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AG# 032169 2013
ES Audit

TOXICS ACTION CENTER, INC.

Financial Statements

June 30, 2013

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2013

TOXICS ACTION CENTER, INC.

June 30, 2013

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Independent Auditors' Report

The Board of Directors
Toxics Action Center, Inc.
Boston, Massachusetts

We have audited the accompanying financial statements of Toxics Action Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and changes in net assets 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 misstatement, whether due to fraud or error.

Auditors' 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 auditors' 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 Toxics Action Center, Inc. as of June 30, 2013, 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.

Edelstein & Company LLP

Boston, Massachusetts
May 12, 2014

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TOXICS ACTION CENTER, INC.

**Statement of Financial Position
June 30, 2013**

Assets:

Cash	\$ 897,467
Contributions receivable - other public interest organizations	25,215
Grants receivable	142,100
Prepaid expenses	1,908
Total assets	<u>\$ 1,066,690</u>

Liabilities and net assets

Liabilities:

Accounts payable and accrued expenses:	
Trade	\$ 15,261
Other public interest organizations	149,702
Accrued salaries and benefits	11,501
Total liabilities	<u>176,464</u>

Net assets:

Unrestricted	752,376
Temporarily restricted	137,850
Total net assets	<u>890,226</u>

Total liabilities and net assets	<u>\$ 1,066,690</u>
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TOXICS ACTION CENTER, INC.

**Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Grants and contributions	\$ 372,596	\$ 137,850	\$ 510,446
Program income	11,061	-	11,061
Interest	660	-	660
Net assets released from restrictions	100,000	(100,000)	-
Total support and revenue	<u>484,317</u>	<u>37,850</u>	<u>522,167</u>
Expenses:			
Program services	293,066	-	293,066
Management and general	39,557	-	39,557
Fundraising	79,362	-	79,362
Total expenses	<u>411,985</u>	<u>-</u>	<u>411,985</u>
Change in net assets	72,332	37,850	110,182
Net assets, beginning of year	<u>680,044</u>	<u>100,000</u>	<u>780,044</u>
Net assets, end of year	<u>\$ 752,376</u>	<u>\$ 137,850</u>	<u>\$ 890,226</u>

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TOXICS ACTION CENTER, INC.

**Statement of Cash Flows
For the Year Ended June 30, 2013**

Cash flows provided by operating activities:	
Change in net assets	\$ 110,182
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation	231
Changes in operating assets and liabilities:	
Accounts receivable - other public interest organizations	51,566
Grants receivable	(30,785)
Prepaid expenses	(170)
Accounts payable - trade	(376)
Accounts payable - other public interest organizations	39,153
Accrued salaries and benefits	803
Net cash provided by operating activities	<u>170,604</u>
Cash, beginning of year	<u>726,863</u>
Cash, end of year	<u><u>\$ 897,467</u></u>

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TOXICS ACTION CENTER, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Organization and Purpose

Toxics Action Center, Inc. (the "Organization") engages in public interest research and education about the harmful impact of toxic material use on the environment, focusing particularly on issues surrounding air and water pollution, pesticide use, and contaminated landfills in New England. The Organization also provides consulting and program-related services to individuals and other public interest organizations engaged in similar activities.

Affiliated Organizations

The Executive Director of Toxics Action Center, Inc. serves in the same capacity with Toxic Action Center Campaigns, Inc. ("TACC") and Recycling Action, Inc.

Representatives of Toxics Action Center, Inc. are on the board of National Center for Public Interest, Inc. ("NCPI"), a nonprofit organization comprised of representatives from 501(c)(3) organizations. In accordance with the rules described in the Organization's by-laws, NCPI has the power to appoint members to as well as remove members from the Board of Directors of the Organization. The Organization had no financial transactions with NCPI during the year ended June 30, 2013.

Other Public Interest Organizations

The Organization has entered into agreements with other exempt organizations, including the Fund for the Public Interest, Inc. (the "Fund") and the Center for Public Interest Research, Inc. ("Center"), to share office space and to conduct administrative services, such as legal, accounting and human resources. In addition, the Organization has entered into an agreement with the Fund whereby the Fund conducts outreach and canvass-related activities on behalf of the Organization. Receipts for services provided and payments for services rendered are based on the costs of these services without mark-up. As such, financial results could be significantly different if the Organization obtained these services from independent parties. Although the Organization shares a common mission with the Fund and Center, it is neither controlled by nor an affiliate of either organization.

From time to time, the Organization works collaboratively with other organizations within The Public Interest Network. Transactions among these organizations for services received and provided are charged without markup.

Financial Statement Presentation

In order to ensure the observance of limitations and restrictions placed on the use of resources available to the Organization, the Organization determines the classification of its net assets and its support and revenues based on the existence or absence of donor-imposed restrictions.

The net assets of the Organization are reported in three categories as follows:

- (1) Unrestricted net assets represent expendable resources available for support of the Organization's general operations.
- (2) Temporarily restricted net assets represent resources restricted by donors for a specific period or purposes.
- (3) Permanently restricted net assets represent resources which cannot be expended.

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TOXICS ACTION CENTER, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Financial Statement Presentation (continued)

The Organization had no permanently restricted net assets as of or for the year ended June 30, 2013.

Support and Revenue

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. The Organization has elected to report any restricted grants and contributions whose restrictions are met in the same reporting period as unrestricted support. Conditional promises to give are not recorded as support until the conditions are substantially met.

Program income consists of income from conference and publication service fees which are recorded when earned.

Office Equipment

Office equipment is stated at cost. Expenditures for maintenance, repairs and renewals are charged to expense when incurred, whereas additions of \$1,000 or above are capitalized. Depreciation is provided on a basis sufficient to write off the cost of the assets over their estimated useful lives using the straight-line method. During the year ended June 30, 2013, the remaining balance of the Organization's office equipment was fully depreciated.

Functional Allocation of Expenses

The cost of providing program services has been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Cash

Cash is comprised of bank demand deposits and money market fund accounts.

Use of Estimates and Subsequent Events

The presentation 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 contingencies at the date of the financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Organization's management has evaluated the effect which subsequent events may have on these financial statements. Management's evaluation was completed May 12

2014, the date these financial statements became available to be issued. No events have occurred subsequent to the statement of financial position date and through the date of evaluation that meet the criteria required for disclosure or accrual.

Income Taxes

The Organization operates as a publicly supported tax-exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from federal income taxes on related income. The Organization is also exempt from Massachusetts income tax under Massachusetts General Law Chapter 180.

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TOXICS ACTION CENTER, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

The Organization has evaluated the tax positions taken on returns for open years and those expected to be taken on returns for the year ended June 30, 2013. It is management's belief that such tax positions are more likely than not to be sustained upon examination by tax authorities. Accordingly, no liability for uncertain tax positions has been reflected in these financial statements. Returns for tax years beginning with those filed for the year ended June 30, 2010 are open to examination.

2. Concentration Risks

The Organization has a concentration of credit risk in that it maintains deposits with financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). The maximum deposit insurance amount is \$250,000 for interest-bearing accounts, which is applied per depositor, per insured depository institution for each account ownership category.

During the year ended June 30, 2013 one funder provided 17% of total revenue and support and three funders accounted for 97% of the grants receivable balance.

3. Grants Receivable

Grants receivable represents awards to the Organization, which are expected to be received during the following fiscal year. Management has assessed the collectability of these grants and concluded that no allowance is necessary as of June 30, 2013.

4. Temporarily Restricted Net Assets

As of June 30, 2013, the temporarily restricted net assets balance of \$137,850 consisted of time-restricted funds to be used during the year ended June 30, 2014.

Net assets released from restrictions for the year ended June 30, 2013 were for community training and education programs in the following states:

Connecticut	\$	30,000
Maine		20,000
Massachusetts		45,000
Vermont		5,000
		<u>\$ 100,000</u>

5. Rent

The Organization shares office space in Massachusetts with the Fund and other public interest organizations in Connecticut, Maine, and Vermont under tenant at will arrangements. Rent expense for the year ended June 30, 2013 was \$27,231.

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TOXICS ACTION CENTER, INC.

Notes to Financial Statements

6. Retirement Plan

The Organization offers a retirement plan that is sponsored by the Fund for all eligible employees. The Organization provides for an employer match of employee deferrals and may also contribute an additional amount as determined by the Board of Directors. The amount charged to expense for the year ended June 30, 2013 was \$2,903.

7. Transactions with Affiliates and Other Public Interest Organizations

The following summarizes the transactions between the Organization and other public interest organizations as of and for the year ended June 30, 2013:

	<u>Contributions Receivable - Other Public Interest Organizations</u>	<u>Contributions raised on behalf of the Organization</u>	<u>Account Payable and Accrued Expenses - Other Public Interest Organizations</u>	<u>Program and Administrative Expenses</u>	<u>Shared Office Space</u>
The Fund	\$ 25,198	\$ 87,571	\$ 99,966	\$ 82,675	\$ 21,188
Center	-	-	48,608	5,902	-
TACC	-	-	6	-	-
Other PIRGs	17	-	1,122	165	6,490
	<u>\$ 25,215</u>	<u>\$ 87,571</u>	<u>\$ 149,702</u>	<u>\$ 88,742</u>	<u>\$ 27,678</u>