

**MINNESOTA CENTER FOR  
ENVIRONMENTAL ADVOCACY**

**FINANCIAL STATEMENTS**

For the Years Ended June 30, 2009 and 2008

# MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY

## Table of Contents

	PAGE
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flow	4
Statement of Functional Expenses	5-6
Notes to Financial Statements	7-13



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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
**MINNESOTA CENTER FOR  
ENVIRONMENTAL ADVOCACY**  
St. Paul, Minnesota

We have audited the accompanying statement of financial position of the Minnesota Center for Environmental Advocacy (MCEA), a nonprofit organization, as of June 30, 2009 and 2008 and the related statements of activity, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of MCEA's management. Our responsibility is to express an opinion on these financial statements based on the 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Minnesota Center for Environmental Advocacy as of June 30, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Sherry D. Heffernan, Ltd.*  
Sherry D. Heffernan, Ltd.

September 10, 2009

**MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY**  
**Statement of Financial Position**  
**June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 837,976	\$ 1,021,160
Accounts receivable	60,350	79,441
Unconditional promises to give	490,344	199,700
Investments	893,018	954,411
Prepaid expenses	17,056	16,350
Property and leasehold improvements, net	<u>8,818</u>	<u>5,281</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,307,562</u></b>	<b><u>\$ 2,276,343</u></b>
<b>LIABILITIES</b>		
Accounts payable	\$ 25,403	\$ 10,901
Accrued expenses	<u>39,594</u>	<u>57,256</u>
	<u>64,997</u>	<u>68,157</u>
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	461,699	677,298
Designated by board for long-term investments	<u>342,151</u>	<u>415,791</u>
	<u>803,850</u>	<u>1,093,089</u>
Temporarily restricted	881,108	567,490
Permanently restricted - endowment fund	<u>557,607</u>	<u>547,607</u>
<b>TOTAL NET ASSETS</b>	<b><u>2,242,565</u></b>	<b><u>2,208,186</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,307,562</u></b>	<b><u>\$ 2,276,343</u></b>

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

**MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY**

**Statement of Activities**

**Year Ended June 30, 2009 with Comparative Totals for the Year Ended June 30, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2009</u>	<u>2008</u>
<b>REVENUES:</b>					
Contributions	\$ 659,332	\$ 883,345	\$ 10,000	\$ 1,552,677	\$ 1,002,320
Program services	151,257			151,257	170,014
Investment income	(52,771)			(52,771)	(17,912)
Special event revenue	14,895	-	-	14,895	-
<b>TOTAL REVENUES</b>	<u>772,713</u>	<u>883,345</u>	<u>10,000</u>	<u>1,666,058</u>	<u>1,154,422</u>
Net assets released from restrictions					
Restrictions satisfied by purpose and time	569,727	(569,727)	-	-	-
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<u>1,342,440</u>	<u>313,618</u>	<u>10,000</u>	<u>1,666,058</u>	<u>1,154,422</u>
<b>EXPENSES:</b>					
Program services:					
Transportation and land use	245,214	-	-	245,214	236,214
Public health	205,104	-	-	205,104	266,261
Wildlife and natural resources	226,091	-	-	226,091	233,319
Water quality	329,474	-	-	329,474	374,665
Clean energy	285,240	-	-	285,240	231,634
Total program services	1,291,123	-	-	1,291,123	1,342,093
Management and administrative	173,955	-	-	173,955	174,955
Fundraising	166,601	-	-	166,601	168,344
<b>TOTAL EXPENSES</b>	<u>1,631,679</u>	<u>-</u>	<u>-</u>	<u>1,631,679</u>	<u>1,685,392</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u>(289,239)</u>	<u>313,618</u>	<u>10,000</u>	<u>34,379</u>	<u>(530,970)</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>1,093,089</u>	<u>567,490</u>	<u>547,607</u>	<u>2,208,186</u>	<u>2,739,156</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 803,850</u>	<u>\$ 881,108</u>	<u>\$ 557,607</u>	<u>\$ 2,242,565</u>	<u>\$ 2,208,186</u>

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

**MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY**  
**Statement of Cash Flows**  
**Years Ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 34,379	\$ (530,970)
<b>Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:</b>		
Depreciation	4,263	16,737
Realized and unrealized losses on investments	90,499	85,789
<b>(Increase) decrease in operating assets:</b>		
Accounts receivable	19,091	22,785
Unconditional promises to give	(290,644)	370,923
Prepaid expenses	(706)	(185)
<b>Increase (decrease) in operating liabilities:</b>		
Accounts payable	14,502	(11,103)
Accrued expenses	(17,662)	10,138
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>(146,278)</u>	<u>(35,886)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	140,566	199,580
Purchase of long-term investments	(169,672)	(216,568)
Purchase of equipment	(7,800)	-
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(36,906)</u>	<u>(16,988)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	(183,184)	(52,874)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>1,021,160</u>	<u>1,074,034</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 837,976</u>	<u>\$ 1,021,160</u>

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

**MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2009**

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and</u> <u>General</u>	<u>Fund</u> <u>Raising</u>	<u>Total</u>
Salaries, taxes and benefits	\$ 1,031,851	\$ 129,055	\$ 134,822	\$ 1,295,728
Consultants	29,486	-	-	29,486
Legal disbursements/library	17,277	-	-	17,277
Occupancy costs	51,077	1,761	1,761	54,599
Computer and website development	54,640	1,353	3,163	59,156
Office supplies	7,234	6,088	249	13,571
Telephone	12,283	375	375	13,033
Postage	3,108	107	2,538	5,753
Printing and copying	43,884	1,446	7,381	52,711
Professional fees	-	10,699	-	10,699
Investment fees	-	8,853	-	8,853
Legislative expenses	691	-	-	691
Dues and subscriptions	12,578	72	4,136	16,786
Insurance	1,001	9,212	-	10,213
Travel	10,984	80	10,912	21,976
Conferences and meetings	8,369	200	593	9,162
Grants	-	-	-	-
Marketing and branding	-	-	-	-
Miscellaneous	3,332	3,719	671	7,722
Depreciation	3,328	935	-	4,263
<b>Total expenses</b>	<b><u>\$ 1,291,123</u></b>	<b><u>\$ 173,955</u></b>	<b><u>\$ 166,601</u></b>	<b><u>\$ 1,631,679</u></b>
	<u>79.13%</u>	<u>10.66%</u>	<u>10.21%</u>	<u>100.00%</u>

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

**MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2008**

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and</u> <u>General</u>	<u>Fund</u> <u>Raising</u>	<u>Total</u>
Salaries, taxes and benefits	\$ 1,041,597	\$ 120,067	\$ 132,681	\$ 1,294,345
Consultants	52,538	6,432	349	59,319
Legal disbursements/library	14,546	-	-	14,546
Occupancy costs	49,591	1,709	1,709	53,009
Computer and website development	23,162	792	792	24,746
Office supplies	7,439	1,980	908	10,327
Telephone	11,334	386	386	12,106
Postage	4,037	139	4,611	8,787
Printing and copying	44,183	1,518	9,068	54,769
Professional fees	-	13,123	-	13,123
Investment fees	-	10,065	-	10,065
Legislative expenses	2,673	-	-	2,673
Dues	9,930	98	3,784	13,812
Insurance	1,273	9,467	-	10,740
Travel	13,467	188	10,787	24,442
Conferences and meetings	10,288	177	3,247	13,712
Grants	25,000	-	-	25,000
Marketing and branding	17,052	3,260	-	20,312
Miscellaneous	957	1,843	22	2,822
Depreciation	13,026	3,711	-	16,737
<b>Total expenses</b>	<b><u>\$ 1,342,093</u></b>	<b><u>\$ 174,955</u></b>	<b><u>\$ 168,344</u></b>	<b><u>\$ 1,685,392</u></b>
	<u>79.63%</u>	<u>10.38%</u>	<u>9.99%</u>	<u>100.00%</u>

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



MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY  
Notes to Financial Statements  
June 30, 2009 and 2008

**1) Organizational Purpose**

The Minnesota Center for Environmental Advocacy (MCEA) is a nonprofit charitable organization using law, science and research to protect Minnesota's natural resources, wildlife and public health. Since 1974, MCEA has worked in the courts, the legislature and at state agencies using science and policy to develop, communicate and implement environmental change. Support is primarily through contributions from foundations and individuals.

MCEA's program services are as follows:

**Transportation and Land Use** – The transportation and land use program advocates for public policy platforms and funding mechanisms that support an efficient mix of land uses and more compact forms of development, provide a broad set of choices for how we live and get around, protect the environment, and improve public health. MCEA has been working to build business and public support for a balanced system of multimodal transportation and a dedicated source of funding for public transit. It also advocates for policies that will encourage more transit-oriented forms of development.

**Public Health** - The public health program addresses the risks posed by toxic chemicals in our air, water and soil. Our focus includes advocating for policies to protect children's health; identifying links between environmental pollutants and disease and removing the risk factors; and improving management and reducing the use of hazardous pesticides contaminating Minnesota's drinking and surface waters.

**Wildlife and Natural Resources** - The wildlife and natural resources program seeks to protect and enhance the many natural treasures that Minnesotans enjoy and cherish. We are currently working to protect the sustainability of Minnesota's forests and environmentally sensitive lakes and rivers, and advocating for policies that protect wetlands and the species that depend upon them from damage and destruction.

**Water Quality** – The water quality program is focused on protecting Minnesota's greatest natural resource and economic asset - its water. This program addresses threats to lakes and rivers, particularly in the Mississippi, Minnesota and Red River watersheds.

MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY  
Notes to Financial Statements

**1) Organizational Purpose, continued**

**Clean Energy** - The clean energy program focuses on long-term development of modern and sustainable energy sources for Minnesota and the replacement of out-dated, environmentally harmful energy sources. The program provides legal representation to clean energy advocacy organizations in Minnesota, and lobbies for a variety of clean energy and energy efficiency measures at the Capitol. Combating climate change is central to the clean energy program and plays an increasingly influential role in MCEA's legal and legislative work.

**2) Summary of Significant Accounting Policies**

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, MCEA 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.

Unrestricted assets are resources over which the Board of Directors has discretionary control. Temporarily restricted assets are resources which are subject to a donor imposed restriction which generally will be satisfied by organizational actions or the passage of time. Permanently restricted resources are subject to a donor imposed restriction that such assets are restricted permanently.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, MCEA considers all unrestricted cash and other highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

**Concentrations of Credit Risk**

Financial instruments that potentially subject MCEA to concentrations of credit risk consist principally of temporary cash investments and unconditional promises to give. The organization places its temporary cash investments with financial institutions as noted below. Concentrations of credit risk with respect to unconditional promises to give are limited due to the financial stability of the contributors. Unconditional promises to give include amounts from two donors comprising 86% of the balance at June 30, 2009 and from two donors comprising 69% of the balance at June 30, 2008.

**MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY**  
**Notes to Financial Statements**

**2) Summary of Significant Accounting Policies, continued**

**Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits**

The organization maintains its cash and certificates of deposit in one financial institution located in the Twin Cities, which has numerous charters. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each chartered bank. There were no uninsured balances as of June 30, 2009.

**Concentration of Contributions**

MCEA received approximately 51% of its total revenues from two donors in 2009 and approximately 24% of its total revenues from two donors in 2008.

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. There have been no charges to bad debt expense or the valuation allowance.

**Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received.

**Investments**

MCEA carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

**MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY**  
**Notes to Financial Statements**

**2) Summary of Significant Accounting Policies, continued**

**Property and Leasehold Improvements**

MCEA capitalizes all expenditures for property and leasehold improvements in excess of \$1,500. Purchased property and leasehold improvements are recorded at cost. Donated property is carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives of three to ten years.

**Donated Services**

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made* 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 MCEA.

A significant number of legal services are contributed to MCEA in connection with the accomplishment of its program services. These donated services, which had an estimated value of \$64,900 in 2009 and \$147,000 in 2008, were not recognized in the financial statements because they did not meet the criteria for recognition under SFAS No. 116.

**Restricted and Unrestricted Revenue**

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income Taxes**

MCEA has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and contributions by donors are tax deductible.

**MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY**  
**Notes to Financial Statements**

**6) Property and Leasehold Improvements**

Property and leasehold improvements consist of the following at June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Furniture and equipment	\$ 120,375	\$ 112,575
Leasehold improvements	<u>14,471</u>	<u>14,471</u>
	134,846	127,046
Less accumulated depreciation	<u>126,028</u>	<u>121,765</u>
	<u>\$ 8,818</u>	<u>\$ 5,281</u>

Depreciation of \$4,263 and \$16,737 was recorded for the years ended June 30, 2009 and 2008.

**7) Operating Leases**

MCEA leases office space under an operating lease, which expires June 30, 2011. Monthly rent is \$4,617 which includes utilities, real estate taxes and insurance. Rent expense was \$54,559 and \$53,009 for the years ended June 30, 2009 and 2008, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2009 are as follows:

Years Ending June 30,	
2010	\$ 56,236
2011	<u>57,067</u>
	<u>\$ 113,303</u>

**8) Retirement Plans**

MCEA provided a 403(b) retirement plan for qualified employees through December 2007. The plan was funded by employee contributions through a salary reduction arrangement. There were no employer contributions made by MCEA.

In January 2008 MCEA adopted a defined contribution plan and matches an employee's pre-tax contribution up to three percent of the employee's salary. Total retirement expense for MCEA was approximately \$19,300 and \$9,200 for the years ended June 30, 2009 and 2008, respectively.

**MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY**  
**Notes to Financial Statements**

**2) Summary of Significant Accounting Policies, continued**

**Comparative Financial 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with MECA's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

**3) Unconditional Promises to Give**

Unconditional promises to give of \$490,344 and \$199,700 at June 30, 2009 and 2008, respectively, are receivable within one year and are primarily for future program services.

**4) Certificates of Deposit**

Certificates of deposit totaling \$742,579 at June 30, 2009 are included in cash in the accompanying financial statements. The certificates bear interest ranging from .90% to 2.04% and have maturities ranging from six to nine months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

**5) Investments**

Investments are reported on the basis of quoted market prices and consist of the following at June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Equity securities	\$ 553,627	\$ 572,719
Treasury notes and government bonds	303,284	335,725
Money market funds	36,107	45,967
Total	<u>\$ 893,018</u>	<u>\$ 954,411</u>

Investment return is summarized as follows:

	<u>2009</u>	<u>2008</u>
Interest and dividend income	\$ 25,713	\$ 27,052
Net realized and unrealized losses	<u>-90,499</u>	<u>-85,789</u>
Investment income	-64,786	-58,737
Interest income on certificates of deposit	<u>12,015</u>	<u>40,825</u>
Total investment income	<u>\$ -52,771</u>	<u>\$ -17,912</u>

Expenses relating to investment revenues, including investment advisory fees, were \$8,853 in 2009 and \$10,065 in 2008.

**MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY**  
**Notes to Financial Statements**

**9) Restrictions on Net Assets**

Temporarily restricted net assets are available for the following purposes:

	<u>2009</u>	<u>2008</u>
Time restrictions	\$ 66,345	\$ 137,200
Environmental programs	<u>814,763</u>	<u>430,290</u>
	<u>\$ 881,108</u>	<u>\$ 567,490</u>

**10) Endowment Fund**

MCEA has a donor-restricted endowment fund. It also has a fund designated by the Board of Directors which is not deemed to be an endowment fund (see footnote 11). As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law: The Board of Directors of MCEA has interpreted the Minnesota adopted Universal Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, MCEA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. In accordance with Minnesota UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization.

The change in the permanently restricted endowment fund included a contribution of \$10,000 for an ending balance of \$557,607 as of June 30, 2009.

Return Objectives and Risk Parameters: MCEA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that provide a reasonable balance between the desire for growth and the need to protect principal.

**MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY**  
**Notes to Financial Statements**

**10) Endowment Funds, continued**

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). It targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy: MCEA has a policy that allows the Board of Directors discretion in determining annually the spending policy and considers the balance between re-investment of annual earnings with the operating needs of the organization. This is consistent with the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

**11) Designations**

The Board of Directors has designated the use of cumulative earnings from the endowment fund for future programming needs. The designated net asset balances are \$342,151 and \$415,791 as of June 30, 2009 and 2008, respectively. These amounts are not available for general operations until released by the Board of Directors. The balances include \$73,640 and \$ 68,801 of net losses on investments in 2009 and 2008, respectively.

**11) Grantor or Donor Restrictions**

Certain contributions or grants from donors are subject to special audit by the donor. Such audits could result in claims against the organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.