The Regeneration Project

FINANCIAL STATEMENTS

December 31, 2013

(With Comparative totals for December 31, 2012)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

The Regeneration Project

Contents

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

Latham Square Building
1611 Telegraph Ave. Suite 318
Oakland, CA 94612-2151
Tel: 510 · 835 · CPAS (2727)
Fax: 510 · 835 · 5711
e-mail: admin@ckcpa.biz

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Regeneration Project
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of The Regeneration Project, which comprise the Statement of Financial Position as of December 31, 2013, and the related statements of activity, cash flows and functional expenses 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 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 The Regeneration Project as of December 31, 2013, and the results of its operations 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 The Regeneration Project's December 31, 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 16, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crosby & Kaneda

Certified Public Accountants
Oakland, California
July 8, 2014

The Regeneration Project

Statement of Financial Position
December 31, 2013
(With Comparative Totals for December 31, 2012)

	2013	2012
Assets		
Current Assets		
Cash and cash equivalents	$ 496,971	$ 710,959
Certificates of deposit	150,000	-
Grants receivable	634,000	574,000
Accounts receivable	64,035	55,843
Inventory	17,385	26,626
Prepaid expenses	24,100	27,031
Total Current Assets	1,386,491	1,394,459
Property and equipment, net (Note 3)	4,053	4,542
Deposits	15,000	15,000
Total Assets	$ 1,405,544	$ 1,414,001
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	24,270	12,288
Accrued vacation	31,746	23,564
Grants payable	48,274	66,355
Total Liabilities	104,290	102,207
Commitments and Contingencies (Notes 4 and 5)		
Net Assets		
Unrestricted		
Board-designated (Note 7)	367,000	332,000
Undesignated	80,426	292,913
Total Unrestricted	447,426	624,913
Temporarily restricted (Note 6)	853,828	686,881
Total Net Assets	1,301,254	1,311,794
Total Liabilities and Net Assets	$ 1,405,544	$ 1,414,001

The Regeneration Project

Statement of Activities
For the Year Ended December 31, 2013
(With Comparative Totals for December 31, 2012)

	Unrestricted	Temporarily Restricted	Total 2013	Total 2012
Support and Revenue				
Contributions	$ 273,983	$	$ 273,983	$ 166,993
Foundation and corporate grants	478,513	867,376	1,345,889	1,607,000
Fees	11,653		11,653	9,498
Sales, net	6,592		6,592	10,374
Interest	513		513	973
Other	2,000		2,000	7,850
Net assets released from donor restriction (Note 6)	700,429	(700,429)	-	-
Total Support and Revenue	1,473,683	166,947	1,640,630	1,802,688
Expenses				
Program	1,373,667		1,373,667	1,588,499
General and administrative	149,547		149,547	117,568
Fundraising	127,956		127,956	133,424
Total Expenses	1,651,170	-	1,651,170	1,839,491
Change in net assets	(177,487)	166,947	(10,540)	(36,803)
Net Assets, beginning of year	624,913	686,881	1,311,794	1,348,597
Net Assets, end of year	$ 447,426	$ 853,828	$ 1,301,254	$ 1,311,794

See Notes to the Financial Statements

The Regeneration Project

Statement of Cash Flows
For the Year Ended December 31, 2013
(With Comparative Totals for December 31, 2012)

	2013	2012
Cash flows from operating activities:		
Change in net assets	$ (10,540)	$ (36,803)
Adjustments to reconcile change in net assets to cash (used) provided by operating activities:		
Depreciation	2,231	3,297
Change in assets and liabilities:		
Certificates of deposit	(150,000)	-
Grants receivable	(60,000)	272,881
Accounts receivable	(8,192)	(55,843)
Inventory	9,241	3,286
Prepaid expenses	2,931	(6,150)
Deposits	-	(9,610)
Accounts payable and accrued expenses	11,982	2,473
Accrued vacation	8,182	1,636
Grants payable	(18,081)	18,742
Net cash provided (used) by operating activities	(212,246)	193,909
Cash flows from investing activities:		
Purchase of equipment	(1,742)	(520)
Net cash used by investing activities	(1,742)	(520)
Net change in cash and cash equivalents	(213,988)	193,389
Cash and cash equivalents, beginning of year	710,959	517,570
Cash and cash equivalents, end of year	$ 496,971	$ 710,959

The Regeneration Project

Statement of Functional Expenses
For the Year Ended December 31, 2013
(With Comparative Totals for December 31, 2012)

	Program				General and		Total	
	CA IPL	National	Regrants	Total Program	Administrative	Fundraising	2013	2012
Salaries	$ 119,763	$ 331,121	$	$ 450,884	$ 66,409	$ 45,490	$ 562,783	$ 574,122
Pension contribution	3,454	4,531		7,985	2,093	767	10,845	11,022
Other employee benefits	12,570	30,656		43,226	1,678	2,437	47,341	47,875
Payroll taxes	9,686	27,350		37,036	5,132	3,856	46,024	47,708
Total Personnel	145,473	393,658	-	539,131	75,312	52,550	666,993	680,727
Grants		18,828	555,567	574,395	-	-	574,395	802,158
Accounting fees				-	54,575	-	54,575	44,440
Legal fees				-	-	-	-	2,072
Conferences and events	6,254	76,362		82,616	198	461	83,275	76,548
Contract services	915	7,595		8,510	-	48,217	56,727	33,287
Insurance	247	2,689		2,936	202	138	3,276	2,818
Occupancy	12,199	48,102		60,301	8,617	10,374	79,292	87,984
Supplies	2,607	9,168		11,775	824	435	13,034	17,383
Printing and publications	3,141	6,474		9,615	-	3,137	12,752	21,036
Telephone and communications	2,102	4,697		6,799	942	645	8,386	7,882
Postage	597	13,115		13,712	414	357	14,483	4,176
Travel	4,946	5,252		10,198	23	635	10,856	8,164
Depreciation	345	1,409		1,754	283	194	2,231	3,297
Advertising and promotion		20,957		20,957	-	7,500	28,457	2,281
Information technology	5,063	20,640		25,703	4,139	2,836	32,678	36,379
Bank fees				-	21	-	21	390
Dues, licenses, service fees	102	3,319		3,421	3,151	477	7,049	5,416
Donated books		1,284		1,284	-	-	1,284	3,053
Miscellaneous		560		560	846	-	1,406	-
Total Expenses	$ 183,991	$ 634,109	$ 555,567	$ 1,373,667	$ 149,547	$ 127,956	$ 1,651,170	$ 1,839,491

See Notes to the Financial Statements

NOTE 1: NATURE OF ACTIVITIES

The Regeneration Project (the Organization) is a California nonprofit public benefit corporation which is an interfaith ministry devoted to deepening the connection between ecology and faith. The Organization's goal is to help people of faith recognize and fulfill their responsibility for the stewardship of creation. The Organization provides educational programs for clergy and congregations that achieve tangible environmental results.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

Unrestricted net assets – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that require the gift to be invested in perpetuity. The income from such invested assets, including realized and unrealized gains, is generally available to support the activities of the Organization. Donors may also restrict all or part of the income and/or appreciation from these investments to permanently restricted net assets, resulting in increases/decreases to these net assets. There were no permanently restricted net assets as of December 31, 2013.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Grants and Accounts Receivable

The Organization considers all grants and accounts receivable to be fully collectible at December 31, 2013. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of December 31, 2013 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no contributed services that met the criteria for recognition for the year ended December 31, 2013.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on December 31, 2013.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Inventory

The Organization reports inventory at the lower of market or cost, computed on the average cost basis. Inventory consists entirely of books available for sale or used in the Organization's programs.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over $1,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Computers and equipment	5 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable. Impairment is recognized if the sum of the undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value.

Functional Allocation of Expenses

The costs of providing 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.

Prior Year Summarized 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 GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of July 8, 2014 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2013	2012
Computers and equipment	$ 18,227	$ 16,484
Less accumulated depreciation	(14,174)	(11,942)
Total	$ 4,053	$ 4,542

NOTE 4: COMMITMENTS

Operating Leases

The Organization has a lease for office space in San Francisco which expires in August 2016. The future minimum operating lease payments are as follows at December 31:

2014	$ 94,640
2015	97,275
2016	57,641
Total	$ 249,556

Rent for the years ended December 31, 2013 and 2012 was $88,448 and $78,261, respectively.

For the year ended December 31, 2013 rent expense was reduced by $9,156 in sublease rental income.

NOTE 5: CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available as follows as of December 31:

	2013	2012
California Interfaith Power and Light	$ 52,060	$ 63,881
Other State Interfaith Power and Light	9,000	-
Rapid Response Grants	25,000	-
Specific Campaigns	152,768	-
Time-restricted for future use	615,000	623,000
Total	$ 853,828	$ 686,881

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows during the year ended December 31:

	2013	2012
California Interfaith Power and Light	$ 114,321	$ 86,985
Other State Interfaith Power and Lights	63,000	36,000
Rapid Response Grants	115,000	-
Specific Campaigns	35,108	-
Expiration of time restriction	373,000	152,000
Total	$ 700,429	$ 274,985

NOTE 7: BOARD DESIGNATED NET ASSETS

As of December 31, 2013 and 2012 respectively the Board of Directors had designed net assets of $367,000 and $332,000 for the subsequent years' cycle of conditional grants to state Interfaith Power and Light affiliates.

NOTE 8: PENSION

The Organization has a SIMPLE IRA retirement plan as established under Internal Revenue Code Section 408(p) (the Plan). All employees are eligible for participation and are immediately vested in the Plan if they choose to participate. For each Plan year, the Organization contributes 3% of the eligible salary to the Plan. Total contributions made by the Organization for 2013 and 2012 were $10,845 and $11,022, respectively.

NOTE 9: CONCENTRATIONS

Foundation grants receivable

Two funders made up 86% of total grants receivable.