

TENNESSEE ENVIRONMENTAL COUNCIL, INC.  
(a nonprofit organization)  
FINANCIAL STATEMENTS

FOR THE YEAR ENDING  
DECEMBER 31, 2015

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of  
Tennessee Environmental Council, Inc.

We have reviewed the accompanying statement of financial position of Tennessee Environmental Council, Inc. (a nonprofit organization) as of December 31, 2015, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's 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 and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

### **Accountant's Responsibility**

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Dempsey Vantrease + Follis PLLC*

Murfreesboro, TN

August 15, 2016

TENNESSEE ENVIRONMENTAL COUNCIL, INC  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2015

ASSETS

Current Assets	
Cash and Cash Equivalents-Restricted	\$ 17,622
Contracts Receivable	105,507
Investments	944
Total Current Assets	<u>124,073</u>
Property and Equipment	
Equipment	39,043
Furniture and Fixtures	10,073
	<u>49,116</u>
Less: Accumulated Depreciation	(32,472)
Net Property and Equipment	<u>16,644</u>
Total Assets	<u><u>\$ 140,717</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Checks written in excess of unrestricted bank balances	\$ 14,469
Accounts payable	2,500
Accrued Expenses	8,920
Deferred Revenue	75,000
Total Current Liabilities	<u>100,889</u>
Net Assets	
Unrestricted	22,206
Temporarily Restricted	17,622
Total Net Assets	<u>39,828</u>
Total Liabilities and Net Assets	<u><u>\$ 140,717</u></u>

See independent accountants' review report and notes to financial statements

TENNESSEE ENVIRONMENTAL COUNCIL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Fundraising and Development	\$ 106,018	\$ -	\$ 106,018
Grant Revenue	154,367	115,000	269,367
Other	4	-	4
Total Support & Revenue	<u>260,389</u>	<u>115,000</u>	<u>375,389</u>
Net Assets Released From Restrictions By Payments	<u>136,478</u>	<u>(136,478)</u>	<u>-</u>
Total Revenues & Other Additions	396,867	(21,478)	375,389
Expenses			
Operating			
Program Service	194,526	-	194,526
General and Administrative	24,420	-	24,420
Fundraising and Development	33,895	-	33,895
Grant Expenses	150,911	-	150,911
Total Operating	<u>403,752</u>	<u>-</u>	<u>403,752</u>
Non Operating			
Loss on Investment	108	-	108
Unrealized Loss on Investment	106	-	106
Total Expenses	<u>403,966</u>	<u>-</u>	<u>403,966</u>
Decrease In Net Assets	(7,099)	(21,478)	(28,577)
Net Assets - Beginning of Year	<u>29,305</u>	<u>39,100</u>	<u>68,405</u>
Net Assets - End of Year	<u>\$ 22,206</u>	<u>\$ 17,622</u>	<u>\$ 39,828</u>

See accountants' review report and notes to financial statements



TENNESSEE ENVIRONMENTAL COUNCIL, INC  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015

**Cash Flows from Operating Activities**

Decrease in Net Assets	\$ (28,577)
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	716
Realized and unrealized loss on investment	214
(Increase) decrease in Current Assets	
Contracts Receivable	(96,478)
Increase (decrease) in Current Liabilities	
Checks written in excess of unrestricted bank balances	14,469
Accounts Payable	2,500
Accrued Expenses	2,104
Deferred Revenue	74,320
	<hr/>
Net Cash Used in Operating Activities	(30,732)
<b>Cash Flows from Investing Activities</b>	
Purchases of property, plant & equipment	(14,589)
Proceeds from the sale of investments	5,024
Decrease in restricted cash	21,478
	<hr/>
Net Cash Used in Investing Activities	11,913
	<hr/>
Net Decrease in Cash	(18,819)
Cash - Beginning of Year	18,819
	<hr/>
Cash - End of Year	<u><u>\$ -</u></u>

See independent accountants' review report and notes to financial statements

**TENNESSEE ENVIRONMENTAL COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**Note 1 – Summary of Activities and Significant Accounting Policies**

Nature of Activities

The Tennessee Environmental Council, Inc. (the organization) is a nonprofit corporation located in Nashville Tennessee. It is a 45 year old conservation organization incorporated to educate and advocate for the conservation and improvement of Tennessee's environment, communities and public health.

Basis of accounting

The accompanying financial statements of the Council have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Codification ASC 958, Not-for-Profit Entities. Under those provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that can be filled by actions of the Organization pursuant to those stipulations or that expire by the passage of time. It is the Organization's policy to recognize temporarily restricted revenues whose stipulations were satisfied in the same fiscal year as unrestricted revenues.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on the assets for general or specific purposes.



**TENNESSEE ENVIRONMENTAL COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**Note 1 – Summary of Activities and Significant Accounting Policies (continued)**

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.

Income tax status

Tennessee Environmental Council, Inc. is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. In addition, The Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization accounts for uncertainties in income tax law under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10. ASC 740-10 prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. ASC 740-10 requires that the tax effects of a position be recognized only if it is “more-likely-than-not” to be sustained by the taxing authority as of the reporting date. If the tax position is not considered “more-likely-than-not” to be sustained, then no benefits of the position are to be recognized. The Organization has no unrecognized tax benefits for any of the periods presented. To the extent applicable in the future, interest and penalties related to income tax liabilities will be included in pre-tax income as interest expense and tax penalties. At December 31, 2015, the organization’s tax returns related to fiscal years ended December 31, 2013 through December 31, 2015 remain open to examination by the tax authorities.

Cash and Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents are defined as cash on hand and in money market saving accounts.



**TENNESSEE ENVIRONMENTAL COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**Note 1 – Summary of Activities and Significant Accounting Policies (continued)**

Property and equipment

Property and equipment are depreciated over the estimated useful lives of the respective classes of assets using the straight-line method of depreciation. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of the assets are capitalized at cost. Depreciation expense was \$716 for the year ended December 31, 2015.

Contract Receivable

The amount reported for contract receivable is the estimated net collectible amount which is considered the fair value.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted increases those net asset classes. If a restriction is fulfilled in the same time period in which the contribution is received, the organization reports the support as unrestricted. Otherwise, when a temporary 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. The organization had no permanently restricted net assets in 2015.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**TENNESSEE ENVIRONMENTAL COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**Note 1 – Summary of Activities and Significant Accounting Policies (continued)**

**Donated Services & Facilities**

The contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The organization receives a significant amount of donated services from unpaid volunteers who assist in fund-raising, program services, and development. Contributed services of volunteers have not been recorded in the financial statements as they do not meet item (b) above. Contributed services meeting the above requirements are reflected in the financial statements at the fair value of the services received.

**Note 2-Fair Value of Financial Instruments**

Investments are stated at the readily determinable fair market value in accordance with ASC 320 based on quoted market prices (formally Statement of Financial Accounting Standard No. 124 Accounting for Certain Investments Held by Not for Profit Organizations). In addition ASC defines three approaches to measuring the fair value of assets and liabilities: the market approach, the income approach, and the cost approach. Each approach includes multiple valuation techniques. The standard does not prescribe which valuation technique should be used when measuring fair value, but does establish a fair value hierarchy that prioritizes the inputs used in applying the various techniques. Inputs broadly refer to the assumptions that market participants use to make pricing decisions, including assumptions about risk. Level 1 inputs are given highest priority in the hierarchy while level 3 inputs are given the lowest priority. All of the entities financial instruments are considered tier 1 inputs as they are based on Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date.

**Note 3 – Temporarily Restricted Net Assets**

The temporarily restricted net asset is made up of grant contributions from the Dan and Margaret Maddox Charitable Fund. The Dan and Margaret Maddox Charitable Fund is used to support the fish habitat restoration initiative in Middle Tennessee. The grant listed above provided \$40,000 in funding of which \$22,378 was spent in 2015 with the remaining \$17,622 held in temporarily restricted net assets. The restricted cash balance of \$17,622 is included on the Statement of Financial Position as Cash-Restricted.



**TENNESSEE ENVIRONMENTAL COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**Note 4 - Lease Obligations**

The Organization leases office space from K&N Office Limited Partnership on a three year lease that expired on December 31, 2014 and now is on month to month. The monthly payment is \$484. Total rental expense for the year ending December 31, 2015 was \$5,808.

**Note 5 – Concentration of Credit Risk**

The Organizations maintains its cash and savings accounts in a bank located in Tennessee. Deposits are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2015 the balances in the accounts were entirely covered by FDIC insurance.

**Note 6 - Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 15, 2016, the date the financial statements were available to be issued.