

CENTER FOR CREATIVE LAND RECYCLING
REPORT ON AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(With Comparative Totals for 2013)

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Center for Creative Land Recycling
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of Center for Creative Land Recycling (a nonprofit organization) which comprise the statements of financial position as of December 31, 2014, 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 U.S. generally accepted accounting principles; 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. We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 organization'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 organization'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 Center for Creative Land Recycling as of December 31, 2014, and the results of its changes in net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2015, on our consideration of Center for Creative Land Recycling's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Center for Creative Land Recycling's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Center for Creative Land Recycling's 2013 financial statements, and our report dated June 12, 2014 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.



CERTIFIED PUBLIC ACCOUNTANTS
Mill Valley, California

June 11, 2015

CENTER FOR CREATIVE LAND RECYCLING
STATEMENT OF FINANCIAL POSITION
December 31, 2014
(With Comparative Totals for 2013)

ASSETS

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 472,986	\$ 310,532
Contributions and grants receivable	82,883	157,865
Contracts and accounts receivable	11,278	10,706
Prepaid expenses	29,291	18,302
Deposits	9,140	9,140
Furniture and equipment, net	<u>9,279</u>	<u>11,517</u>
 TOTAL ASSETS	 <u>\$ 614,857</u>	 <u>\$ 518,062</u>

LIABILITIES

Accounts payable	\$ 13,765	\$ 16,505
Accrued expenses	<u>52,930</u>	<u>55,331</u>
 TOTAL LIABILITIES	 <u>66,695</u>	 <u>71,836</u>

NET ASSETS

Unrestricted	537,162	446,226
Temporarily restricted	<u>11,000</u>	<u>-</u>
 TOTAL NET ASSETS	 <u>548,162</u>	 <u>446,226</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 614,857</u>	 <u>\$ 518,062</u>

See notes to financial statements.

CENTER FOR CREATIVE LAND RECYCLING
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014
(With Comparative Totals for 2013)

	<u>Unrestricted</u>	2014 Temporarily <u>Restricted</u>	<u>Total</u>	2013 <u>Total</u>
Support, Revenues and Reclassifications:				
Government grants and contract fees	\$	\$ 648,960	\$ 648,960	\$ 370,495
Foundation grants	20,000		20,000	120,000
Individual and corporate contributions	165,930		165,930	309,288
Consulting and training fees	60,598		60,598	193,651
Interest and other income	57,098		57,098	58,494
Inkind contributions	22,332		22,332	43,950
Net assets released from restrictions	<u>637,960</u>	<u>(637,960)</u>	<u>-</u>	<u>-</u>
 Total support and revenues	 963,918	 11,000	 974,918	 1,095,878
Expenses:				
Program	739,258		739,258	1,026,828
General and administrative	63,211		63,211	47,002
Fundraising	<u>70,513</u>	<u>-</u>	<u>70,513</u>	<u>54,427</u>
 Total expenses	 <u>872,982</u>	 <u>-</u>	 <u>872,982</u>	 <u>1,128,257</u>
 Change in net assets	 <u>90,936</u>	 <u>11,000</u>	 <u>101,936</u>	 <u>(32,379)</u>
 Net assets, beginning of year	 <u>446,226</u>	 <u>-</u>	 <u>446,226</u>	 <u>478,605</u>
 Net assets, end of year	 <u>\$ 537,162</u>	 <u>\$ 11,000</u>	 <u>\$ 548,162</u>	 <u>\$ 446,226</u>

See notes to financial statements.

**CREATIVE CENTER FOR LAND RECYCLING
STATEMENT OF FUNCTIONAL EXPENSES
SUMMARY**

**For the Year Ended December 31, 2014
(With Comparative Totals for 2013)**

	2014			
	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>	<u>2013</u>
Salaries and wages	\$ 286,069	\$ 55,572	\$ 341,641	\$ 338,303
Payroll related expense	54,828	9,916	64,744	62,566
Professional services	191,884	33,093	224,977	192,433
Occupancy	102,819	21,879	124,698	111,676
Direct Program expenses	73,767	8,550	82,317	231,492
Administrative expenses	22,651	4,714	27,365	28,153
Bad debt expense	<u>7,240</u>	<u>-</u>	<u>7,240</u>	<u>163,634</u>
	<u>\$ 739,258</u>	<u>\$ 133,724</u>	<u>\$ 872,982</u>	<u>\$ 1,128,257</u>

See notes to financial statements.

CENTER FOR CREATIVE LAND RECYCLING
STATEMENT OF FUNCTIONAL EXPENSES – PROGRAM SERVICES
For the Year Ended December 31, 2014
(With Comparative Totals for 2013)

	<u>TAB Program</u>	<u>TAB 2 Program</u>	<u>Policy Analysis</u>	<u>Consulting</u>	<u>UP Urban Sponsorship</u>	<u>2014 Total Expenses</u>	<u>2013 Total</u>
Salaries and wages	\$ 141,539	\$ 113,136	\$ 8,523	\$ 22,648	\$ 223	\$ 286,069	\$ 305,755
Payroll related expenses	27,153	21,462	1,440	4,734	39	54,828	59,153
Professional services	147,914	25,662	4,432	13,869	7	191,884	155,830
Occupancy	48,151	43,958	3,383	7,225	102	102,819	96,515
Direct program expenses	35,257	23,793	58	1,159	13,500	73,767	224,806
Administrative expenses	11,858	8,045	840	1,883	25	22,651	22,504
Bad debt expense	<u>7,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,240</u>	<u>162,265</u>
	<u>\$ 419,112</u>	<u>\$ 236,056</u>	<u>\$ 18,676</u>	<u>\$ 51,518</u>	<u>\$ 13,896</u>	<u>\$ 739,258</u>	<u>\$ 1,026,828</u>

See notes to financial statements.

CENTER FOR CREATIVE LAND RECYCLING
STATEMENT OF FUNCTIONAL EXPENSES – SUPPORTING SERVICES
For the Year Ended December 31, 2014
(With Comparative Totals for 2013)

	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2014 Total</u>	<u>2013 Total</u>
Salaries and wages	\$ 28,470	\$ 27,102	\$ 55,572	\$ 32,548
Payroll related expenses	5,330	4,586	9,916	3,413
Professional services	11,562	21,531	33,093	36,603
Occupancy	14,157	7,722	21,879	15,161
Direct program expenses	1,106	7,444	8,550	6,686
Administrative expenses	2,586	2,128	4,714	5,649
Bad debt expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,369</u>
	<u>\$ 63,211</u>	<u>\$ 70,513</u>	<u>\$ 133,724</u>	<u>\$ 101,429</u>

See notes to financial statements.

CENTER FOR CREATIVE LAND RECYCLING
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2014
(With Comparative Totals for 2013)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ 101,936	\$ (32,379)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,532	4,476
(Increase) decrease in:		
Grants and contributions receivables	74,982	(70,601)
Contracts and accounts receivables	(572)	165,174
Prepaid expenses	(10,989)	(1,012)
Increase (decrease) in:		
Accounts payable	(2,740)	4,914
Accrued expenses	<u>(2,401)</u>	<u>6,695</u>
Total adjustments	<u>62,812</u>	<u>109,646</u>
Net cash provided by operating activities	<u>164,748</u>	<u>77,267</u>
Cash flows from investing activities		
Cash payments for purchases of equipment	<u>(2,294)</u>	<u>(4,355)</u>
Net cash (used) by investing activities	<u>(2,294)</u>	<u>(4,355)</u>
Net increase in cash and cash equivalents	162,454	72,912
Cash and cash equivalents, beginning of year	<u>310,532</u>	<u>237,620</u>
Cash and cash equivalents, end of year	<u>\$ 472,986</u>	<u>\$ 310,532</u>

See notes to financial statements.

CENTER FOR CREATIVE LAND RECYCLING
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

NOTE A – General and Summary of Significant Accounting Policies

General

Center for Creative Land Recycling (CCLR)(the Organization) is an independent non-profit organization incorporated in the State of California since 1998. CCLR repairs fractured communities and discourages urban sprawl through creative private, public and nonprofit partnerships. CCLR's work is accomplished through training, technical assistance and small grants for communities who are attempting to turn around vacant or environmentally distressed properties.

CCLR's current activities include:

Technical Assistance Brownfield Program (TAB) – The Technical Assistance Brownfield Program offers pro bono technical assistance to help projects achieve specific goals in land recycling and brownfield redevelopment. In addition to providing much needed technical support, TAB aims to study the nature of the problems preventing land reuse, test proposed solutions on selected projects, develop replicable approaches to help bring future brownfield redevelopment projects to fruition, and to use the knowledge gathered to inform the development of practice and policy changes.

Consulting – The project Consulting Project offers a broad range of consulting services to support land recycling and brownfield redevelopment for municipalities and non-profit developers. CCLR serves as trusted advisor offering assistance in environmental planning and management, environmental site assessment, remediation, regulatory facilitation, and community outreach. CCLR offers project consulting on a fee for service basis at rates consistent with those of other non-profit organizations and well below rates charged by many private consulting firms.

Policy Analysis – The policies and practices program formulates specific approaches to reduce or offset the obstacles to economically viable brownfield redevelopment. The program develops integrated programs of short and long term solutions, which can be implemented in a cost effective and politically viable manner.

UP Urban, Inc. Sponsorship - CCLR created a restricted fund designated for the charitable purposes of a specific project that is consistent with CCLR's mission: to improve certain communities and neighborhoods through long-term sustainable planning and redevelopment of blighted and under-utilized urban land and buildings. CCLR will grant all amounts that it receives for the purpose of this specific project to UP Urban, Inc., less mutually-agreed-upon administrative charges.

CENTER FOR CREATIVE LAND RECYCLING
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

NOTE A – General and Summary of Significant Accounting Policies (Continued)

Summary of Significant Accounting Policies

Furniture and Equipment

Furniture and equipment are recorded at cost and depreciated using the straight line method over the estimated useful life (5 to 7 years) of the assets. The Organization's policy is to capitalize furniture and equipment purchases greater than \$500.

Receivables

Contributions and grants receivable represent amounts due from government, foundations and various corporations and individuals.

Contracts, contributions, grants and accounts receivables are stated at the amount management expects to collect from outstanding balances within one year. Uncollectible accounts are expensed on an individual basis when they are deemed by management to be no longer collectible. During the year ended December 31, 2014, \$7,240 was expensed as uncollectible and is included as bad debt expense in the statement of functional expenses.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Income Taxes

The Internal Revenue Service and California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Service Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d).

GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

CENTER FOR CREATIVE LAND RECYCLING
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

NOTE A – General and Summary of Significant Accounting Policies (Continued)

Summary of Significant Accounting Policies (Continued)

Prior Year Summarized 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 U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

Compensated Absences

Accrued vacation is included in accrued expenses on the statement of financial position.

Basis of Accounting and Reporting Accounting Method

The Organization maintains its accounting records on the accrual basis.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Support and Revenue Recognition

Contributions received and unconditional promises to give are measured at their fair values. Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions and support that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the reporting period in which the contribution or support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

CENTER FOR CREATIVE LAND RECYCLING
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

NOTE A – General and Summary of Significant Accounting Policies (Continued)

Summary of Significant Accounting Policies (Continued)

Inkind Contributions

Volunteers provide assistance to the Organization for its various program activities. The value of the donated services is recorded at the estimated fair market values determined by the donors in the period in which the services are provided. Inkind contributions of furniture are recorded at the fair value of the items contributed.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and support services benefited based on management's estimates.

Financial Instruments

The Organization's financial instruments consist of cash, receivables and payables. It is management's opinion that the Organization is not exposed to significant interest rate or credit risk arising from these instruments. Unless otherwise noted, the fair values of these financial instruments are the market values of these financial instruments and approximate their carrying values.

Description of Net Assets:

Unrestricted:

Support is provided to the Organization primarily from individuals, foundations and corporations which are available for general operations.

Temporarily Restricted:

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

CENTER FOR CREATIVE LAND RECYCLING
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

NOTE B – Concentration of Credit Risk

The Organization maintains cash balances at one financial institution. Accounts which are insured by the Federal Deposit Insurance Corporation up to \$250,000 exceed this limitation at December 31, 2014 by \$223,668.

NOTE C – Furniture and Equipment

At December 31, 2014, furniture and equipment consist of the following:

Furniture and equipment	\$ 32,703
Less accumulated depreciation	<u>(23,424)</u>
	<u>\$ 9,279</u>

NOTE D – Retirement Plan

The Organization has a 401(k) plan that covers all full time employees. Contributions to the plan by the Organization are at the discretion of the Board of Directors. The amount contributed by the Organization to the plan for 2014 was \$16,242 and is included in employee benefits in the statement of functional expenses.

NOTE E – Lease Commitments

Minimum lease payments under non-cancelable operating leases for the Organization's office space in San Francisco and a copier are as follows:

2015	\$ 130,000
2016	4,000
2017	4,000
2018	4,000
2019	4,000
2020	<u>700</u>
	<u>\$ 146,700</u>

Lease payments aggregating \$124,699 are included in occupancy in the statement of functional expenses for the year ended December 31, 2014.

During 2014, the Organization subleased a portion of its offices on a month to month basis. Sublease income of \$ 56,562 is included in interest and other income in the statement of activities for the year ended December 31, 2014.

CENTER FOR CREATIVE LAND RECYCLING
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

NOTE F – Inkind Services

Donated services of \$22,332 for the year ended December 31, 2014, is included as inkind contributions and program expenses in the statement of activities and professional services in the statement of functional expenses.

NOTE G – Grant Contingencies

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization considers this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. Management is of the opinion that the Organization has complied with the terms of all grants.

NOTE H – Restrictions of Assets

At December 31, 2014, temporarily restricted net assets of \$11,000 were available for the TAB program.

NOTE I – Evaluation of Subsequent Events

The Organization has evaluated subsequent events through June 11, 2015, the date which the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Center for Creative Land Recycling
San Francisco, California

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Center for Creative Land Recycling (a nonprofit organization), which comprise the statement of financial position as of ended December 31, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 11, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Center for Creative Land Recycling's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Center for Creative Land Recycling's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect or correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of significant deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
Center for Creative Land Recycling
June 11, 2015
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Center for Creative Land Recycling's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS
Mill Valley, California

June 11, 2015