



**FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

SILENT SPRING INSTITUTE, INC.

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JUNE 30, 2014 AND 2013**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Silent Spring Institute, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Silent Spring Institute, Inc. (a Massachusetts corporation, not for profit) (the Institute), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 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 Silent Spring Institute, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Alexander, Aronson, Finning & Co., P.C.

Wellesley, Massachusetts
November 19, 2014

SILENT SPRING INSTITUTE, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013

<u>ASSETS</u>	2014			2013		
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
CURRENT ASSETS:						
Cash	\$ 901,863	\$ 230,301	\$ 1,132,164	\$ 407,892	\$ 71,674	\$ 479,566
Current portion of grants and contracts receivable	227,914	2,103,016	2,330,930	355,052	1,717,345	2,072,397
Prepaid expenses and other	37,387	-	37,387	18,160	-	18,160
Total current assets	<u>1,167,164</u>	<u>2,333,317</u>	<u>3,500,481</u>	<u>781,104</u>	<u>1,789,019</u>	<u>2,570,123</u>
GRANTS AND CONTRACTS RECEIVABLE, net of current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>237,653</u>	<u>237,653</u>
PROPERTY AND EQUIPMENT:						
Leasehold improvements	79,573	-	79,573	79,573	-	79,573
Furniture and equipment	56,980	-	56,980	55,671	-	55,671
Computer equipment	32,038	-	32,038	27,977	-	27,977
	<u>168,591</u>	<u>-</u>	<u>168,591</u>	<u>163,221</u>	<u>-</u>	<u>163,221</u>
Less - accumulated depreciation	163,390	-	163,390	160,443	-	160,443
Net property and equipment	<u>5,201</u>	<u>-</u>	<u>5,201</u>	<u>2,778</u>	<u>-</u>	<u>2,778</u>
DEPOSITS	<u>9,246</u>	<u>-</u>	<u>9,246</u>	<u>9,246</u>	<u>-</u>	<u>9,246</u>
Total assets	<u>\$ 1,181,611</u>	<u>\$ 2,333,317</u>	<u>\$ 3,514,928</u>	<u>\$ 793,128</u>	<u>\$ 2,026,672</u>	<u>\$ 2,819,800</u>
<u>LIABILITIES AND NET ASSETS</u>						
CURRENT LIABILITIES:						
Accounts payable	\$ 138,372	\$ -	\$ 138,372	\$ 81,252	\$ -	\$ 81,252
Accrued expenses and other	133,381	-	133,381	244,125	-	244,125
Total liabilities	<u>271,753</u>	<u>-</u>	<u>271,753</u>	<u>325,377</u>	<u>-</u>	<u>325,377</u>
NET ASSETS:						
Unrestricted:						
Operating	904,657	-	904,657	464,973	-	464,973
Property and equipment	5,201	-	5,201	2,778	-	2,778
Total unrestricted	<u>909,858</u>	<u>-</u>	<u>909,858</u>	<u>467,751</u>	<u>-</u>	<u>467,751</u>
Temporarily restricted	<u>-</u>	<u>2,333,317</u>	<u>2,333,317</u>	<u>-</u>	<u>2,026,672</u>	<u>2,026,672</u>
Total net assets	<u>909,858</u>	<u>2,333,317</u>	<u>3,243,175</u>	<u>467,751</u>	<u>2,026,672</u>	<u>2,494,423</u>
Total liabilities and net assets	<u>\$ 1,181,611</u>	<u>\$ 2,333,317</u>	<u>\$ 3,514,928</u>	<u>\$ 793,128</u>	<u>\$ 2,026,672</u>	<u>\$ 2,819,800</u>

The accompanying notes are an integral part of these statements.

SILENT SPRING INSTITUTE, INC.

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>			<u>2013</u>		
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
OPERATING REVENUE AND SUPPORT:						
Grants and contributions	\$ 792,215	\$ 1,934,688	\$ 2,726,903	\$ 443,745	\$ 1,699,428	\$ 2,143,173
Contract revenue	13,571	-	13,571	30,000	-	30,000
Interest and other	4,277	-	4,277	6,686	-	6,686
Consulting income	1,400	-	1,400	29,838	-	29,838
Net assets released from restrictions:						
Satisfaction of program restrictions	1,478,043	(1,478,043)	-	1,209,420	(1,209,420)	-
Satisfaction of time restrictions	150,000	(150,000)	-	3,114	(3,114)	-
Total operating revenue and support	<u>2,439,506</u>	<u>306,645</u>	<u>2,746,151</u>	<u>1,722,803</u>	<u>486,894</u>	<u>2,209,697</u>
OPERATING EXPENSES:						
Research Programs	1,598,385	-	1,598,385	1,281,135	-	1,281,135
Management and General	245,021	-	245,021	240,078	-	240,078
Fundraising	153,993	-	153,993	141,605	-	141,605
Total operating expenses	<u>1,997,399</u>	<u>-</u>	<u>1,997,399</u>	<u>1,662,818</u>	<u>-</u>	<u>1,662,818</u>
Changes in net assets	442,107	306,645	748,752	59,985	486,894	546,879
NET ASSETS, beginning of year	<u>467,751</u>	<u>2,026,672</u>	<u>2,494,423</u>	<u>407,766</u>	<u>1,539,778</u>	<u>1,947,544</u>
NET ASSETS, end of year	<u>\$ 909,858</u>	<u>\$ 2,333,317</u>	<u>\$ 3,243,175</u>	<u>\$ 467,751</u>	<u>\$ 2,026,672</u>	<u>\$ 2,494,423</u>

The accompanying notes are an integral part of these statements.

SILENT SPRING INSTITUTE, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 748,752	\$ 546,879
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,947	2,899
Changes in operating assets and liabilities:		
Grants and contracts receivable	(20,880)	(863,511)
Prepaid expenses and other	(19,227)	(785)
Accounts payable	57,120	76,666
Accrued expenses and other	<u>(110,744)</u>	<u>115,601</u>
Net cash provided by (used in) operating activities	657,968	(122,251)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(5,370)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	652,598	(122,251)
CASH, beginning of year	<u>479,566</u>	<u>601,817</u>
CASH, end of year	<u><u>\$ 1,132,164</u></u>	<u><u>\$ 479,566</u></u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS :		
Disposal of fully depreciated equipment	<u><u>\$ -</u></u>	<u><u>\$ 4,538</u></u>

The accompanying notes are an integral part of these statements.

SILENT SPRING INSTITUTE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014**

(With Summarized Comparative Totals for the Year Ended June 30, 2013)

	<u>2014</u>			<u>2013</u>	
	<u>RESEARCH PROGRAMS</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND- RAISING</u>	<u>TOTAL</u>	<u>TOTAL</u>
PERSONNEL AND RELATED EXPENSES:					
Subcontracted services	\$ 789,098	\$ 635	\$ 46,110	\$ 835,843	\$ 633,729
Salaries	533,729	141,034	53,267	728,030	644,777
Payroll taxes and fringe benefits	155,645	41,128	15,534	212,307	179,076
Total personnel and related expenses	<u>1,478,472</u>	<u>182,797</u>	<u>114,911</u>	<u>1,776,180</u>	<u>1,457,582</u>
OTHER EXPENSES:					
Occupancy	47,969	8,582	4,904	61,455	60,437
Contracted services	5,361	24,865	5,753	35,979	32,847
Legal and accounting	-	23,774	-	23,774	31,959
Program supplies	14,430	483	4,504	19,417	6,652
Miscellaneous	3,350	179	12,034	15,563	8,736
Office supplies	9,282	747	2,966	12,995	6,424
Travel	10,746	279	861	11,886	13,053
Equipment rental and maintenance	8,634	1,755	621	11,010	19,593
Printing	2,895	148	6,085	9,128	6,664
Subscriptions and licenses	6,212	11	366	6,589	3,757
Meetings and conferences	4,886	297	357	5,540	7,370
Insurance	3,850	691	395	4,936	4,845
Depreciation	2,298	413	236	2,947	2,899
Total other expenses	<u>119,913</u>	<u>62,224</u>	<u>39,082</u>	<u>221,219</u>	<u>205,236</u>
Total expenses	<u>\$ 1,598,385</u>	<u>\$ 245,021</u>	<u>\$ 153,993</u>	<u>\$ 1,997,399</u>	<u>\$ 1,662,818</u>

The accompanying notes are an integral part of these statements.

SILENT SPRING INSTITUTE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>RESEARCH PROGRAMS</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND- RAISING</u>	<u>TOTAL</u>
PERSONNEL AND RELATED EXPENSES:				
Subcontracted services	\$ 568,572	\$ 43	\$ 65,114	\$ 633,729
Salaries	474,061	130,912	39,804	644,777
Payroll taxes and fringe benefits	<u>132,516</u>	<u>35,815</u>	<u>10,745</u>	<u>179,076</u>
Total personnel and related expenses	<u>1,175,149</u>	<u>166,770</u>	<u>115,663</u>	<u>1,457,582</u>
OTHER EXPENSES:				
Occupancy	46,090	10,760	3,587	60,437
Contracted services	2,826	24,201	5,820	32,847
Legal and accounting	340	31,619	-	31,959
Program supplies	4,083	297	2,272	6,652
Miscellaneous	3,906	191	4,639	8,736
Office supplies	3,375	483	2,566	6,424
Travel	11,808	72	1,173	13,053
Equipment rental and maintenance	15,236	3,403	954	19,593
Printing	2,286	349	4,029	6,664
Subscriptions and licenses	3,561	10	186	3,757
Meetings and conferences	6,590	529	251	7,370
Insurance	3,682	872	291	4,845
Depreciation	<u>2,203</u>	<u>522</u>	<u>174</u>	<u>2,899</u>
Total other expenses	<u>105,986</u>	<u>73,308</u>	<u>25,942</u>	<u>205,236</u>
Total expenses	<u><u>\$ 1,281,135</u></u>	<u><u>\$ 240,078</u></u>	<u><u>\$ 141,605</u></u>	<u><u>\$ 1,662,818</u></u>

The accompanying notes are an integral part of these statements.

SILENT SPRING INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

(1) **OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES**

OPERATIONS AND NONPROFIT STATUS

Silent Spring Institute, Inc. (the Institute) is a nonprofit scientific research organization. The Institute was founded in 1994 as an alliance of scientists, physicians, public health advocates, and community activists united around the common goal of identifying and changing links between environmental pollutants and women's health, especially breast cancer.

The Institute is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (the Code). The Institute is also exempt from state income taxes. Donors may deduct contributions made to the Institute within the requirements of the Code.

SIGNIFICANT ACCOUNTING POLICIES

The Institute prepares its financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification (ASC).

Revenue Recognition

Unrestricted grants and contributions are recorded when unconditionally pledged by the donors or upon receipt. Contract revenue is recorded over the period covered by the contract, as services are provided and costs are incurred. Consulting revenue is recorded as it is earned.

Donor restricted grants and contributions designated for a specific time or purpose are recognized as temporarily restricted revenue and support and net assets when received or unconditionally pledged. Transfers are made to unrestricted revenue and support and net assets as services are performed and costs are incurred, or pro-rata over the period covered by the grant, pledge or contribution.

Interest and other revenues are recorded as earned.

Expense Allocation

Expenses related directly to research programs are allocated to the program. Other expenses are allocated based upon management's estimate of the percentage attributable to research programs, management and general and fundraising activities.

Property, Equipment and Depreciation

Additions to property and equipment are recorded at cost. Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Leasehold improvements	Lesser of 5 years or life of lease
Furniture and equipment	7 - 10 years
Computer equipment	3 years

SILENT SPRING INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

(Continued)

(1) **OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Included in grants and contributions (revenue) and subcontracted services (expense) is \$340 of donated legal services for the year ended June 30, 2013. There were no donated legal services for the year ended June 30, 2014. The fair value of this donated service is determined by the respective donor.

Fair Value Measurements

ASC Topic, *Fair Value Measurements*, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This guidance only applies when the fair value measurement of assets and liabilities is required or permitted. The Institute has determined that none of its financial or nonfinancial assets or liabilities is measured at fair value; therefore, the disclosure requirements do not currently apply.

Estimates

The preparation of financial statements in accordance with U.S. GAAP 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through November 19, 2014, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

Income Taxes

The Institute accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Institute has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2014 and 2013. The Institute's information returns are subject to examination by the Federal and state jurisdictions and generally remain open for the most recent three years.

Funding

The Institute receives funding under cost reimbursable contracts. These reimbursements are subject to audit by the appropriate governmental agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Institute at June 30, 2014 and 2013, or its changes in net assets for the years then ended.

SILENT SPRING INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013
(Continued)

(1) **OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET ASSETS

Unrestricted

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by the Institute. The Institute has grouped its unrestricted net assets into the following categories:

- **Operating net assets** represent resources available for operations.
- **Property and equipment net assets** represent amounts expended and resources available for property and equipment.

Temporarily Restricted

Temporarily restricted net assets represent grants and contributions which have specific program or time designations as outlined by the individual donors. Temporarily restricted net assets are comprised of the following as of June 30:

	<u>2014</u>	<u>2013</u>
Program restricted	\$2,333,317	\$1,876,672
Time restricted	-	150,000
	<u>\$2,333,317</u>	<u>\$2,026,672</u>

(2) **GRANTS AND CONTRACTS RECEIVABLE**

Grants and contracts receivable are expected to be collected as follows at June 30:

	<u>2014</u>	<u>2013</u>
Due within one year	\$2,330,930	\$2,072,397
Due in one to three years	-	237,653
	2,330,930	2,310,050
Less - current portion	<u>2,330,930</u>	<u>2,072,397</u>
Long-term grants and contracts receivable	<u>\$ -</u>	<u>\$ 237,653</u>

Grants and contracts receivable have not been discounted as the discount would be immaterial to the accompanying financial statements.

SILENT SPRING INSTITUTE, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

(Continued)

(3) LEASES

The Institute leases its main facility under an agreement that expires in February, 2016. Monthly payments are approximately \$4,600. Rent expense was \$55,926 and \$54,907 for the years ended June 30, 2014 and 2013, respectively, and is included in occupancy in the accompanying statements of functional expenses.

The Institute leases office equipment under an operating lease that expires in November, 2016. Monthly payments are \$147. The Institute is also responsible for quarterly maintenance fees. Office equipment lease payments for the years ended June 30, 2014 and 2013, totaled \$1,764 and \$1,771, respectively, and are included in equipment rental and maintenance in the accompanying statements of functional expenses.

Future minimum lease payments under these lease agreements are as follows:

	<u>Facility</u>	<u>Equipment</u>
2015	\$55,026	\$1,764
2016	\$36,684	\$1,764
2017	\$ -	\$ 735

(4) RETIREMENT PLAN

The Institute has a defined contribution retirement plan (the Plan) that provides retirement benefits for participating employees. Participants are eligible to participate in the Plan after fulfilling certain requirements as outlined in the Plan documents. The Institute may elect to make a contribution to the Plan each year. The Institute elected to contribute \$40,004 and \$35,513 to the Plan during fiscal years 2014 and 2013, respectively. The Institute's contributions are included in payroll taxes and fringe benefits on the accompanying statements of functional expenses. These amounts are also included in accrued expenses and other on the accompanying statements of financial position as of June 30, 2014 and 2013, and were paid in the subsequent fiscal year.

(5) CONCENTRATIONS

During fiscal years 2014 and 2013, the Institute received approximately 32% of its total operating revenue and support from one funding source. Approximately 84% of total grants and contracts receivable as of June 30, 2014 and 2013, was due from two funding sources (see Note 2).

SILENT SPRING INSTITUTE, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

(Continued)

(6) CONDITIONAL GRANTS

The Institute received notification of conditional grants from various governmental agencies, universities and donors, whereby a portion of the grant is subject to the satisfactory progress of the supported project and/or the annual appropriation of funds. Amounts committed and recognized during the fiscal year are included in grants and contributions on the accompanying statements of activities and changes in net assets. Accordingly, the conditional amounts are not included in the accompanying financial statements.

The Institute had the following conditional grant activity as of and for the year ended June 30, 2014:

<u>Grantor type</u>	<u>Approximate total maximum grant award</u>	<u>Amounts committed and recognized prior to fiscal year 2014</u>	<u>Amount committed and recognized during fiscal year 2014</u>	<u>Conditional amount remaining as of June 30, 2014</u>
Government Agency	\$1,775,000	\$ 710,853	\$ 352,348	\$ 711,799
Government Agency	\$1,181,000	751,395	429,605	-
Government Agency	\$1,627,000	1,271,435	355,565	-
Government Agency	\$ 113,250	-	22,650	90,600
University	\$ 687,000	<u>167,992</u>	<u>251,520</u>	<u>267,488</u>
		<u>\$2,901,675</u>	<u>\$1,411,688</u>	<u>\$1,069,887</u>