,876)</u>	<u>(13,369)</u>
Total Furniture and Equipment	<u>5,246</u>	<u>4,323</u>
 Total Assets	<u>\$1,761,403</u>	<u>\$1,477,454</u>
 LIABILITIES & NET ASSETS		
 Liabilities		
Current Liabilities		
Accounts Payable	\$ 32,864	\$ 77,760
Loan Payable - Current	<u>86,253</u>	<u>-</u>
Total Current Liabilities	119,117	77,760
 Long-Term Liabilities		
Loan Payable - Long-Term	<u>24,947</u>	<u>-</u>
Total Long-Term Liabilities	<u>24,947</u>	<u>-</u>
 Total Liabilities	144,064	77,760
 Net Assets		
Without Donor Restrictions	1,605,789	1,317,307
With Donor Restrictions	<u>11,550</u>	<u>82,387</u>
Total Net Assets	<u>1,617,339</u>	<u>1,399,694</u>
 Total Liabilities and Net Assets	<u>\$1,761,403</u>	<u>\$1,477,454</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, 2020

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenue			
Contributions	\$ 2,056,541	\$ 550	\$ 2,057,091
Program Revenue from Collaborative Arrangement	27,294	-	27,294
Book Sales	8,931	-	8,931
Advertising Income	2,884	-	2,884
List Rental Income	4,324	-	4,324
Investment Income	4,396	-	4,396
Miscellaneous Income	3,727	-	3,727
Gain on Disposal of Assets	260	-	260
Released from Restriction	<u>71,387</u>	<u>(71,387)</u>	<u>-</u>
Total Gross Revenue	2,179,744	(70,837)	2,108,907
 Cost of Goods Sold	 <u>(5,289)</u>	 <u>-</u>	 <u>(5,289)</u>
Total Net Revenue	2,174,455	(70,837)	2,103,618
 Expenses			
Program	979,563	-	979,563
Administrative	151,109	-	151,109
Fundraising	<u>755,301</u>	<u>-</u>	<u>755,301</u>
Total Expenses	<u>1,885,973</u>	<u>-</u>	<u>1,885,973</u>
 Change in Net Assets	 288,482	 (70,837)	 217,645
Net Assets, <i>Beginning of Year</i>	<u>1,317,307</u>	<u>82,387</u>	<u>1,399,694</u>
Net Assets, <i>End of Year</i>	<u>\$ 1,605,789</u>	<u>\$ 11,550</u>	<u>\$ 1,617,339</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, 2019

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenue			
Contributions	\$ 2,329,888	\$ 72,387	\$ 2,402,275
Book Sales	28,053	-	28,053
Advertising Income	5,656	-	5,656
List Rental Income	3,895	-	3,895
Miscellaneous Income	2,308	-	2,308
Released from Restriction	<u>52,883</u>	<u>(52,883)</u>	<u>-</u>
Total Gross Revenue	2,422,683	19,504	2,442,187
 Cost of Goods Sold	 <u>(12,504)</u>	 <u>-</u>	 <u>(12,504)</u>
Total Net Revenue	2,410,179	19,504	2,429,683
 Expenses			
Program	1,124,782	-	1,124,782
Administrative	152,611	-	152,611
Fundraising	<u>716,959</u>	<u>-</u>	<u>716,959</u>
Total Expenses	<u>1,994,352</u>	<u>-</u>	<u>1,994,352</u>
 Change in Net Assets	 415,827	 19,504	 435,331
Net Assets, <i>Beginning of Year</i>	<u>901,480</u>	<u>62,883</u>	<u>964,363</u>
Net Assets, <i>End of Year</i>	<u>\$ 1,317,307</u>	<u>\$ 82,387</u>	<u>\$ 1,399,694</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, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 217,645	\$ 435,331
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Gain on disposal of assets	(260)	(553)
Unrealized Loss on Investment	7	-
Depreciation	3,205	3,224
Changes in assets and liabilities		
(Increase)/decrease in accounts receivable	76	(1,547)
Increase in inventory	(3,908)	(4,633)
Decrease in prepaid expenses	10,984	4,174
Increase/(decrease) in accounts payable	(44,897)	32,876
Decrease in payroll liabilities	<u>-</u>	<u>(6,169)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	182,852	462,703
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(300,208)	-
Disposal of property and equipment	400	872
Purchases of property and equipment	<u>(4,267)</u>	<u>(1,935)</u>
NET CASH USED BY INVESTING ACTIVITIES	(304,075)	(1,063)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loan	<u>111,200</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>111,200</u>	<u>-</u>
 Increase / (decrease) in cash	 (10,023)	 461,640
Cash at beginning of year	<u>1,439,784</u>	<u>978,144</u>
 CASH AT END OF YEAR	 <u>\$ 1,429,761</u>	 <u>\$1,439,784</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, 2020**

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Compensation	\$ 458,123	\$ 69,229	\$ 91,193	\$ 618,545
Direct Mail Expense	-	-	561,808	561,808
Professional Fees: Other	146,172	8,233	8,227	162,632
Consulting	143,058	804	16,919	160,781
Employee Benefits	55,867	3,256	7,726	66,849
Payroll Taxes	32,792	5,568	7,214	45,574
Internet and Social Media	31,311	2,859	9,415	43,585
Professional Fees: Accounting	-	35,182	-	35,182
Printing and Reproduction	22,618	413	812	23,843
Postage and Delivery	9,707	5,990	6,995	22,692
Miscellaneous	6,394	11,215	484	18,093
Books and Publications	3,706	-	15,931	19,637
Travel	16,712	306	410	17,428
Information Technology	132	14	17,024	17,170
Rent	10,915	1,108	1,359	13,382
Telephone	6,893	2,946	2,284	12,123
Meetings and Conferences	11,016	181	143	11,340
Project Expenses	7,269	-	-	7,269
Supplies	4,364	942	1,324	6,630
Dues and Subscriptions	4,003	1,632	669	6,304
Payroll Processing Fees	4,192	649	826	5,667
Depreciation Expense	2,371	367	467	3,205
Taxes and Licenses	-	-	3,944	3,944
Advertising	1,250	-	-	1,250
Insurance	698	215	127	1,040
	<u>\$ 979,563</u>	<u>\$ 151,109</u>	<u>\$ 755,301</u>	<u>\$ 1,885,973</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, 2019**

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Compensation	\$ 461,624	\$ 57,318	\$ 67,582	\$ 586,524
Direct Mail Expense	-	-	562,586	562,586
Consulting	232,205	1,405	13,981	247,591
Professional Fees: Other	140,937	8,596	11,058	160,591
Employee Benefits	54,258	2,750	4,290	61,298
Travel	57,850	2,354	869	61,073
Payroll Taxes	33,047	4,781	5,754	43,582
Professional Fees: Accounting	-	35,299	-	35,299
Printing and Reproduction	31,689	694	198	32,581
Dues and Subscriptions	13,121	2,032	15,547	30,700
Books and Publications	6,338	1	23,548	29,887
Postage and Delivery	10,314	10,739	5,060	26,113
Internet and Social Media	19,732	1,744	510	21,986
Miscellaneous	1,371	15,323	192	16,886
Meetings and Conferences	16,118	124	10	16,252
Rent	12,798	1,074	1,067	14,939
Telephone	8,646	1,748	2,851	13,245
Supplies	7,519	2,910	877	11,306
Payroll Processing Fees	4,106	568	556	5,230
Advertising	4,409	-	-	4,409
Adopt a Village Expenses	4,372	-	-	4,372
Depreciation Expense	2,536	345	343	3,224
Taxes and Licenses	-	2,522	-	2,522
Utilities	1,792	284	80	2,156
Total	<u>\$ 1,124,782</u>	<u>\$ 152,611</u>	<u>\$ 716,959</u>	<u>\$ 1,994,352</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, 2020 and 2019

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 net assets without donor restrictions 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.

Inventories: Inventories consist of items for sale through the online bookstore of the Organization. They are stated at the lower of cost (first-in, first-out basis) or market.

Public support and revenue recognition: Current net assets without donor restrictions 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 net assets with donor restrictions. When temporary restrictions are met, the contributions are transferred to net assets without donor restrictions. 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.

Our book sales contain a single delivery element and revenue is recognized at a single point in time when ownership, risks and rewards transfer. The Organization operates a website where customers can purchase books. Control of merchandise transfers to the customer and revenue is recognized when online orders are shipped.

COMMITTEE FOR A CONSTRUCTIVE TOMORROW

Notes to the Financial Statements

For the Years Ended December 31, 2020 and 2019

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 annual depreciation expense amounted to \$3,205 and \$3,224 for the years ended December 31, 2020 and 2019, 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.

Reclassifications: Certain reclassifications have been made to the 2019 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

COMMITTEE FOR A CONSTRUCTIVE TOMORROW

Notes to the Financial Statements

For the Years Ended December 31, 2020 and 2019

NOTE 3: RETIREMENT PLAN

Eligible employees may participate in an IRS section 403(b) retirement savings plan. Employees are immediately eligible. The Organization contributes a match of up to 3% of an employee's salary. Contributions totaling \$13,899 and \$12,227 for the years ended December 31, 2020 and 2019, respectively, were made by the Organization, in addition to the elective deferrals made by employees.

NOTE 4: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The following table reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions or internal board designations.

Financial Assets at year-end:	<u>2020</u>	<u>2019</u>
Cash	\$1,429,761	\$1,439,784
Investments	300,201	-
Receivables	<u>1,471</u>	<u>1,547</u>
Total Financial Assets	\$1,731,433	\$1,441,331
Assets limited to use:		
Donor Restricted	<u>(11,550)</u>	<u>(82,387)</u>
Total Assets limited to use	<u>(11,550)</u>	<u>(82,387)</u>
Financial Assets available to meet cash needs for general expenditures within one year:	<u>\$1,719,883</u>	<u>\$1,358,944</u>

NOTE 5: INVESTMENTS

Investments are carried at fair value based on quoted prices in active markets (all Level 1 measurements) and consist of the following at December 31st:

	<u>2020</u>	<u>2019</u>
Mutual Funds	\$ 300,201	\$ -
Total Investments	<u>\$ 300,201</u>	<u>\$ -</u>

COMMITTEE FOR A CONSTRUCTIVE TOMORROW

Notes to the Financial Statements

For the Years Ended December 31, 2020 and 2019

NOTE 6: LOAN PAYABLE

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted. The CARES Act is an emergency economic stimulus package in response to the COVID-19 outbreak, which among other things, provides for loans to be made to small businesses under the Payroll Protection Program (PPP). On April 20, 2020 the Organization received a loan in the amount of \$111,200. The loan has an interest rate of 1% and matures on April 20, 2022. The loan is unsecured and is payable in 18 installments. Pursuant to the PPP Rules, all or a portion of this loan may be forgiven. The actual amount of the loan forgiveness will depend, in part, on the total amount of Payroll Costs (as defined in Section 1102(a)(2) of the CARES Act), and other qualified expenses under service agreements dated before February 15, 2020, paid by the Organization during the eight week period, or the optional twenty-four week period, following the date of the Note; provided, however, not more than 40% of the loan forgiveness amount may be attributable to non-Payroll Costs. In the event the Organization fails to satisfy the loan forgiveness provisions of the PPP Rules and some or all of this loan is not forgiven, the unforgiven portion of the loan will remain an obligation of the Organization that must be paid back to Lender in accordance with the terms listed above.

NOTE 7: NET ASSETS

	<u>2020</u>	<u>2019</u>
<u>Net assets without donor restrictions:</u>		
Unrestricted, undesignated net assets	<u>\$1,605,789</u>	<u>\$1,317,307</u>
Total net assets without donor restrictions	<u>\$1,605,789</u>	<u>\$1,317,307</u>
<u>Net assets with donor restrictions:</u>		
Articles	11,550	11,000
Cornwall Alliance project	-	61,387
CO2 analysis project	-	10,000
Total net assets with donor restrictions	<u>11,550</u>	<u>82,387</u>
Total net assets	<u>\$1,617,339</u>	<u>\$1,399,694</u>

NOTE 8: RISKS AND UNCERTAINTIES

The COVID-19 outbreak in the United States continues to cause disruption through mandated and voluntary closings of businesses and organizations. While it is unknown how long these conditions will last and what the complete financial impact will be, the Organization is closely monitoring the impact of the COVID-19 pandemic on all aspects of the Organization's operations and are unable at this time to predict the continued impact that COVID-19 will have on operations in the future due to numerous uncertainties.

COMMITTEE FOR A CONSTRUCTIVE TOMORROW

Notes to the Financial Statements

For the Years Ended December 31, 2020 and 2019

NOTE 9. COLLABORATIVE ARRANGEMENT

In 2018, 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 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 first \$150,000 in net income will be split one-third to the Organization and two-thirds to the Collaborating Entity. The Organization and Collaborating Entity will split revenues evenly after the first \$150,000 generated in net income.

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

	<u>2020</u>	<u>2019</u>
Program Revenue from Collaborative Arrangement	<u>\$ 27,294</u>	<u>\$ -</u>
Total Received from Collaborating Entity	<u>\$ 27,294</u>	<u>\$ -</u>
Professional Fees	\$ 40,503	\$ 68,168
Printing and Reproduction	2,330	-
Books and Publications	1,612	-
Meetings and Conferences	318	-
Total Paid to Collaborating Entity	<u>\$ 44,763</u>	<u>\$ 68,168</u>

NOTE 10: SUBSEQUENT EVENTS

Management evaluated events and transactions that occurred after the statement of financial position date for potential recognition and disclosure through May 14, 2021, the date on which the financial statements were available to be issued.