

CLIMATE XCHANGE EDUCATION AND RESEARCH, INC.

AUDITED FINANCIAL STATEMENTS
JUNE 30, 2023



Table of Contents

Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements.....	7-11





INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Climate XChange Education & Research, Inc.

Opinion

We have audited the accompanying financial statements of Climate XChange Education & Research, Inc (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Climate XChange Education & Research, Inc. as of June 30, 2023 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Climate XChange Education & Research, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Climate XChange Education & Research, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Climate XChange Education & Research, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Climate XChange Education & Research Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Wald & Company PC

Wald & Company, PC
Quincy, MA
November 30, 2023



CLIMATE XCHANGE EDUCATION AND RESEARCH, INC.

Statement of Financial Position

June 30, 2023

Assets

Current assets:

Cash and cash equivalents	\$ 376,029
Accounts receivable	25,000
Unconditional promises to give	<u>150,000</u>
Total current assets	<u>551,029</u>

Other Assets:

Long-term unconditional promises to give	67,679
Security deposit	<u>1,320</u>
Total other assets	<u>68,999</u>

Total assets	<u><u>\$ 620,028</u></u>
--------------	--------------------------

Liabilities and Net Assets

Liabilities:

Accounts payable and accrued expenses	\$ <u>34,448</u>
Total current liabilities	<u>34,448</u>

Net assets:

Without donor restrictions	217,901
With donor restrictions	<u>367,679</u>
Total net assets	<u>585,580</u>

Total liabilities and net assets	<u><u>\$ 620,028</u></u>
----------------------------------	--------------------------

See accompanying notes to financial statements and independent accountants' audit report.



CLIMATE XCHANGE EDUCATION AND RESEARCH, INC.

Statement of Activities
For the year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Donations	\$ 83,490	\$ 60,010	\$ 143,500
Grants	-	490,679	490,679
Raffle - net	709,205	-	709,205
Contract revenue	25,000	-	25,000
Net assets released from restrictions	318,010	(318,010)	-
Total revenues	<u>1,135,705</u>	<u>232,679</u>	<u>1,368,384</u>
Expenses:			
Program	770,169	-	770,169
Management and general	151,650	-	151,650
Fundraising	126,403	-	126,403
Total expenses	<u>1,048,222</u>	<u>-</u>	<u>1,048,222</u>
Change in net assets	87,483	232,679	320,162
Net assets as of beginning of year	<u>130,418</u>	<u>135,000</u>	<u>265,418</u>
Net assets as of end of year	<u>\$ 217,901</u>	<u>\$ 367,679</u>	<u>\$ 585,580</u>

See accompanying notes to financial statements and independent accountants' audit report.



CLIMATE XCHANGE EDUCATION AND RESEARCH, INC.

Statement of Functional Expenses
For the year ended June 30, 2023

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses:				
Bank services charges	\$ -	\$ 524	\$ 196	\$ 720
Dues and filing fees	60	500	-	560
Employee benefits	9,327	1,694	510	11,531
Lobbying	14,813	-	-	14,813
Insurance	4,035	315	220	4,570
Fundraising consultant	-	-	49,421	49,421
Miscellaneous	1,379	-	-	1,379
Office expense	102	672	6	780
Payroll taxes	42,810	7,222	5,404	55,436
Professional fees	161,830	37,762	6,926	206,518
Rent	31,624	4,539	1,729	37,892
Salaries and wages	481,541	81,229	60,781	623,551
Software and technology	21,377	5,063	1,165	27,605
Travel	445	12,011	-	12,456
Utilities	826	119	45	990
Totals	<u>\$ 770,169</u>	<u>\$ 151,650</u>	<u>\$ 126,403</u>	<u>\$ 1,048,222</u>

See accompanying notes to financial statements and independent accountants' audit report.



CLIMATE XCHANGE EDUCATION AND RESEARCH, INC.

Statement of Cash Flows Year ended June 30, 2023

Cash flows from operating activities:	
Change in net assets	\$ 320,162
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in cash resulting from a change in:	
Accounts receivable	110,000
Unconditional promises to give	(217,679)
Prepaid expenses	23,645
Security deposit	4,935
Accounts payable and accrued expenses	20,448
Grants payable	<u>(50,000)</u>
Net cash provided for operating activities	<u>211,511</u>
Net increase in cash and cash equivalents	211,511
Cash and cash equivalents, beginning of year	164,518
Cash and cash equivalents, end of year	<u>\$ 376,029</u>
Cash paid for interest	<u>\$ -</u>
Cash paid for taxes	<u>\$ -</u>

See accompanying notes to financial statements and independent accountants' audit report.



CLIMATE XCHANGE EDUCATION AND RESEARCH, INC.

Notes to the Financial Statements

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

This summary of significant accounting policies of Climate XChange Education and Research, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the presentation of the financial statements.

Nature of Operations

Climate XChange Education and Research Inc. is a Massachusetts non-profit corporation with the mission to achieve a rapid and equitable transition towards a zero-emissions economy by advancing state climate policy. The Organization equips state and local policymakers and advocates with the information, resources, and networks they need to make these policies a reality in a way that best serves local communities.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Net Assets Classification

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.



CLIMATE XCHANGE EDUCATION AND RESEARCH, INC.

Notes to the Financial Statements

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Contributions

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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.

Cash and Cash Equivalents

For the purposes of the statement of cash flow, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Functional Expenses

Expenses are charged directly to program or management and general categories based on specific identification.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1954 and is not a private foundation. Section 501(c)(3) of the Code provides for the exemption of organizations that are organized and operated exclusively for religious, charitable, scientific, literary or educational purposes and whose net earnings do not inure to the benefit of any private shareholder or individual. However, any unrelated business income may be subject to taxation. Currently, the Organization has no obligation for any unrelated business income tax. The Organization does pay the 5% lottery tax. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's federal Exempt Organization Business Income Tax Returns (Form 990) for years 2021, 2022, and June 30, 2023 are subject to examination by the IRS, generally for three years after they were filed.



CLIMATE XCHANGE EDUCATION AND RESEARCH, INC.

Notes to the Financial Statements

June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Revenue Recognition

Under ASU 2018-08, we consider revenue from the sale of raffle tickets to be an exchange transaction for revenue recognition purposes. Ticket revenue is recognized upon the awarding of the raffle prizes as that completes the performance obligation.

Recently Adopted Accounting Pronouncement

In August 2016, the FASB issued ASU 2016-14—Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which makes several improvements to current financial reporting for not-for-profits. The guidance is effective for the year ending December 31, 2018 and we have adopted the standard. The most significant impact of this standard is to present two classes of net assets, as well as disclosures about how liquidity is managed.

NOTE B - COMPENSATED ABSENCES:

The Organization has not accrued compensated absences since the amount is deemed immaterial. The Organization's policy is to recognize these expenses when actually paid.

NOTE C - CONCENTRATIONS OF CREDIT RISK:

The Organization maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Organization up to \$250,000. At June 30, 2023, the Organization's uninsured cash balances totaled \$125,764.

NOTE D - LEASES:

The Organization entered into a twelve-month lease with WeWorks on April 1, 2023. The new lease provides a base rental of \$880 and terminates on March 31, 2024. Rent expense for the year ended June 30, 2023 totaled \$40,146. Minimum lease payments are as follows:

June 30, 2024	<u>\$ 7,920</u>
---------------	-----------------



CLIMATE XCHANGE EDUCATION AND RESEARCH, INC.

Notes to the Financial Statements

June 30, 2023

NOTE E – EV RAFFLE

During the year, the Organization recognized proceeds from a raffle conducted on February 24, 2023. The Organization held the raffle to raise funds to help achieve their mission. The raffle awarded a grand prize of a Tesla automobile and four cash prizes. Revenue and expenses from the raffles are as follows:

Revenue	<u>\$ 1,248,750</u>
Less expenses:	
Prizes	182,536
Marketing	137,940
Massachusetts gross raffle tax	62,518
Salaries	54,851
Professional fees	41,966
Credit card processing fees	37,285
Other expenses	<u>22,449</u>
Total expenses	539,545
Net raffle revenue	<u><u>\$ 709,205</u></u>

NOTE F – LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Total current assets	\$ 551,029
Less: Restricted by donor with time or purpose restrictions	<u>367,679</u>
	<u>\$ 183,350</u>

Liquidity Management:

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.



CLIMATE XCHANGE EDUCATION AND RESEARCH, INC.

Notes to the Financial Statements

June 30, 2023

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted to support the Organization’s State Climate Policy Network as follows:

Sally Mead Hands Foundation Grant	\$ 217,679
Tides Center - Mosaic	150,000
	<u>\$ 367,679</u>

NOTE H – PROMISES TO GIVE

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate of 5.27%, when the donor makes an unconditional promise to give to the Organization. Uncollectible amounts for unconditional promises to give are expected to be insignificant. Accordingly, no provision is made for uncollectible amounts.

NOTE I - EVALUATION OF SUBSEQUENT EVENTS:

The Organization has evaluated subsequent events through November 30, 2023, the date which the financial statements were available to be issued.

