

Clean Air Task Force, Inc.

**Financial Statements
& Independent Auditor's Report**

For the Years Ended December 31, 2024 and 2023

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-17

Independent Auditor's Report

To the Board of Trustees
Clean Air Task Force, Inc.
Boston, Massachusetts

Opinion

We have audited the accompanying financial statements of Clean Air Task Force, Inc., (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 Clean Air Task Force, Inc. as of December 31, 2024 and 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 audits 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 Clean Air Task Force, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Clean Air Task Force, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

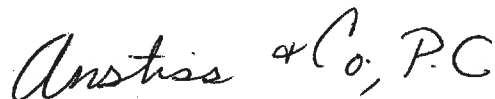
Auditor's Responsibilities for the Audit of the Financial Statements

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 Clean Air Task Force, 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 Clean Air Task Force, 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.



Anstiss & Co., P.C.
Chelmsford, Massachusetts
August 8, 2025

Clean Air Task Force, Inc.
Statements of Financial Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents	\$ 26,036,422	\$ 5,740,070
Investments	3,039,747	15,787,110
Grants receivable, net	15,019,150	12,650,036
Other receivables	45,460	199
Due from related party	195,017	-
Prepays and deposits	1,339,461	2,052,387
Property and equipment, net	128,539	154,392
Operating lease assets, net	<u>1,405,173</u>	<u>792,676</u>
Total assets	<u><u>\$ 47,208,969</u></u>	<u><u>\$ 37,176,870</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,719,308	\$ 3,049,903
Payroll liabilities	961,301	892,101
Deferred revenue, related party	-	4,693
Operating lease liabilities	<u>1,498,317</u>	<u>831,854</u>
Total liabilities	<u><u>5,178,926</u></u>	<u><u>4,778,551</u></u>
Net Assets:		
Without donor restrictions	15,510,590	13,644,031
With donor restrictions	<u>26,519,453</u>	<u>18,754,288</u>
Total net assets	<u><u>42,030,043</u></u>	<u><u>32,398,319</u></u>
Total liabilities and net assets	<u><u>\$ 47,208,969</u></u>	<u><u>\$ 37,176,870</u></u>

See accompanying notes to these financial statements.

Clean Air Task Force, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Donations/grants	\$ 19,423,823	\$ 29,406,191	\$ 48,830,014
Donated services	331,685	-	331,685
Other income	617,632	-	617,632
Investment return	630,003	-	630,003
Net assets released from restrictions	21,641,026	(21,641,026)	-
Total revenue	<u>42,644,169</u>	<u>7,765,165</u>	<u>50,409,334</u>
Expenses			
Program services	28,399,522	-	28,399,522
Management and general	11,291,781	-	11,291,781
Fundraising	<u>1,086,307</u>	<u>-</u>	<u>1,086,307</u>
Total expenses	<u>40,777,610</u>	<u>-</u>	<u>40,777,610</u>
Change in net assets	1,866,559	7,765,165	9,631,724
Net assets at beginning of year	<u>13,644,031</u>	<u>18,754,288</u>	<u>32,398,319</u>
Net assets at end of year	<u><u>\$ 15,510,590</u></u>	<u><u>\$ 26,519,453</u></u>	<u><u>\$ 42,030,043</u></u>

See accompanying notes to these financial statements.

Clean Air Task Force, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Donations/grants	\$ 21,814,623	\$ 23,447,676	\$ 45,262,299
Donated services	226,650	-	226,650
Other income	621,305	-	621,305
Investment return	601,077	-	601,077
Net assets released from restrictions	25,512,724	(25,512,724)	-
Total revenue	<u>48,776,379</u>	<u>(2,065,048)</u>	<u>46,711,331</u>
Expenses			
Program services	40,854,461	-	40,854,461
Management and general	11,401,065	-	11,401,065
Fundraising	2,798,371	-	2,798,371
Total expenses	<u>55,053,897</u>	<u>-</u>	<u>55,053,897</u>
Change in net assets	(6,277,518)	(2,065,048)	(8,342,566)
Net assets at beginning of year	<u>19,921,549</u>	<u>20,819,336</u>	<u>40,740,885</u>
Net assets at end of year	<u><u>\$ 13,644,031</u></u>	<u><u>\$ 18,754,288</u></u>	<u><u>\$ 32,398,319</u></u>

Clean Air Task Force, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2024

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 13,585,735	\$ 5,172,666	\$ 549,126	\$ 19,307,527
Payroll taxes and employee benefits	3,313,490	1,055,436	125,088	4,494,014
Total	16,899,225	6,228,102	674,214	23,801,541
Depreciation	-	66,728	-	66,728
Grants and distributions	2,181,860	7,500	-	2,189,360
Management consultants	326,544	762,913	-	1,089,457
Occupancy	4,664	660,478	-	665,142
Other expenses	214,293	105,836	122,567	442,696
Postage and shipping	4,968	8,117	1,130	14,215
Printing and publications	174,646	693,219	1,722	869,587
Project consultants	6,596,871	1,260,465	111,756	7,969,092
Repairs and maintenance	-	18,574	-	18,574
Supplies	17,987	34,116	3,211	55,314
Telephone, fax, internet	107,370	660,891	31,734	799,995
Travel	1,871,094	784,842	139,973	2,795,909
Total expenses	<u>\$ 28,399,522</u>	<u>\$ 11,291,781</u>	<u>\$ 1,086,307</u>	<u>\$ 40,777,610</u>

Clean Air Task Force, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 15,734,116	\$ 4,158,281	\$ 1,789,722	\$ 21,682,119
Payroll taxes and employee benefits	4,298,286	782,761	450,315	5,531,362
Total	20,032,402	4,941,042	2,240,037	27,213,481
Project consultants	14,977,996	2,233,245	310,822	17,522,063
Travel	3,071,469	847,818	119,409	4,038,696
Grants and distributions	1,639,598	-	-	1,639,598
Management consultants	406,750	996,741	-	1,403,491
Telephone, fax, internet	65,295	741,925	32,515	839,735
Other expenses	88,064	589,891	89,020	766,975
Occupancy	11,041	629,329	-	640,370
Printing and publications	513,184	122,333	1,471	636,988
Supplies	32,256	140,604	3,563	176,423
Postage and shipping	16,406	53,373	1,534	71,313
Depreciation	-	66,860	-	66,860
Repairs and maintenance	-	37,904	-	37,904
Total expenses	<u>\$ 40,854,461</u>	<u>\$ 11,401,065</u>	<u>\$ 2,798,371</u>	<u>\$ 55,053,897</u>

Clean Air Task Force, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 9,631,724	\$ (8,342,566)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Donated securities	(692,260)	(294,325)
Unrealized/realized gains on investments	(1,784)	(198,358)
Non-cash portion of occupancy expense for operating leases	328,130	269,448
Depreciation	66,728	66,860
Changes in operating assets and liabilities:		
Increase in grants receivable	(2,369,114)	(5,633,981)
(Increase) decrease in other receivables	(45,261)	1,250,484
(Increase) decrease in due from related party	(195,017)	16,595
Decrease (increase) in deposits and prepaid expenses	712,926	(563,976)
(Decrease) increase in accounts payable and accrued expenses	(330,595)	1,459,817
Increase in payroll liabilities	69,200	214,673
(Decrease) increase in deferred revenue	(4,693)	4,693
Repayment of operating lease liabilities	(274,164)	(269,633)
Net cash provided by (used in) operating activities	<u>6,895,820</u>	<u>(12,020,269)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	21,564,543	602,736
Purchases of investments	(8,123,136)	(758,769)
Purchases of property and equipment	(40,875)	(44,798)
Net cash provide by (used in) investing activities	<u>13,400,532</u>	<u>(200,831)</u>
Net increase (decrease) in cash	20,296,352	(12,221,100)
Cash and cash equivalents at beginning of year	<u>5,740,070</u>	<u>17,961,170</u>
Cash and cash equivalents at end of year	<u><u>\$ 26,036,422</u></u>	<u><u>\$ 5,740,070</u></u>
Supplemental Data:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>
Donated services	<u><u>\$ 331,685</u></u>	<u><u>\$ 226,650</u></u>

Clean Air Task Force, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Note 1 - Nature of Operations

Clean Air Task Force, Inc. (the, "Organization") was incorporated on April 13, 2000 as a not-for-profit corporation. The stated purpose of the Organization is to address air pollution issues through research, education/outreach, advocacy, and advocacy network support.

Note 2 - Summary of Significant Accounting Policies

The following is a summary of significant accounting policies applied by the Organization in the preparation of the accompanying financial statements.

Basis of Presentation

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 ("U.S. GAAP"). Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time the liabilities are incurred. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations are classified as without donor restrictions.

Net Assets With Donor Restrictions

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time, are classified as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. A reclassification of \$2,328,121 is reflected in the 2023 financial statements between the net assets with and without donor restrictions. Additionally, there were reclassifications among the groupings of functional expenses for the year ended December 31, 2023, to align with the presentation for the fiscal year 2024. The reclassifications had no effect on the reported total net assets at end of year 2023, total change in net in net assets in 2023, or total beginning net assets in 2024. The reclassifications did impact the presentation of liquidity in the 2023 financial statements. The prior year presentation was more conservative, resulting in a lower depiction of available financial assets. The revised classification more accurately reflects the Organization's liquidity position.

Clean Air Task Force, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Note 2 - Summary of Significant Accounting Policies (continued)

Uncertain Tax Positions

The Organization, incorporated under Chapter 180 of the Massachusetts General Laws as a tax-exempt entity, has been granted tax-exempt status under Internal Revenue Code Section 501(c)(3), and is, therefore, generally exempt from federal and state income taxes. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

The Organization is required by ASC 740-10, “*Income Taxes*”, to evaluate and disclose tax positions that could have an effect on the Organization’s financial statements. The Organization reports its activities to the Internal Revenue Service and to the Commonwealth of Massachusetts on an annual basis. These informational returns are generally subject to audit and review by the governmental agencies for a period of three years after filing. Substantially all the Organization’s income, expenditures and activities relate to its exempt purpose, therefore, management has determined that the Organization is not subject to unrelated business income taxes and will continue to qualify as a tax-exempt not-for-profit entity.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. Cash equivalents are carried at cost which approximates fair value.

Fair Value Measurements

The Organization follows the provisions of ASC 820-10, “*Fair Value Measurements*”. ASC 820-10 applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. The standard emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Clean Air Task Force, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Note 2 - Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Investments

The Organization follows the provisions of ASC 958-320, "*Investments-Debt and Equity Securities*", whereby investments with readily determinable quoted prices are reported at their fair value in the statements of financial position. Unrealized gains and losses are included in the accompanying statements of activities. Investments are composed primarily of cash funds, cash alternatives, and fixed income treasury bills.

Property and Equipment

Property and equipment, consisting of office furniture and equipment, are recorded at cost. Donated property and equipment are recorded at its estimated fair market value at the time of donation. Expenditures for repairs and maintenance are charged to expense as incurred.

When assets are retired, or disposed of, the assets and related accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is reflected in income. Depreciation is provided using the straight-line method over the estimated useful life of the assets as follows:

<u>Description</u>	<u>Years</u>
Computer, office, and other equipment	3-7
Furniture	5
Leasehold improvements	Lessor of the life of the lease or economic life of the asset

Revenue Recognition

The Organization reports gifts as unrestricted support if they are received without donor stipulations that would limit the use of the donated assets. They are classified as increases in net assets with donor restrictions if the donor imposes restrictions on their use, including those for which payment is not due until future periods. Upon the satisfaction of the usage or time restriction, the net assets are reclassified as unrestricted support.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the net present value of the estimated future cash flows.

The Organization's contributions come primarily from private foundations and corporations.

Clean Air Task Force, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Note 2 - Summary of Significant Accounting Policies (continued)

Donated Securities and Donated Services

Individuals and other organizations donate securities to the Organization in support of their programs. These securities are reflected in the accompanying financial statements as donations based on the estimated fair market value assigned to them by the investment brokerage. The investment brokerage will immediately sell the donated stock upon receipt. For the years ended December 31, 2024 and 2023, the estimated value recorded for these securities was \$692,260 and \$294,325, respectively.

Donated services are recorded as contributions at their estimated fair value at the date of donation. There were \$331,685 and \$226,650 of donated legal services received for the years ended December 31, 2024 and 2023, respectively.

Leases

The Organization follows the provisions of ASU 2016-02, “Leases”, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The standard establishes the right-of-use model (ROU) that requires a lessee to recognize a ROU asset and liability on the statement of financial position for all leases. The Organization has exercised the option under ASU 2016-02, to adopt a policy of expensing payments on leases with lease terms of twelve months or less. Under this standard, leases will be classified as either finance or operating, with classification affecting the recognition of expenses in the statements of activities and functional expenses.

Functional Allocation of Expenses

The cost of providing the Organization’s various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. The statement of functional expenses is required to present the natural classification detail of expenses by function allocated on a reasonable basis that is consistently applied. Expenses that can be identified with a specific program and support services are allocated directly. Based on management’s estimates, certain costs have been allocated among major classes of program services and supporting activities. Salaries and wages, benefits, payroll taxes, and certain other expenses are allocated based on estimates of time and effort. Other expenses that are common to several functions are allocated as appropriate.

Concentrations

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, investments, and grants receivable. The carrying amounts of these financial instruments approximate their fair value due to the short-term nature of these items.

The Organization places its cash with creditworthy, high quality financial institutions. At times, such balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk on cash.

Clean Air Task Force, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Note 2 - Summary of Significant Accounting Policies (continued)

Concentrations (continued)

Investments are exposed to market and credit risks. Due to the risk associated with such investments and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in values in the near term could materially affect investment balances and the amounts reported in the financial statements.

Concentrations of credit risk with respect to receivables is limited as receivables are due primarily from private foundations and corporations through signed grant agreements.

Note 3 – Liquidity and Availability

Financial assets available within one year for general expenditure were as follows for the years ending December 31:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 26,036,422	\$ 5,740,070
Investments	3,039,747	15,787,110
Grants and other receivables within one year	14,274,964	10,617,315
Total financial assets available for expenditure	<u>43,351,133</u>	<u>32,144,495</u>
Less: amount not available for general expenditure		
Net assets with donor restrictions	<u>(26,519,453)</u>	<u>(18,754,288)</u>
Total amounts not available for general expenditure	<u>(26,519,453)</u>	<u>(18,754,288)</u>
Total financial assets available for general expenditure within one year	<u>\$ 16,831,680</u>	<u>\$ 13,390,207</u>

To manage liquidity, the Organization strives to maintain six months of operating reserves on hand to meet current liquidity needs and address shortfall in cash flow caused by seasonal revenue cycles. The operating reserves are maintained in local bank accounts. The Organization also maintains a line of credit in the amount of \$275,000 which it could draw upon.

Note 4 – Net Investment Return

Realized and unrealized gains or losses on investments are determined by comparison of the difference between market values and average cost, respectively. Interest and dividend income is recognized when earned.

Net investment return consists of the following for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 628,219	\$ 407,774
Net realized and unrealized gains on investments	1,784	198,358
Investment fees	-	(5,055)
Net investment return	<u>\$ 630,003</u>	<u>\$ 601,077</u>

Clean Air Task Force, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Note 5 – Fair Value Measurements

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures (Note 2). The following table presents the Organization's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31:

2024				
		Quoted prices in active markets for identical assets	Significant other observable inputs	Significant unobservable inputs
	Total	Level 1	Level 2	Level 3
Cash and equivalents	\$ 3,039,747	\$ 3,039,747	\$ -	\$ -
Total	\$ 3,039,747	\$ 3,039,747	\$ -	\$ -

2023				
		Quoted prices in active markets for identical assets	Significant other observable inputs	Significant unobservable inputs
	Total	Level 1	Level 2	Level 3
Cash and equivalents	\$ 14,262,152	\$ 14,262,152	\$ -	\$ -
U.S. Treasury bills	1,524,958	1,524,958	-	-
Total	\$ 15,787,110	\$ 15,787,110	\$ -	\$ -

Note 6 - Grants Receivable

The following table summarizes grants receivable as of December 31:

	2024	2023
Receivable in less than one year	\$ 14,274,964	\$ 10,617,116
Receivable in one to five years	800,000	2,229,221
Total gross grants receivable	15,074,964	12,846,337
Less: discounts to new present value at 7.50% and 8.50%, respectively	(55,814)	(196,301)
Grants receivable, net	\$ 15,019,150	\$ 12,650,036

The amount of grants receivable represents the net amount of receivables that the Organization believes it will collect in future years. Each year, the collectability of the remaining receivable is assessed, and any potentially uncollectible amounts are either written off or posted to the allowance for uncollectible grants receivable. As a result, there may be circumstances that occur during future years that will affect the collectability of the above amounts. There were no grants receivable that were deemed uncollectable at December 31, 2024 and 2023.

Clean Air Task Force, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Note 7 – Property and Equipment

The balance in property and equipment was composed of the following as of December 31:

	2024	2023
Specialty equipment	\$ 283,890	\$ 283,890
Computer equipment	48,221	55,693
Other equipment	28,084	-
Furniture & fixtures	25,212	19,723
Leasehold improvements	5,828	-
Total	391,235	359,306
Less: accumulated depreciation	(262,696)	(204,914)
Property and equipment, net	<u>\$ 128,539</u>	<u>\$ 154,392</u>

Note 8 – Net Assets with Donor Restrictions

Net assets with donor restrictions consists of the following as of December 31:

	2024	2023
Purpose restrictions:		
Coal plant programs and other	\$ 11,500,303	\$ 6,104,252
Time restrictions:		
Grants and other receivables, net	15,019,150	12,650,036
Total net assets with donor restrictions	<u>\$ 26,519,453</u>	<u>\$ 18,754,288</u>

Note 9 – Line of Credit

The Organization has a line of credit in the amount of \$275,000 with Bank of America that is secured by the Organization's receivables and equipment. As of December 31, 2024 and 2023, there was no amount outstanding on this line. The interest rate on this available line is equal to Bank of America's prime rate (7.50% and 8.50% as of December 31, 2024 and 2023, respectively) plus 1.00%, and there are no commitment fees on unused amounts. The interest rate was 8.50% and 9.50% as of December 31, 2024 and 2023, respectively. The line of credit expires December 31, 2025.

Note 10 - Operating Leases

The Organization leases operating facilities and storage space under the terms of operating lease agreements requiring monthly payments ranging from \$350 to \$18,000 and expiring in various years through 2030. In accordance with ASC 842, *Leases*, the Organization has recorded liabilities under operating leases totaling \$1,498,317 and \$831,854 as of December 31, 2024 and 2023, respectively, based on the present value of remaining minimum lease payments on these leases. The Organization elected to use their incremental borrowing rate which ranged from 3.81% - 9.50% as the discount rate to calculate the lease liabilities. Corresponding assets under operating leases totaling \$1,405,173 and \$792,676 were recorded as of December 31, 2024 and 2023, respectively.

Clean Air Task Force, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Note 10 - Operating Leases (continued)

On November 17, 2023, the Organization entered into an operating lease agreement for office space. The term of the lease is for six years and will commence upon the completion of substantially all tenant improvements by the lessor. Monthly rental payments range from \$14,293 to \$16,170 over the initial term of the lease and provides an option to extend for an additional five-year term. Prior to August 2024, the Organization had not occupied the space, as such, was not included in right of use asset and lease liabilities as of December 31, 2023.

A summary of total lease costs included in occupancy expense in the accompanying statements of functional expenses for the years ended December 31, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>
Total operating lease costs:		
Amortization of operating lease assets	\$ 328,129	\$ 269,448
Interest on operating lease liabilities	59,077	68,590
Total lease costs	<u>\$ 387,206</u>	<u>\$ 338,038</u>
Operating lease assets obtained in exchange for new operating lease liabilities	\$ 938,756	\$ 35,930
Weighted-average remaining lease term in years	4.34	3.43
Weighted-average discount rate	4.82%	6.64%

The total annual future minimum lease payments under the operating lease liabilities were as follows as of December 31, 2024:

2025	\$ 350,262
2026	422,731
2027	366,944
2028	190,792
2029	195,444
Thereafter	132,404
Total minimum operating lease payments	<u>1,658,577</u>
Less amounts representing interest	<u>(160,260)</u>
Total operating lease liabilities	<u>\$ 1,498,317</u>

Note 11 – Commitments and Contingencies

From time to time, the Organization may become involved in litigation relating to claims arising out of the operations in the normal course of business, which are considered routine and incidental to the business. The Organization is currently not a party to any legal proceedings which, in management's opinion, would have a material effect on its financial condition other than that noted below.

Clean Air Task Force, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Note 11 – Commitments and Contingencies (continued)

For the year ended December 31, 2023, the Organization recorded a contingent liability \$500,000 which was included in accrued expenses in the statement of financial position and in other expenses in the statement of activities and changes in net assets as a settlement for litigation claims requesting the Organization return grant funds to an organization with a bankruptcy case. A joint stipulation of settlement was reached in June 2024. Pursuant to this stipulation the Organization paid the \$500,000 settlement within thirty days of the signed agreement.

Note 12 - Retirement Plan

The Organization has a Safe Harbor 401(K) Plan. The Plan covers all eligible employees who meet minimum age and service requirements. The total expense under this Plan for the years ended December 31, 2024 and 2023 was \$598,020 and \$735,193, respectively.

Note 13 - Related Party Activities

The Organization paid \$404,422 for consulting services provided by a corporation owned by a board member during the year ended December 31, 2023. There were no consulting services paid to this related party during 2024.

During the years ended December 31, 2024 and 2023, the Organization recognized revenue of \$617,632 and \$611,307, respectively, from CATF Action, Inc. for services provided in accordance with a management agreement between the two entities. As of December 31, 2024, the Organization had a receivable of \$195,017 from CATF Action, Inc. for these services. The Organization had deferred revenue of \$4,693 from CATF Action, Inc. as of December 31, 2023. These amounts are included in other income, deferred revenue, and other receivables in the accompanying statements of activities and changes in net assets and financial position as of and for the years ended December 31, 2024 and 2023, respectively.

During the years ended December 31, 2023, the Organization provided support in the amount of \$50,000 to CATF Action, Inc. in accordance with a certain grant agreement. There was no support provided to CATF Action, Inc. for the year ended December 31, 2024.

Note 14 - Subsequent Events

ASC 855-10, “*Subsequent Events*”, defines further disclosure requirements for events that occur after the statement of financial position date but before financial statements are issued. In accordance with ASC 855-10, the Organization’s management has evaluated events subsequent to December 31, 2024 through August 8, 2025, which is the issuance date of this report. There has been no material event noted during this period that would either impact the results reflected in this report or the Organization’s results going forward.