

**MISSOURI ENVIRONMENTAL FUND  
D/B/A EARTHSHARE OF MISSOURI**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2013**

**MISSOURI ENVIRONMENTAL FUND  
D/B/A EARTHSHARE OF MISSOURI**

ST. LOUIS, MISSOURI

**CONTENTS**

	PAGE
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>FINANCIAL STATEMENTS:</b>	
Statement Of Financial Position	3
Statement Of Activities	4
Statement Of Functional Expenses	5
Statement Of Cash Flows	6
Notes To Financial Statements	7

## INDEPENDENT AUDITORS' REPORT



To the Board of Directors  
**MISSOURI ENVIRONMENTAL FUND**  
**D/B/A EARTHSHARE OF MISSOURI**  
St. Louis, Missouri

We have audited the accompanying statement of financial position of Missouri Environmental Fund d/b/a EarthShare of Missouri (a not-for-profit organization) as of June 30, 2013, and the related statement of activities, functional expenses, 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.

### **Auditor's 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.

TWO WESTBURY DRIVE  
ST. CHARLES, MO 63301  
(636) 946-2800  
FAX (636) 946-2975  
botzdeal@botzdeal.com

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position Missouri Environmental Fund d/b/a EarthShare of Missouri 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.

*Betz Deal & Company*

---

February 23, 2015

**MISSOURI ENVIRONMENTAL FUND**  
**D/B/A EARTHSHARE OF MISSOURI**  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2013

**ASSETS**

<b>CURRENT ASSETS</b>	
Cash	\$ 201,887
Pledges receivable, net	111,620
Rent receivable - Gateway Combined Federal Campaign	1,112
Prepaid expense	1,101
TOTAL CURRENT ASSETS	315,720
 <b>FIXED ASSETS</b>	
Equipment	6,944
Less: accumulated depreciation	6,778
NET FIXED ASSETS	166
TOTAL ASSETS	\$ 315,886

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 11,447
Campaign funds payable to member organizations	261,987
TOTAL CURRENT LIABILITIES	273,434
 <b>NET ASSETS</b>	
Unrestricted	42,452
TOTAL LIABILITIES AND NET ASSETS	\$ 315,886

The accompanying notes are an integral part of these financial statements.

**MISSOURI ENVIRONMENTAL FUND**  
**D/B/A EARTHSHARE OF MISSOURI**  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

<b>REVENUES AND SUPPORT</b>	
Amounts raised in campaigns (gross pledges)	\$ 163,591
Less: uncollectible pledges	(479)
Amounts designated by donors to member organizations	<u>(109,330)</u>
<b>PUBLIC SUPPORT DESIGNATED TO EARTHSHARE OF MISSOURI</b>	<u><u>\$ 53,782</u></u>
 <b>PUBLIC SUPPORT AND REVENUE</b>	
Public support designated to EarthShare of Missouri	\$ 53,782
Administrative fees to EarthShare of Missouri for raising funds on behalf of member organizations	24,675
Affiliation fees revenue allocated to EarthShare	5,715
Contract	70,208
In-kind revenue	11,700
Interest	4
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<u><u>166,084</u></u>
 <b>EXPENSES</b>	
Program services	164,087
Management and general	1,198
Fundraising	435
<b>TOTAL EXPENSES</b>	<u><u>165,720</u></u>
 <b>CHANGE IN NET ASSETS</b>	 364
 <b>NET ASSETS - BEGINNING OF YEAR</b>	 78,396
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>(36,308)</u>
<b>NET ASSETS - BEGINNING OF YEAR, AS RESTATED</b>	<u>42,088</u>
 <b>NET ASSETS - END OF YEAR</b>	 <u><u>\$ 42,452</u></u>

The accompanying notes are an integral part of these financial statements.

**MISSOURI ENVIRONMENTAL FUND**  
**D/B/A EARTHSHARE OF MISSOURI**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries	\$ 67,247	\$ 250	\$ -	\$ 67,497
Payroll taxes	4,813	-	-	4,813
Affiliation fees	5,715	-	-	5,715
Allocation of undesignated funds	53,782	-	-	53,782
Accounting	10,241	343	53	10,637
Consultants	1,282	-	-	1,282
Depreciation	371	12	8	391
Health insurance and other benefits	3,443	-	-	3,443
Information systems	2,065	196	130	2,391
Miscellaneous	305	166	45	516
Office supplies	88	-	-	88
Payroll processing and administration	3,656	-	-	3,656
Postage	493	-	-	493
Printing	2,535	-	-	2,535
Rent	2,955	197	131	3,283
Retirement plan contributions	3,381	-	-	3,381
Telephone	-	34	-	34
Travel	974	-	-	974
Website expenses	741	-	68	809
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 164,087</b>	<b>\$ 1,198</b>	<b>\$ 435</b>	<b>\$ 165,720</b>

The accompanying notes are an integral part of these financial statements.

**MISSOURI ENVIRONMENTAL FUND**  
**D/B/A EARTHSHARE OF MISSOURI**  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from campaign donors	\$ 168,323
Cash paid to members	(35,460)
Cash received from contracts and contributions	33,900
Cash paid to suppliers and employees	(56,273)
Interest received	4
NET CASH PROVIDED BY OPERATING ACTIVITIES	110,494
<b>CASH - BEGINNING OF YEAR</b>	91,393
<b>CASH - END OF YEAR</b>	\$ 201,887

**RECONCILIATION OF CHANGE IN NET ASSETS  
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

<b>CHANGE IN NET ASSETS</b>	\$ 364
<b>ADJUSTMENTS TO RECONCILE CHANGE IN  NET ASSETS TO NET CASH PROVIDED  BY OPERATING ACTIVITIES</b>	
Depreciation	391
(Increase) decrease in assets:	
Pledges receivable	5,211
Receivables:	
Member dues	3,000
Gateway Combined Federal Campaign	34,888
Prepaid expense	38
Increase (decrease) in liabilities:	
Accounts payable	8,648
Deferred revenue	(36,308)
Campaign funds payable to member organizations	94,262
<b>TOTAL ADJUSTMENTS</b>	<b>110,130</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 110,494</b>

The accompanying notes are an integral part of these financial statements.



**MISSOURI ENVIRONMENTAL FUND**  
**D/B/A EARTHSHARE OF MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**1. DESCRIPTION OF OPERATIONS**

Missouri Environmental Fund (the Organization) was incorporated in September 1993 in the State of Missouri. Its primary purpose is to generate support and recognition for its member organizations by implementing and coordinating workplace charitable giving programs. All members have the common goal of improving the environment.

The Organization's revenue and support including charitable giving program revenue currently comes from workplace giving campaigns at federal, state, and other government sectors, private corporations, and from individuals.

Missouri Environmental Fund became Missouri Environmental Fund d/b/a EarthShare of Missouri effective with Fall 2001 workplace giving campaigns. This change represents a nationwide affiliation agreement between EarthShare, a national organization based in Washington, D.C., and state environmental federations representing a total of 18 states. These relationships create a unified system that represents local, regional, national and international environmental organizations under one umbrella. The aim of the Organization is to provide donors with a highly cost-effective way to support a wide range of important environmental work. EarthShare of Missouri pays a 4% affiliation fee to EarthShare National. This fee is payment for a variety of services including but not limited to: use of the EarthShare mark, the coordination of multi-state campaigns, the coordination of the development of new campaigns, and the coordination and managerial support of a variety of committees charged with various aspects of the EarthShare affiliate network.

Effective July 1, 2014 the Missouri Environmental Fund D/B/A EarthShare of Missouri, elected to discontinue its partnership with EarthShare at the national level. The Organization has reverted to using its original legal name, Missouri Environmental Fund, from which it had never disaffiliated.

The Organization served as the Principal Combined Fund Organization (PCFO) for the Gateway Combined Federal Campaign (CFC) from the spring of 2004 through February 28, 2013. Administering this campaign allowed the Organization to become a more significant player in the workplace community as well as increasing the donor base available to its member groups. The CFC reimbursed the Organization for the majority of the payroll costs since the majority of paid time is spent administering the campaign. See note 6.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Financial Statement Presentation** - In accordance with FASB Accounting Standard Codification Topic 958, *Not-For-Profit Entities*, the Organization is required to report 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. As of June 30, 2013, the Organization did not have any temporarily or permanently restricted net assets.

**Contributions** - In accordance with FASB Accounting Standard Codification Topic 958, *Not-For-Profit Entities*, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor - restricted contributions are reported as increases (temporarily or permanently restricted support) 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. Temporarily restricted donations whose restrictions are accomplished within the same year as they are received are recorded as unrestricted donations.

**Donated Services** - Donated services are recognized as contributions in accordance with FASB Accounting Standards Codification Topic 958, 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. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs and administrative tasks. Services that meet the criteria of FASB Accounting Standards Codification Topic 958 are recorded as in-kind donation of services.

The fair value of donated services included as a contribution in the financial statements and the corresponding program expenses was \$11,700 for the year ended June 30, 2013.

**Income Taxes** - The Organization is exempt from income taxes pursuant to Internal Revenue Code Section 501(c)(3) and is not a private foundation within the meaning of Section 509(a).

**Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Concentration of Cash** - The Organization maintains cash balances at one financial institution located in Missouri. All cash balances were insured by the Federal Deposit Insurance Corporation at June 30, 2013.

**Accounts Receivable** - Accounts receivable consists of rent due from the CFC. An allowance for doubtful accounts is not deemed necessary by management as they write off few accounts.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

**Equipment** - Equipment is recorded at cost and depreciated over the estimated useful life as follows:

<u>Major Group</u>	<u>Method</u>	<u>Life</u>
Equipment	Straight-line	5 years

All acquisitions of equipment in excess of \$2,500 are capitalized. Depreciation expense amounted to \$391 for the year ended June 30, 2013.

**Member Dues** - Member organizations pay a one-time membership fee. Member dues are recorded as revenue when the organizations join.

**Pledges** - Campaigns generally take place in the fall of the calendar year. At that time, pledges are made for payroll deduction contributions for the upcoming calendar year. These campaign pledges are usually not reported to Missouri Environmental Fund d/b/a EarthShare of Missouri until early in that upcoming year. When the pledge information is received, it is recorded as a receivable and revenue. As all pledges are expected to be collected within one year, they are recorded at their net realizable value. This is achieved by creating an allowance for estimated uncollectible pledges. Pledges by donors can be designated for certain member organizations or be undesignated. Undesignated amounts are, for the most part, split with 60% to EarthShare of Missouri core organizations and 40% to the EarthShare national organizations, and then shared equally among members.

**Campaign Funds Payable to Member Organizations** - Cash received from campaigns, which is due to member organizations, is recorded as a current liability. Prior to the payment of the campaign receipts to the members, a board-approved percentage is deducted and recorded as administrative fees for raising funds on behalf of member organizations. Affiliation fees of 4% are paid out of administrative fee revenue to EarthShare, the national organization, for services rendered. This expense is included on the Statement of Functional Expenses under Program Services. The net amounts due member organizations remain a liability until paid. In addition, the revenue corresponding to net pledges receivable is included in this liability account.

**Expenses** - Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of management's analysis of time and expense. Program Services consists of costs associated with managing, maintaining, and increasing revenue sources for member organizations from existing workplace giving programs, adding new workplace giving programs, and increasing overall recognition and representation of the Organization and its members. Management and general expenses consist of costs related to general office management and financial reporting. Fundraising expenses consist mainly of costs associated with raising funds for general operating expenses. The vast majority of paid staff time spent administering the contract with the Combined Federal Campaign (CFC) is considered program expense. Staff time managing the Missouri Environmental Fund d/b/a EarthShare of Missouri is primarily volunteer time resulting in minimal management and fundraising expenses.

3. **PLEDGES RECEIVABLE**

Pledges receivable as of June 30, are as follows:

Receivable in less than one year:

Workplace charitable giving campaigns	\$	112,099
Less: allowance for uncollectible pledges		( 479)
Net Pledges Receivable	\$	<u>111,620</u>

4. **RELATED PARTY TRANSACTIONS**

The Organization administered the Gateway Combined Federal Campaign (the CFC) from 2001 through February 2013. Each new campaign year begins in the spring. At the beginning of a campaign, the CFC does not have the money to reimburse the Organization. The Organization "loans" the CFC money to pay the expenses the Organization has incurred. These loans have been repaid generally in November or December as funds became available in late fall. At June 30, 2012 the advance to the CFC was \$36,000. In July 2012 an additional \$40,000 was advanced. The total of \$76,000 was repaid January 2013.

5. **INCOME TAX**

FASB ASC Topic 740, *Income Taxes*, provides for the recognition of tax benefits related to uncertain tax positions. For the year ended June 30, 2013, management believes there are no material uncertain tax positions. The Organization files Form 990 Return of Organization Exempt From Income Tax. Returns prior to 2009 are closed.

6. **PROGRAM REVENUE**

The CFC provided funding to Missouri Environmental Fund d/b/a EarthShare of Missouri to cover the payroll costs of administering its campaign through December 31, 2012. The funds are restricted for payroll costs. The costs and amounts reimbursed by the CFC for the year ended June 30, 2013 are as follows:

Salaries	\$	55,797
Payroll taxes		4,813
Fringe benefit - insurance		2,561
Retirement plan contributions		3,381
Payroll processing		<u>3,656</u>
		70,208
Reimbursements from the CFC		<u>( 70,208)</u>
EarthShare's net cost (excess)	\$	<u>-</u>

**7. RETIREMENT PLAN**

In affiliation with the Missouri Botanical Garden (MBG), the Organization's employees participated in a Section 403(b) retirement plan through December 31, 2012. The Organization contributes an amount equal to the employee's deferral up to 6% of the employees' compensation. During the fiscal year ended June 30, 2013, the Organization contributed \$3,381, to the plan. The Organization did not adopt a retirement plan after it ended its affiliation with MGB.

**8. DISTRIBUTIONS TO MEMBER ORGANIZATIONS**

Missouri Environmental Fund d/b/a EarthShare of Missouri distributed a proportionate share of receipts to member organizations based on donor designations and thereby honoring federation designations. By doing so, the Organization has complied with the provisions for charitable federations to apply for participation in the Combined Federal Campaign administered by the Office of Personnel Management.

**9. OPERATING LEASE**

On March 7, 2013, the Organization renewed a lease for office space. The lease term is for a period of one year beginning April 1, 2013 through March 31, 2014. Total rent expense was \$3,283 for the year ended June 30, 2013. Future minimum lease payments of \$3,044 will be made for the year ended June 30, 2014.

**10. PRIOR PERIOD ADJUSTMENT**

Through June 30, 2012 the revenue received from the contract with the CFC was \$36,308 more than the related personnel costs. This excess revenue was restricted for personnel costs but was incorrectly included in revenue each year rather than being recorded as deferred revenue, to be used to offset future salaries, payroll taxes, etc. The adjustment on the Statement of Activities corrects the accounting method used in prior years. This amount, \$36,308, plus the \$8,241 excess for this fiscal year was transferred to another tax-exempt not-for-profit organization that began administering the payroll functions effective January 1, 2013, with the same use restriction.

**11. SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through February 23, 2015, the date the financial statements were available to be issued.

In July 2013, the Organization advanced funds totaling \$40,000 to an affiliated tax-exempt not-for-profit organization. This advance was repaid in January 2014.

Effective July 1, 2014, the Organization elected to discontinue its partnership with Earth Share at the national level.