

TENNESSEE ENVIRONMENTAL COUNCIL, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDING
DECEMBER 31, 2011

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

DRAFT

To the Board of Directors
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, 2011, 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's 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 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.

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.

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.

Lebanon, TN

May 31, 2013

DRAFT
TENNESSEE ENVIRONMENTAL COUNCIL, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

ASSETS

Current Assets	
Cash and Cash Equivalents-Unrestricted	\$ 6,741
Cash and Cash Equivalents-Restricted	86,906
Contracts Receivable	3,010
Investments	677
Total Current Assets	<u>97,334</u>
Property and Equipment	
Equipment	30,941
Furniture and Fixtures	399
	<u>31,340</u>
Less: Accumulated Depreciation	(28,099)
Net Property and Equipment	<u>3,241</u>
Total Assets	<u><u>\$ 100,575</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 750
Accrued Payroll Liabilities	2,809
Total Current Liabilities	<u>3,559</u>
Net Assets	
Unrestricted	10,110
Temporarily Restricted	86,906
Total Net Assets	<u>97,016</u>
Total Liabilities and Net Assets	<u><u>\$ 100,575</u></u>

See independent accountants' review report and notes to financial statements

TENNESSEE ENVIRONMENTAL COUNCIL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

DRAFT

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Membership	\$ 2,630	\$ -	\$ 2,630
Fundraising Events	76,077	-	76,077
Program Events	53,743	-	53,743
Grant Revenue	37,610	104,000	141,610
Other	168	-	168
Total Support & Revenue	<u>170,228</u>	<u>104,000</u>	<u>274,228</u>
Net Assets Released From Restrictions By Payments	<u>17,094</u>	<u>(17,094)</u>	<u>-</u>
Total Revenues & Other Additions	187,322	86,906	274,228
Expenses			
Operating			
Program Service	93,018	-	93,018
General and Administrative	26,025	-	26,025
Fundraising and Development	24,684	-	24,684
Grant Expenses	56,293	-	56,293
Total Operating	<u>200,020</u>	<u>-</u>	<u>200,020</u>
Non Operating			
Unrealized Loss on Investment	<u>17</u>	<u>-</u>	<u>17</u>
Total Expenses	200,037	-	200,037
Increase (Decrease) In Net Assets	(12,715)	86,906	74,191
Net Assets - Beginning of Year	<u>22,825</u>	<u>-</u>	<u>22,825</u>
Net Assets - End of Year	<u><u>\$ 10,110</u></u>	<u><u>\$ 86,906</u></u>	<u><u>\$ 97,016</u></u>

See accountants' review report and notes to financial statements

TENNESSEE ENVIRONMENTAL COUNCIL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

Cash Flows from Operating Activities

Increase in Net Assets	\$ 74,191
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Adjustments to reconcile increase in net assets
to net cash provided by operating activities

Depreciation	2,029
Decrease Contracts Receivable	6,990
Decrease in Accounts Payable	(2,091)
Increase in Accrued Payroll Liabilities	<u>804</u>

Net Cash provided by Operating Activities	81,923
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Cash Flows from Investing Activities

Decrease in Investment Funds	<u>1,035</u>
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Net Cash Provided by Investing Activities	1,035
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Net Increase in Cash	82,958
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Cash - Beginning of Year	<u>10,689</u>
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Cash - End of Year	<u><u>\$ 93,647</u></u>
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See independent accountants' review report and notes to financial statements

TENNESSEE ENVIRONMENTAL COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

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 40 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, 2011

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, 2011, the organization’s tax returns related to fiscal years ended December 31, 2009 through December 31, 2011 remain open to examination by the tax authorities.

TENNESSEE ENVIRONMENTAL COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

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 \$2,029 for the year ended December 31, 2011

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

Contract Receivable

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

Note 2-Fair Value of Financial Instruments

Investments are stated at the readily determinable fair market value in accordance with ASC 320 (formally Statement of Financial Accounting Standard No. 124 Accounting for Certain Investments Held by Not For Profit Organizations)

Note 3 – Temporarily Restricted Net Assets

The temporarily restricted net assets are made up of grant contributions from the Dan and Margaret Maddox Charitable Fund and the New Mexico Community Involvement Fund through the Department of Energy. The Dan and Margaret Maddox Charitable Fund is used to support the fish habitat restoration initiative in Middle Tennessee while the New Mexico Community Involvement fund is to provide education and outreach to the citizens of Tennessee so that they can better understand and participant in decisions regarding radioactive waste disposal and nuclear waste management. The two grants listed above provided \$104,000 in funding of which \$17,094 was spent in 2011 with the remaining \$86,906 held in temporarily restricted net assets. The restricted cash balance of \$86,906 is included on the Statement of Financial Position as Cash-Restricted.

TENNESSEE ENVIRONMENTAL COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 4 - Lease Obligations

The Organization leases office space from K&N Office Limited Partnership on a three year lease expiring on December 31, 2014. This requires monthly payments of \$471. Total rental expense for the year ending December 31, 2011 was \$3,225.

The future minimum lease obligations required under the operating lease at December 31, 2011 are as follows:

Fiscal year ended:

2012	\$ 5,654
2013	\$ 5,654
2014	\$ 5,654

Note 5 – Related Parties

The Organization engaged in related party transactions with the executive director whose personal company was awarded bids for restoration materials through the bidding process. The Organization paid \$8,065 in related party transactions in 2011.

Note 7 – 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, 2011 the balances in the accounts were entirely covered by FDIC insurance.

Note 8 - Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 31, 2013, the date the financial statements were available to be issued.