

# Financial Report



June 30, 2021

# Contents

	<u>Page</u>
Independent Auditor's Report .....	1
Financial Statements	
Statement of Financial Position.....	3
Statement of Activities .....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows .....	6
Notes to Financial Statements.....	7



## ***INDEPENDENT AUDITOR'S REPORT***

Board of Directors  
Environmental Health Coalition  
National City, California

We have audited the accompanying financial statements of the Environmental Health Coalition (EHC), which comprise the statement of financial position as of June 30, 2021, 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 misstatements, 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 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 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 principles 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 opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Environmental Health Coalition as of June 30, 2021, 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.

**Report on Summarized Comparative Information**

We have previously audited EHC's June 30, 2020 financial statements and we expressed an unmodified audit opinion on those audited financial statement in our report dated October 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "West Rhode & Roberts".

WEST RHODE & ROBERTS

San Diego, California  
September 30, 2021

**ENVIRONMENTAL HEALTH COALITION**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2021**

**(With summarized financial information for June 30, 2020)**

---

	2021	2020 (Note 14)
<b>ASSETS</b>		
Cash and cash equivalents	\$ 285,323	\$ 81,992
Grants receivable	315,338	233,772
Prepaid expenses	58,451	69,146
Other receivables	47,609	24,662
Certificates of deposit	866,344	995,378
Investments	4,333,238	2,371,989
Deposits	21,530	21,530
Property and equipment, net	1,711	2,532
Total assets	<u>\$ 5,929,544</u>	<u>\$ 3,801,001</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 337,316	\$ 202,155
Accrued vacation	175,933	134,667
Deferred revenue	1,155,828	862,893
Refundable advance	-	489,502
Total liabilities	<u>1,669,077</u>	<u>1,689,217</u>
Commitments (Note 11)		
Net assets:		
Without donor restrictions (Note 7)		
Board designated operating reserves - EHC	624,350	324,350
Board designated operating reserves - CEJA	953,875	266,550
Undesignated - EHC	763,277	216,100
Undesignated - CEJA	473,537	103,439
Total without donor restrictions	<u>2,815,039</u>	<u>910,439</u>
With donor restrictions (Note 8)		
Environmental Health Coalition	657,496	911,728
California Environmental Justice Alliance	787,932	289,617
Total with donor restrictions	<u>1,445,428</u>	<u>1,201,345</u>
Total net assets	<u>4,260,467</u>	<u>2,111,784</u>
Total liabilities and net assets	<u>\$ 5,929,544</u>	<u>\$ 3,801,001</u>

**ENVIRONMENTAL HEALTH COALITION**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

*(With summarized financial information for the year ended June 30, 2020)*

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total 2021</u>	<u>Total 2020 (Note 14)</u>
<u>Operating Activities:</u>				
<b>SUPPORT AND REVENUE</b>				
Foundation/grant revenue	\$ 5,251,422	1,306,135	\$ 6,557,557	\$ 5,378,206
Contributions	1,156,514		1,156,514	311,546
Reimbursed expenses	5,952	-	5,952	32,163
Special events	91,590	-	91,590	49,873
Honorariums	3,750	-	3,750	2,150
Net assets released from restriction (Note 9)	<u>1,062,052</u>	<u>(1,062,052)</u>	<u>-</u>	<u>-</u>
Total operating support and revenue	<u>7,571,280</u>	<u>244,083</u>	<u>7,815,363</u>	<u>5,773,938</u>
<b>EXPENSES</b>				
Program services:				
Climate Justice Campaign	654,778	-	654,778	777,448
Voter Empowerment	126,354	-	126,354	67,129
Border Environmental Justice Campaign	224,537	-	224,537	217,576
Toxic Free Neighborhoods	367,781	-	367,781	266,110
Air Quality Campaign	116,062	-	116,062	96,257
California Environmental Justice Alliance	<u>3,197,760</u>	<u>-</u>	<u>3,197,760</u>	<u>2,880,890</u>
Total program services	4,687,272	-	4,687,272	4,305,410
Supporting services:				
Management	709,567	-	709,567	621,535
Fundraising	<u>260,457</u>	<u>-</u>	<u>260,457</u>	<u>262,581</u>
Total program and supporting services	5,657,296	-	5,657,296	5,189,526
Cost of direct benefits to donors	<u>38,636</u>	<u>-</u>	<u>38,636</u>	<u>10,100</u>
Total operating expenses	<u>5,695,932</u>	<u>-</u>	<u>5,695,932</u>	<u>5,199,626</u>
Operating revenues and support in excess of expenses	<u>1,875,348</u>	<u>244,083</u>	<u>2,119,431</u>	<u>574,312</u>
<u>Non-Operating Activities:</u>				
Investment income	46,634	-	46,634	38,766
Realized and unrealized loss	<u>(17,382)</u>	<u>-</u>	<u>(17,382)</u>	<u>(5,963)</u>
Total non-operating activities	<u>29,252</u>	<u>-</u>	<u>29,252</u>	<u>32,803</u>
Change in net assets	1,904,600	244,083	2,148,683	607,115
NET ASSETS AT BEGINNING OF YEAR	<u>910,439</u>	<u>1,201,345</u>	<u>2,111,784</u>	<u>1,504,669</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,815,039</u>	<u>\$ 1,445,428</u>	<u>\$ 4,260,467</u>	<u>\$ 2,111,784</u>

**ENVIRONMENTAL HEALTH COALITION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
*(With summarized financial information for the year ended June 30, 2020)*

	Program Services						Supporting Services			Total 2021	Total 2020 (Note 14)	
	Climate Justice Campaign	Voter Empowerment	Border Environmental Justice Campaign	Toxic Free Neighborhoods	Air Quality Campaign	California Environmental Justice Alliance	Total Programs	Management and General	Fundraising			
Personnel												
Salaries & wages	\$ 449,334	\$ 82,412	\$ 156,005	\$ 258,210	\$ 70,764	\$ 1,012,746	\$ 2,029,471	\$ 399,037	\$ 198,255	\$ 2,626,763	\$ 2,511,084	
Payroll taxes and benefits	69,240	10,401	21,122	39,875	8,934	199,782	349,354	63,964	25,040	438,358	407,962	
Total personnel	518,574	92,813	177,127	298,085	79,698	1,212,528	2,378,825	463,001	223,295	3,065,121	2,919,046	
Mini grants	40,000	-	-	-	10,000	1,036,950	1,086,950	-	-	1,086,950	782,500	
Contract services	11,376	2,227	3,414	5,174	4,001	249,114	275,306	68,606	4,955	348,867	199,736	
Professional fees	9,732	-	4,525	18,472	8,120	242,290	283,139	63,553	1,744	348,436	506,188	
Fiscal agency fees	-	-	-	-	-	305,535	305,535	-	-	305,535	156,834	
Rent	59,829	-	24,092	35,559	11,950	62,763	194,193	51,246	23,687	269,126	249,149	
Staff development and training	2,454	607	-	312	-	41,589	44,962	5,852	40	50,854	52,816	
Office and general expense	556	3,721	628	2,923	23	11,079	18,930	23,415	584	42,929	141,123	
Dues and memberships	100	119	241	1,200	455	12,328	14,443	21,510	1,628	37,581	22,791	
Printing and postage	183	21,060	-	44	44	5,444	26,775	139	1,434	28,348	22,927	
Telephone	2,924	4,720	2,645	1,672	712	3,263	15,936	8,073	1,225	25,234	22,909	
Program supplies	4,789	1,087	1,162	2,126	962	14,827	24,953	-	229	25,182	85,870	
Insurance	4,261	-	1,603	2,214	97	-	8,175	3,351	1,636	13,162	14,171	
Stipends	-	-	9,100	-	-	50	9,150	-	-	9,150	12,645	
Depreciation	-	-	-	-	-	-	-	821	-	821	821	
Total expenditures	\$ 654,778	\$ 126,354	\$ 224,537	\$ 367,781	\$ 116,062	\$ 3,197,760	\$ 4,687,272	\$ 709,567	\$ 260,457	\$ 5,657,296	\$ 5,189,526	

**ENVIRONMENTAL HEALTH COALITION**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021**

*(With summarized financial information for the year ended June 30, 2020)*

---

	<u>2021</u>	<u>2020</u> <u>(Note 14)</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,148,683	\$ 607,115
Adjustment to reconcile change in net assets to net cash from operating activities		
Depreciation	821	821
Realized and unrealized loss	17,382	5,963
Changes in operating assets and liabilities		
Receivables	(104,513)	354,832
Prepaid expenses	10,695	(21,738)
Deposits	-	1,438
Accounts payable and accrued expenses	135,161	74,071
Accrued vacation	41,266	37,406
Refundable advance	(489,502)	489,502
Deferred revenue	292,935	(8,215)
Net cash provided by operating activities	<u>2,052,928</u>	<u>1,541,195</u>
<b>INVESTING ACTIVITIES</b>		
Net purchase of certificates of deposit	129,034	199,559
Net purchase of investments	<u>(3,028,203)</u>	<u>(1,039,531)</u>
Net cash used in investing activities	<u>(2,899,169)</u>	<u>(839,972)</u>
Change in cash and cash equivalents	(846,241)	701,223
Cash and cash equivalents at beginning of year	1,131,564	430,341
Cash and cash equivalents at end of year	<u>\$ 285,323</u>	<u>\$ 1,131,564</u>
<b>CASH AND CASH EQUIVALENTS CONSIST OF:</b>		
Cash and cash equivalents	\$ 285,323	\$ 81,992
Cash and cash equivalents included in investments	<u>-</u>	<u>1,049,572</u>
	<u>\$ 285,323</u>	<u>\$ 1,131,564</u>



## **Note 1. Organization and Significant Accounting Policies**

### **Organization and Activities**

Environmental Health Coalition (EHC) is a private, non-profit 501(c)(3) organization founded in 1980. Our Mission is:

Environmental Health Coalition is dedicated to environmental and social justice. We believe that justice is achieved when empowered communities act together to make social change. We organize and advocate to protect public health and the environment threatened by toxic pollution. EHC supports efforts that create a just society and which foster a healthy and sustainable quality of life.

EHC's work is focused primarily around five campaign areas:

- **Climate Justice Campaign** works to reduce greenhouse gas and toxic air contaminant emissions that contribute to climate change, promote sustainable energy and transportation justice throughout the San Diego/Tijuana Region
- **Voter Empowerment Campaign** works to increase the culture of voting in communities with historically low voter turnout and to educate voters about key issues
- **Border Environmental Justice Campaign** works to reduce industrial pollution, preserve natural resources, promote fair trade and globalization for justice
- **Toxic-Free Neighborhoods** organizes in communities of color to advocate for the prevention of toxic pollution from industrial and mobile sources
- **Air Quality Campaign** focuses in the San Diego region on the communities most at risk for poor air quality. These low-income communities of color have more than their share of industry, freeways, surface street traffic, and less than their share of parks, tree canopy, air conditioning, and clean transportation. Although air pollution affects us all, underserved neighborhoods are hit first and worst. EHC's three priority communities are all ranked in the top 25% of census tracts for pollution impact. The neighborhoods are also at the top in the County for traffic proximity and diesel particulate pollution with especially high risks for asthma. EHC is addressing this issue with campaigns to electrify the freight and transit systems

EHC serves as the fiscal sponsor of California Environmental Justice Alliance (CEJA), a project dedicated to achieving environmental justice in California. EHC is responsible for receiving assets and incurring liabilities, providing all fiscal management, and providing human resources and employment services for all personnel employed to conduct CEJA activities.

### **Significant Accounting Policies**

**Method of Accounting** – The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

**Basis of Presentation** –The financial statements of EHC have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require EHC to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of EHC. These net assets may be used at the discretion of EHC's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of EHC or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**Measure of Operations** – The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to EHC’s ongoing programs. Nonoperating activities are limited to resources that generate return from long-term investments and other activities considered to be of a more unusual or nonrecurring nature.

**Revenue Recognition**

Foundation/Grant Revenues – Foundation/Grant Revenues received are recognized as revenue when they are unconditionally pledged or when all conditions have been met.

Contract revenues are comprised of revenues classified as both exchange transactions and contributions. In accordance with Accounting Standards Codification ("ASC") 958, Not-for-Profit Entities, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, EHC reviews all contract agreements and determines whether the agreement qualifies as an exchange transaction or as a contribution. In cases where agreements are determined to be exchange transactions, EHC recognizes revenues as services are rendered and, if applicable, funds received in advance of services being rendered are classified as deferred revenue. Revenue is recognized in the period in which services are rendered and is presented as revenue without donor restrictions in the Statement of Activities.

In cases where agreements are determined to be contributions, the agreement is reviewed for barriers or restrictions and, if applicable, advanced payments are classified as deferred revenue until the barrier or restriction has been met. Revenue is recognized in the period in which all barriers and restrictions have been met and is presented as contract revenue without donor restrictions on the Statement of Activities.

Contributions - EHC reports contributions as restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, revenues with donor restrictions are reclassified to revenues without donor restrictions and reported in the statement of activities as revenues released from restrictions. Contributions with donor restrictions requiring the principal gift to be held in perpetuity are reported as permanently restricted. The income earned from such assets is generally restricted to the purpose designated by the donor. Gifts not designated for a specific purpose are reported as increases in net assets without donor restrictions.

**Cash and Cash Equivalents** – Cash and cash equivalents include cash in the bank and highly liquid investments.

**Grants receivable** – Grants receivables consist of amounts billed and unbilled on grants and service fee contracts for services provided through June 30, 2021. All receivables are reviewed for collectability and reserves for uncollectible amounts are recorded based on historical information and examination of specific individual accounts. Accounts are written off against the allowance for doubtful accounts when deemed uncollectible. Management has reviewed the collectability of receivables and determined that an allowance for uncollectability is not needed as of June 30, 2021.

**Investments** – EHC reports investments at fair market value.

**Furniture, Equipment and Depreciation Method** – EHC capitalizes property and equipment over \$2,000. Lessor amounts are expensed. Furniture and equipment are recorded at cost, except for donated items, which are recorded at fair market value as of the date received. Depreciation is provided on the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	3 to 7 years
Leasehold improvements	5 to 10 years

EHC's depreciation expense was \$821 for the year ended June 30, 2021.

**Cost of Direct Benefits to Donors** – The costs of special events that represent a direct benefit to donors are separately reported. For the year ended June 30, 2021, the cost of special events totaled \$38,636.

**Refundable advance** – In April 2020, EHC received \$489,502 under the Paycheck Protection Program (PPP). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The loan was forgiven during the year and is recorded as a contribution on the statement of activities for the year ended June 30, 2021.

**Functional Allocation of Expenses** – The statement of functional expenses presents expense by function and natural classification. Expenses directly attributable to a specific functional area of the organization are reported as expenses of those functional areas. A portion of costs that benefit multiple functional areas (indirect costs) have been allocated across programs and supporting services based on the full-time employee equivalents of a programs or supporting service.

**Income Tax Status** - Environmental Health Coalition, a California not-for-profit corporation, is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification No. 740-10, *Accounting for Uncertainties in Income Taxes*, which sets a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. Tax positions for the open tax years as of June 30, 2021, were reviewed, and it was determined that EHC has no uncertain tax positions requiring accrual or disclosure.

**Use of Estimates** – The preparation of financial statements, in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent Events** – Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. EHC recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at that date, including the estimates inherent in the process of preparing financial statements. EHC's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after that date and before the financial statements are available to be issued.

EHC has evaluated subsequent events through September 30, 2021, which is the date the financial statements are available for issuance, and concluded that there were no events that need disclosed.

## Note 2. Liquidity and Availability of Resources

EHC's financial assets available for expenditure, that is without donor restrictions limiting their use within year of the statement of financial position date, are as follows:

Financial Assets	
Cash and cash equivalents	\$ 285,323
Certificates of deposit	866,344
Grants receivable	315,338
Other receivables	47,609
Investments	<u>4,333,238</u>
Total financial assets available within one year	<u>5,847,852</u>
Less: amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with time/purpose restrictions	<u>1,445,428</u>
Less: amounts unavailable to management without Board approval:	
Designated amounts from Board	<u>1,578,225</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 2,824,199</u>

EHC maintains policies of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due.

## Note 3. Fair Value Measurements

Due to the short-term nature of EHC's assets and liabilities, fair value approximates carrying value. In accordance with Financial Accounting Standards Board Codification No. 820 (FASB ASC 820), fair value is defined as the price that EHC would receive upon selling an asset or transferring a liability in an orderly transaction to an independent buyer in the principal or most advantageous market of the asset.

FASB ASC 820 establishes a three-tier hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs and to establish the classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available. The standard describes three-tier hierarchy of inputs that may be used to measure fair value as follows:

**Level 1:** Quoted prices (unadjusted) of identical assets or liabilities in active markets that EHC has the ability to access as of the measurement date.

**Level 2:** Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

**Level 3:** Significant unobservable inputs that reflect EHC's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

EHC's statement of financial position includes investments which have been considered Level I assets and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.

The fair value of a financial instrument 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 is best determined based upon quoted market prices. All of EHC's investments are based upon the quoted market prices at June 30, 2021.

The management of EHC is responsible for making the fair value measurements and disclosures in the financial statements. As part of fulfilling this responsibility, the management of EHC has established an accounting and financial reporting process for determining the fair value measurements and disclosures, which identifies and adequately supports the valuation methods and assumptions used and ensures that the presentation of the fair value measurement is in accordance with U.S GAAP.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Investments	\$ 4,333,238	\$ -	\$ -	\$ 4,333,238
Total	<u>\$ 4,333,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,333,238</u>

#### Note 4. Investments

Investments at June 30, 2021, stated at fair value, consist of the following:

Fixed income	\$ 2,764,926
US treasury bills	1,499,739
Mutual funds	<u>68,573</u>
	<u>\$ 4,333,238</u>

Investment income at June 30, 2021 is made up of \$46,634 in interest and dividends and \$17,382 in realized and unrealized losses.

#### Note 5. Property and Equipment

Property and equipment, as of June 30, 2021 is summarized as follows:

Furniture and equipment	\$ 49,014
Leasehold improvements	<u>14,563</u>
	63,577
Less accumulated depreciation	<u>(61,866)</u>
	<u>\$ 1,711</u>

#### Note 6. Deferred Revenue

Certain contracting agencies allow EHC to periodically request advanced funding for costs to be delivered and for project administration. As of June 30, 2021, total deferred revenue associated with these advances was \$1,155,828. In the case of exchange transactions, this advanced funding is released from deferred revenue when services are rendered.

**Note 7. Net Assets without Donor Restrictions**

Net assets without donor restrictions is comprised of board designated amounts for the following purposes at June 30, 2021:

Operating Reserves - EHC	\$ 624,350
Operating Reserves - CEJA	<u>953,875</u>
	<u>\$1,578,225</u>

**Note 8. Net Assets With Donor Restrictions**

Net assets with donor restrictions represent contributions and other inflows received by EHC, which are limited in their use by the donor-imposed stipulations. Net assets with donor restrictions at June 30, 2021 are available for the following purposes or periods:

Time restricted/program support:	
Environmental Health Coalition	\$ 657,496
California Environmental Justice Alliance	<u>787,932</u>
	<u>\$1,445,428</u>

**Note 9. Net Assets Released from Restrictions**

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Net assets released from restrictions consist of the following at June 30, 2021:

Time restricted/program support	\$ 772,435
California Environmental Justice Alliance	<u>289,617</u>
	<u>\$1,062,052</u>

**Note 10. Employee Benefit Plans**

EHC has a 401(k) plan covering substantially all employees. EHC made discretionary contributions of \$18,918 for its employees during the year ended June 30, 2021. Additionally, as Fiscal Agent for CEJA, EHC made discretionary contributions of \$44,802 for CEJA employees (see Note 12) during the year ended June 30, 2021.

**Note 11. Commitments**

**Operating Leases** – EHC renewed the office lease for its National City, CA headquarters in fiscal year 2020. The lease is set to expire on August 31, 2024 and provides for 3% annual rent increases over the term of the lease.

As Fiscal Agent for CEJA, EHC leased office space in Sacramento, CA in the amount of \$794 per month (on a month to month basis). During the fiscal year EHC also leased for CEJA an office in Oakland, CA in the amount of \$2,955 per month under a lease that is set to expire on April 22, 2022.

EHC also leases office equipment under two non-cancelable leases, one of which renews annually. Of the two leases, one is on a month to month basis and the other expires July 2021.

The future minimum lease payments required under the operating leases are as follows:

Years ending June 30,	
2022	\$ 181,597
2023	153,565
2024	158,172
2025	26,491
	<u>\$ 519,825</u>

Office rent and equipment lease expense for the year-ended June 30, 2021 was \$282,298.

**Note 12. Risks and Uncertainties**

At times, the EHC's bank accounts exceed federally insured limits. EHC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

In 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. The ultimate disruption which may be caused by the pandemic is uncertain; however, while as of September 30, 2021, it has not resulted in a material adverse impact on the EHC's financial position, operations, and cash flows, such disruptions or restrictions may occur in the future. Possible effects may include but are not limited to disruptions or restrictions on our employee's ability to work, decline in value of assets held, including property and equipment, marketable securities, and changes to the current regulatory environment. Management is actively working to mitigate the impact of these and other unforeseen potential disruptions to operations.

**Note 13. Related Parties**

EHC, under an "Agreement for an allocation of costs and reimbursement of expenses", provides management, facilities and program services for the Environmental Health and Justice Campaign, a California non-profit 501(c)(4) organization (EHJC). The agreement requires EHJC reimburse EHC for these services. During the year ended June 30, 2021, EHJC reimbursed EHC \$5,952.

California Environmental Justice Alliance (CEJA), an organization fiscally sponsored by EHC generated Gross Revenues of \$4,255,183 during the year ended June 30, 2021. In the course of the fiscal sponsorship agreement, CEJA incurred fiscal sponsorship fees of \$305,535 which was paid to EHC for the year ended June 30, 2021.

CEJA, under an "Agreement for reimbursement of expenses" with the Advocacy Fund, a California non-profit 501(c)(4) organization is reimbursed for program services. During the year ended June 30, 2021, the Advocacy Fund reimbursed CEJA \$76,653.

**Note 14. June 30, 2020 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 EHC's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Certain prior-year amounts have been reclassified to conform to the current year's financial statement presentation. These reclassifications had no effect on the changes in net assets.