



CENTER FOR CREATIVE LAND RECYCLING

RECLAIM. CONNECT. TRANSFORM.

Center for Creative Land Recycling

Financial Statements for the

Year ended December 31, 2018

with the

Report of the Independent Auditor



Report of the Independent Auditor

To the Board of Directors of the **Center for Creative Land Recycling**:

I have audited the accompanying financial statements of the **Center for Creative Land Recycling** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 my 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, I consider internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Center for Creative Land Recycling** as of December 31, 2018, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited the financial statements as of and for the year ended December 31, 2017, and I expressed an unmodified audit opinion on those financial statements in my report dated August 10, 2018. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Michael Smith, CPA

Petaluma, California

September 23, 2019

Center for Creative Land Recycling
Statement of Financial Position
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$148,818	\$ 70,148
Investment, at fair value	2,473	–
Contributions receivable	71,715	97,000
Grants receivable	87,560	171,411
Accounts and other receivables	9,085	–
Inventory	902	–
Prepaid expenses	7,207	12,013
Property and equipment, net	2,560	4,451
Deposit	16,000	20,000
	<u> </u>	<u> </u>
Total assets	<u>\$346,320</u>	<u>\$375,023</u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 55,262	\$ 50,544
Accrued expenses	66,471	50,945
	<u> </u>	<u> </u>
Total liabilities	121,733	101,489
 Net assets		
Without donor restrictions	<u>224,587</u>	<u>273,534</u>
	<u> </u>	<u> </u>
Total net assets	<u>224,587</u>	<u>273,534</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$346,320</u>	<u>\$375,023</u>

See accompanying notes to the financial statements.

Center for Creative Land Recycling
Statement of Activities and Changes in Net Assets
Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Net assets without donor restrictions		
Support and revenue		
Contributions	\$ 267,132	\$ 248,651
Government grants	650,575	759,306
Consulting and training fees	105,788	5,505
Interest and other income	<u>9,660</u>	<u>11,297</u>
Total support and revenue	1,033,155	1,024,759
Expenses		
Program	849,689	831,461
Management and general	182,562	107,999
Fundraising	<u>49,851</u>	<u>44,546</u>
Total expenses	<u>1,082,102</u>	<u>984,006</u>
Change in unrestricted net assets	(48,947)	40,753
Net assets without donor restrictions, beginning of the year	<u>273,534</u>	<u>232,781</u>
Net assets without donor restrictions, end of the year	<u>\$ 224,587</u>	<u>\$ 273,534</u>

See accompanying notes to the financial statements.

Center for Creative Land Recycling
Statement of Functional Expenses

Year ended December 31, 2018 with comparative totals only for the year ended December 31, 2017

	Program	Management and general	Fund- raising	Totals 2018	Totals only 2017
Expenses					
Compensation	\$303,004	\$ 35,371	\$30,167	\$ 368,542	\$338,265
Employee benefits	31,504	6,808	3,137	41,449	34,001
Payroll taxes	20,959	4,529	2,087	27,575	22,744
Advertising	2,500	–	–	2,500	156
Conferences	49,516	202	9,721	59,439	31,959
Grants	10,095	–	–	10,095	23,331
Information technology	4,309	7,205	129	11,643	9,694
Insurance	3,524	1,784	462	5,770	725
Occupancy	14,063	52,987	1,500	68,550	63,580
Office	28,771	9,979	318	39,068	20,002
Professional services	344,772	57,691	2,017	404,480	388,498
Travel	36,672	190	313	37,175	37,175
Interest	–	70	–	70	28
Depreciation	–	1,746	–	1,746	1,423
Bad debts	–	4,000	–	4,000	12,425
Total expenses	\$849,689	\$182,562	\$49,851	\$1,082,102	\$984,006

See accompanying notes to the financial statements.

Center for Creative Land Recycling
Statement of Cash Flows
Years ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	(\$ 48,947)	\$ 40,753
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Bad debt	4,000	12,425
Depreciation	1,746	1,423
Contribution of investment	(2,312)	–
Gain from holding investment	(161)	–
Changes to assets and liabilities		
Contributions receivable	21,285	(30,882)
Grants receivable	83,851	(95,787)
Accounts and other receivables	(9,085)	–
Inventory	(902)	–
Prepaid expenses	4,951	(2,818)
Accounts payable	4,718	12,644
Accrued expenses	15,526	16,446
Net cash provided (used) by operating activities	74,670	(45,796)
Cash flows from investing activities		
Purchases of property and equipment	–	(3,551)
Net change in deposits	4,000	–
Net cash provided (used) by investing activities	4,000	(3,551)
Net change in cash and cash equivalents	78,670	(49,347)
Cash and cash equivalents, beginning of the year	70,148	119,495
Cash and cash equivalents, end of the year	\$148,818	\$ 70,148
Supplemental cash flow information		
Cash paid for interest	\$70	\$28

See accompanying notes to the financial statements.

Center for Creative Land Recycling
Notes to Financial Statements
December 31, 2018

Note 1 – Basis of Presentation

The **Center for Creative Land Recycling** (CCLR or “see clear”), is the nation’s premier land reuse think- and do-tank. For 22 years, CCLR has promoted the sustainable, equitable and responsible reuse of underutilized and environmentally impacted properties by educating, advocating, assisting and convening stakeholders to revitalize communities through land recycling.

The programs of CCLR include the following:

Workshops

CCLR regularly offers workshops, conferences and webinars on topics related to land recycling, including:

- **Brownfields 101:** A full-day workshop that covers the range of specialized knowledge and skills needed to complete land recycling and brownfields projects on time and on budget. Local experts in redevelopment share their stories and knowledge, providing the tools you need for your own projects.
- **Vision to Action:** A series of two facilitated workshops that focus on a defined problem, such as one or two specific properties, and bring together community members, civic organizations and local leaders to generate a collective vision for the future of the focus area, which is then reflected in a rendering or drawing. The Vision to Action process typically takes from three to six months.
- **Custom Trainings:** Workshop curriculum tailored to meet the specific needs of an organization. Covers site assessment, environmental cleanup and remediation, and negotiation and risk management.

Technical Assistance

CCLR is the Technical Assistance to Brownfields Communities (TAB) provider to EPA Regions 2, 9 and 10, serving the states and territories of Alaska, Arizona, California, Hawaii, Idaho, Nevada, New Jersey, New York, Oregon, the Pacific Islands, Puerto Rico and Washington.

The goal of CCLR as a TAB provider is to guide communities through the complex processes and requirements particular to land recycling.

The assistance CCLR provides enables communities to independently manage the environmental and financial challenges of land recycling, as well as leverage significant resources. The CCLR team has worked with a range of communities, including rural areas struggling with economic and environmental challenges of closed mills or rail sites, tribal lands striving

Center for Creative Land Recycling
Notes to Financial Statements
December 31, 2018

Note 1 – Basis of Presentation (continued)

for revitalization and urban neighborhoods working to remove blight caused by sites with prior industrial uses.

From the beginning to the end of a redevelopment project, CCLR experts answer questions, provide advice and sample documents and connect practitioners to resources. Some examples of CCLR technical assistance include:

- Review and explain technical reports (such as those related to site sampling, site assessment and federal regulations);
- Provide information about basic science, environmental policy and other technical matters;
- Help communities understand health risks associated with a brownfield site;
- Provide information to assist the community to better understand environmental issues and how these issues affect brownfield cleanup and redevelopment;
- Facilitate meetings between the local community, developers, lenders and others involved in the cleanup and reuse of brownfield properties;
- Facilitate brownfield redevelopment efforts by supporting community and other stakeholder involvement activities;
- Facilitate visioning and reuse sessions;
- Provide assistance to communities dealing with plant closures or other significant economic disruptions, adversely affected by natural disasters or impacted by other sector-based issues;
- Provide assistance in understanding and complying with state Brownfields/Voluntary Cleanup Program requirements, including land use restrictions and other land use controls, including providing support when talking or meeting with state response programs.

In addition, the CCLR website-based Online Resource Center provides information on funding opportunities, contacts, events and additional resources by state. It is an excellent resource to stay current on the events and opportunities in your area and serves as a great starting point to find funding and technical assistance opportunities for projects. In addition to the Online Resource Center, CCLR also maintains an active blog and social media presence and shares its informational resources with over 65,000 subscribers around the country in quarterly newsletters.

Center for Creative Land Recycling
Notes to Financial Statements
December 31, 2018

Note 1 – Basis of Presentation (continued)

Advocacy

CCLR advocates for improved land reuse funding and policies at the federal and state level, particularly in California and New York. Topics of advocacy include protecting funding for the U.S. EPA's Brownfields Program, funding for community-based reuse planning in New York State and a variety of funding and reuse incentive programs in California.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting

CCLR prepares its financial statements using accounting principles generally accepted in the United States of America (US-GAAP). CCLR records contributions when promised, revenues when earned and expenses when incurring the related obligations.

Cash and cash equivalents

Cash and cash equivalents consist of amounts on hand and on deposit with a commercial bank, available within 90 days of demand. Cash and cash equivalents held by the commercial bank exceeded federal deposit insurance limits at various times during the years ended December 31, 2018 and 2017.

Contributions receivable

Contributions receivable (Note 3) consist of unconditional promises to give.

Grants receivables

Grants receivables (Note 4) consist principally of amounts expended by CCLR under grants with the U.S. Environmental Protection Agency (EPA) and other governmental agencies under cost reimbursement grants but not reimbursed by the grantor.

Allowance for uncollectible receivables

CCLR uses the allowance method to account for uncollectible receivables. Under this method, CCLR reviews all receivables for any problems with collectability, based on experience. If CCLR feels that there may be a problem with collection, it provides for an allowance. When attempts to collect a specific receivable are unsuccessful, CCLR considers the account uncollectable and writes it off against the allowance. As of December 31, 2018 and 2017, CCLR considered the allowance for doubtful accounts as immaterial.

As of December 31, 2018, all receivables are due within the year ending December 31, 2019.

Center for Creative Land Recycling
Notes to Financial Statements
December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Property and equipment

Property and equipment consist of furniture, computer software and office and computer equipment. CCLR records property and equipment at cost or fair value when received as a contribution. CCLR expenses property and equipment with a cost or fair value under \$500 and the costs of maintenance and repairs that do not improve or extend the lives of property and equipment. CCLR computes depreciation using the straight-line method over the estimated useful lives of the property and equipment.

Deposit

The deposit is the amount CCLR paid to secure its office space in Oakland, California and is partially refundable on October 1, 2018 and 2019, and fully refundable, net of any damages or other costs, at the end of the lease on September 30, 2020.

Net assets

Net assets include cumulative net assets without and with donor restrictions, net of cumulative expenses. Net assets without donor restrictions consist of support and revenue not restricted to a particular purpose or time by the donor, net of expenses. Net assets with donor restrictions consist of support restricted by the donor to a particular purpose or time, including in perpetuity. Net assets with donor restrictions become net assets without donor restrictions when CCLR meets the donor purpose or time restrictions. As of December 31, 2018 and 2017, CCLR did not have any net assets with donor restrictions.

Support and revenue

CCLR recognizes support from contributions when a donor makes an unconditional promise to provide support, including workshop sponsorships, which CCLR records at fair value. CCLR does not recognize support from government grants until it fulfills the conditions; generally, by expending authorized costs and performing requested services to accomplish the requirements of the government grants. CCLR recognizes consulting and training fees when CCLR holds a workshop or provides consulting or training.

During the years ended December 31, 2018 and 2017, support from government grants with the EPA totaled approximately 61% and 69% of total support and revenue, respectively.

Advertising

CCLR expenses the costs of advertising when incurred.

Center for Creative Land Recycling
Notes to Financial Statements
December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Cost allocation

CCLR summarizes the costs of its activities on a functional basis. CCLR allocates direct costs of its various program and supporting services to the activity benefitted. CCLR allocates compensation costs based on actual time expended on each activity. CCLR allocates all other indirect costs that are not directly attributable to one program or supporting service based on ratios of compensation costs.

Income taxes

In letters to CCLR, the Internal Revenue Service (IRS) and California Franchise Tax Board stated that CCLR is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and from California bank and corporation taxes under Section 23701(d) of the California Revenue and Taxation Code, respectively. In addition, CCLR qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A) and has been classified as a publicly supported organization as described in IRC Section 509(a)(1). Accordingly, donors are entitled to the maximum charitable contribution deduction allowed by law.

Management believes that none of the activities of CCLR jeopardized its exemption from income taxes or its classification as a “public charity.” In addition, management believes that no activities of CCLR are subject to unrelated business income taxes. Accordingly, CCLR did not provide for income taxes.

Management considers certain tax positions taken by CCLR. A tax position is a position taken in a previously filed tax return or a position management expects to take in a future tax return. Tax positions taken by CCLR include decisions to classify a transaction, entity or other position in a tax return as tax exempt and its status as a tax-exempt entity. Management believes adjustments for uncertain tax positions, if any, would be immaterial to the financial position of CCLR.

CCLR files information returns with the IRS and California. Information returns from open tax periods are subject to future examination by taxing authorities.

Use of estimates

The preparation of financial statements in conformity with US-GAAP requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimated.

Prior year summarized comparative information

The financial statements include certain prior-year summarized comparative information in total but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with US-GAAP. Accordingly, read such information in conjunction with the

Center for Creative Land Recycling
Notes to Financial Statements
December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

financial statements of CCLR as of and for the year ended December 31, 2017, from which CCLR derived the summarized information. CCLR reclassified certain prior year amounts to conform to the current year presentation.

Subsequent events

CCLR evaluated subsequent events for recognition and disclosure through September 23, 2019, the date the financial statements were available for issuance. On September 6, 2019, the Executive Director announced her resignation, effective February 13, 2020. Management concluded that no other material subsequent events have occurred since December 31, 2018, which would require recognition or disclosure in the financial statements.

Note 3 – Contributions Receivable

As of December 31, 2018 and 2017, contributions receivable totaled as follows:

	<u>2018</u>	<u>2017</u>
Anacortes Parks Foundation	\$ –	\$15,000
Bessemer National Gift Fund	–	12,500
Bridge Housing Corporation	–	5,000
Equilon Enterprises LLC	8,000	–
Greenberg Traurig, LLP	5,000	–
McCormick Baron Salazar	–	5,000
MUFG Union Bank Foundation	25,000	25,000
Related California	10,000	10,000
TMG Partners	10,000	–
Westwood Interests	–	5,000
Various corporations	13,450	19,250
Various individuals	<u>265</u>	<u>250</u>
Totals	<u>\$71,715</u>	<u>\$97,000</u>

Center for Creative Land Recycling
Notes to Financial Statements
December 31, 2018

Note 4 – Grants Receivables

As of December 31, 2018 and 2017, grants receivable totaled as follows:

	<u>2018</u>	<u>2017</u>
U.S. Environmental Protection Agency	\$71,186	\$128,313
Kansas State University	6,375	33,965
California Department of Toxic Substances Control	9,999	–
Rochester Institute of Technology	–	6,693
Successor Agency to the San Francisco Redevelopment Agency	<u>–</u>	<u>2,440</u>
Totals	<u>\$87,560</u>	<u>\$171,411</u>

Note 5 – Property and Equipment

As of December 31, 2018 and 2017, property and equipment reconciled as follows:

	<u>2018</u>	<u>2017</u>
Computer equipment and software	\$16,550	\$17,024
Office furniture and equipment	<u>11,272</u>	<u>11,272</u>
Total property and equipment	27,822	28,296
Less accumulated depreciation	<u>25,262</u>	<u>23,845</u>
Property and equipment, net	<u>\$ 2,560</u>	<u>\$ 4,451</u>

Note 6 – Retirement Plan

CCLR sponsors a defined contribution salary deferral plan under IRC section 401(k) for its eligible employees. Eligible employees may contribute up to 100% of their eligible salary to the plan, subject to limits imposed under the IRC. During the years ended December 31, 2018 and 2017, CCLR matched 100% of employee contributions, up to 5% of the eligible compensation of each eligible contributing employee, totaling \$7,890 and \$10,313, respectively.

Center for Creative Land Recycling
Notes to Financial Statements
December 31, 2018

Note 7 – Liquidity and Availability of Financial Assets

As of December 31, 2018, financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions, reconcile as follows:

Financial assets	
Cash and cash equivalents	\$148,818
Investment, at fair value	2,473
Contributions receivable	71,715
Grants receivables	87,560
Accounts and other receivables	<u>9,085</u>
 Total financial assets	 319,651
 Amounts unavailable for general expenditures within one year	
None	<u>—</u>
 Financial assets available to meet cash needs for general expenditure within one year	 <u>\$319,651</u>

As part of its liquidity management, CCLR invests cash in excess of daily requirements in interest-bearing demand deposit accounts.

Note 8 – Commitments and Contingencies

CCLR leases its offices in Oakland, California under a non-cancelable office lease expiring on September 30, 2020. Minimum required lease payments for the years ending December 31 total as follows:

2019	\$ 58,440
2020	<u>44,640</u>
 Total minimum required lease payments	 <u>\$103,080</u>

During the years ended December 31, 2018 and 2017, rent expense totaled \$52,987 and \$56,684, respectively.

Effective May 1, 2017, CCLR subleased a portion of its office space under a month-to-month sublease for \$700 per month. During the years ended December 31, 2018 and 2017, rent income totaled \$8,400 and \$4,900, respectively.

Center for Creative Land Recycling
Notes to Financial Statements
December 31, 2018

Note 8 – Commitments and Contingencies (continued)

CCLR received government grants support pursuant to agreements with the EPA and other governmental agencies. The agreements provide the EPA and other governmental agencies with the opportunity to review or audit the expenditure of government grants support to establish compliance with laws and regulations and the specific terms of the agreements. Management believes that CCLR has complied with the various requirements under these agreements and that any adjustments, if they were to occur, would be immaterial to the financial position of CCLR.

Note 9 – Adoption of a New Accounting Standard

During the year ended December 31, 2018, CCLR adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, “Presentation of Financial Statements of Not-for-Profit Entities.” FASB ASU 2016-14 requires CCLR to rename unrestricted net assets to net assets without donor restrictions and consolidate temporarily restricted net assets and permanently restricted net assets and rename them net assets with donor restrictions. In addition, FASB ASU 2016-14 requires CCLR to provide qualitative information that communicates how CCLR manages its liquid resources available to meet cash needs for general expenditures within one year (Note 7) and quantitative information and additional qualitative information that communicates the availability of financial assets as of the end of the year to meet cash needs for general expenditures within one year (Note 7).