

**CHESAPEAKE CLIMATE ACTION NETWORK  
ACTION FUND, INC.**

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**FINANCIAL STATEMENTS**

**For the Years Ended  
June 30, 2024 and 2023  
and  
Report Thereon**

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**LANE & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report**

To the Board of Directors of  
Chesapeake Climate Action Network Action Fund, Inc.

**Opinion**

We have audited the accompanying financial statements of Chesapeake Climate Action Network Action Fund, Inc. (CCAF), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, 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 CCAF as of June 30, 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 CCAF 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 these 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 CCAF's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

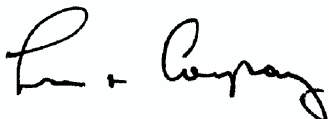
## Auditor's Responsibilities for the Audit of the Financial Statements

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 CCAF'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 CCAF'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.



Washington, D.C.  
February 25, 2025

**CHESAPEAKE CLIMATE ACTION NETWORK  
ACTION FUND, INC.  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2024 and 2023**

	<b><u>2024</u></b>	<b><u>2023</u></b>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 1,125,424	\$ 1,177,815
Accounts receivable	5,000	5,702
Prepaid expenses	48,186	38,334
Investments	505,559	-
	<hr/>	<hr/>
Total Assets	<u>\$ 1,684,169</u>	<u>\$ 1,221,851</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Accounts payable and accrued expenses	\$ 108,024	\$ 102,715
Deferred revenue	564,880	246,140
	<hr/>	<hr/>
Total Liabilities	<u>672,904</u>	<u>348,855</u>
Net Assets		
Without donor restrictions	861,265	772,996
With donor restrictions	150,000	100,000
	<hr/>	<hr/>
Total Net Assets	<u>1,011,265</u>	<u>872,996</u>
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Total Liabilities and Net Assets	<u>\$ 1,684,169</u>	<u>\$ 1,221,851</u>

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

**CHESAPEAKE CLIMATE ACTION NETWORK**  
**ACTION FUND, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2024**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenue and Support			
Raffle income, net	\$ 802,423	\$ -	\$ 802,423
Grants and contributions	98,054	443,000	541,054
Contract revenue	75,000	-	75,000
Investment income, net	5,559	-	5,559
Net assets released from restrictions	393,000	(393,000)	-
	<u>1,374,036</u>	<u>50,000</u>	<u>1,424,036</u>
Total Revenue and Support			
Expenses			
Program Services	1,150,078	-	1,150,078
Supporting Services			
Fundraising	95,373	-	95,373
General and administrative	40,316	-	40,316
	<u>135,689</u>	<u>-</u>	<u>135,689</u>
Total Supporting Services			
Total Expenses	<u>1,285,767</u>	<u>-</u>	<u>1,285,767</u>
Change in Net Assets	88,269	50,000	138,269
Net Assets, Beginning of Year	772,996	100,000	872,996
Net Assets, End of Year	<u>\$ 861,265</u>	<u>\$ 150,000</u>	<u>\$ 1,011,265</u>

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

**CHESAPEAKE CLIMATE ACTION NETWORK**  
**ACTION FUND, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenue and Support			
Raffle income, net	\$ 746,448	\$ -	\$ 746,448
Grants and contributions	47,905	273,000	320,905
Net assets released from restrictions	242,166	(242,166)	-
Total Revenue and Support	1,036,519	30,834	1,067,353
Expenses			
Program Services	459,239	-	459,239
Supporting Services			
Fundraising	92,276	-	92,276
General and administrative	39,468	-	39,468
Total Supporting Services	131,744	-	131,744
Total Expenses	590,983	-	590,983
Change in Net Assets	445,536	30,834	476,370
Net Assets, Beginning of Year	327,460	69,166	396,626
Net Assets, End of Year	\$ 772,996	\$ 100,000	\$ 872,996

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

**CHESAPEAKE CLIMATE ACTION NETWORK**  
**ACTION FUND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2024**

	<b>Program Services</b>	<b>Fundraising</b>	<b>General and Administrative</b>	<b>Total Supporting Services</b>	<b>Totals</b>
Contract services	\$ 555,562	\$ 45,011	\$ 37,505	\$ 82,516	\$ 638,078
Contributions	353,475	-	-	-	353,475
Event expenses	148,011	-	-	-	148,011
Cost sharing expenses	53,619	3,916	2,066	5,982	59,601
Financial transaction fees	-	44,239	483	44,722	44,722
Office expenses	23,294	2,147	262	2,409	25,703
Meetings and travel	9,437	60	-	60	9,497
Fines and penalties	3,580	-	-	-	3,580
Occupancy	3,100	-	-	-	3,100
Totals	<u>\$ 1,150,078</u>	<u>\$ 95,373</u>	<u>\$ 40,316</u>	<u>\$ 135,689</u>	<u>\$ 1,285,767</u>

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

**CHESAPEAKE CLIMATE ACTION NETWORK**  
**ACTION FUND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2023**

	<b>Program Services</b>	<b>Fundraising</b>	<b>General and Administrative</b>	<b>Total Supporting Services</b>	<b>Totals</b>
Contract services	\$ 262,666	\$ 41,170	\$ 32,582	\$ 73,752	\$ 336,418
Event expenses	121,291	-	-	-	121,291
Cost sharing expenses	27,825	3,246	158	3,404	31,229
Financial transaction fees	-	42,072	361	42,433	42,433
Office expenses	38,055	5,635	1,010	6,645	44,700
Meetings and travel	9,402	153	-	153	9,555
Fines and penalties	-	-	5,357	5,357	5,357
Totals	\$ 459,239	\$ 92,276	\$ 39,468	\$ 131,744	\$ 590,983

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



**CHESAPEAKE CLIMATE ACTION NETWORK**  
**ACTION FUND, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2024 and 2023**

	<u><b>2024</b></u>	<u><b>2023</b></u>
Cash flows from operating activities		
Change in net assets	\$ 138,269	\$ 476,370
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Unrealized gain on investments	(5,979)	-
Change in assets and liabilities		
Accounts receivable	702	(5,702)
Prepaid expenses	(9,852)	165,348
Accounts payable	5,308	17,154
Deferred revenue	318,740	(34,280)
	<u>447,188</u>	<u>618,890</u>
Net cash provided by operating activities		
Cash flows used in investing activities		
Purchase of investments	(500,066)	-
Sale of investments	487	-
	<u>(499,579)</u>	<u>-</u>
Net cash used in investing activities		
Net increase/(decrease) in cash and cash equivalents	(52,391)	618,890
Cash and cash equivalents, beginning of year	<u>1,177,815</u>	<u>558,925</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,125,424</u></u>	<u><u>\$ 1,177,815</u></u>

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

**CHESAPEAKE CLIMATE ACTION NETWORK**  
**ACTION FUND, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

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1. ORGANIZATION

Chesapeake Climate Action Network Action Fund, Inc. (CCAF) works to effect change in public policy at local, state, and national levels to directly address the threat of global warming. Through voter education, lobbying, and participation in the electoral process, we seek to move our country into a leadership position on the most urgent global issue of our time – the climate crisis. Together with our sister organization, the Chesapeake Climate Action Network (CCAN), we focus most of our efforts in the Chesapeake Bay states of Maryland, Virginia, and the District of Columbia. CCAF’s activities are primarily funded through grants, contributions, program services, and raffle ticket sales.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

CCAF’s financial statements are presented on the accrual basis of accounting, which presents financial position, activities, functional expenses, and cash flows in accordance with accounting principles generally accepted in the United States of America as promulgated by FASB ASC 958, *Not-for-Profit Entities*.

Use of 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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Grants and contributions are recognized as revenue when received or when a legally binding pledge is communicated, whichever occurs first. CCAF reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets to one of CCAF’s programs or to future periods. When a donor restriction is met, that is, when a purpose restriction is accomplished or a time restriction expires, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the accompanying statements of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net assets without restrictions if the restriction expires in the reporting period in which the support is recognized.

**CHESAPEAKE CLIMATE ACTION NETWORK**  
**ACTION FUND, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Raffle income is considered an exchange transaction and is recognized when the raffle drawing occurs. Raffle ticketholders provide cash to CCAF in exchange for the opportunity to win a tangible prize at the drawing date—historically an electric vehicle. Cash received for raffle tickets in advance of the drawing is considered deferred revenue and comprises the balances of deferred revenue for the statements of financial position as of June 30, 2024 and 2023.

CCAF also performs advocacy services that further its mission in the form of contract revenue with various parties. These services are exchange transactions in nature and involve a bundle of services that are recognized ratably over the course of the contract to which the services relate.

Cash and Cash Equivalents

Cash and cash equivalents include a checking account and funds in transit. For the purpose of the statement of cash flows, CCAF considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Classification of Net Assets

CCAF's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of CCAF's operations.
- Net assets with donor restrictions represent amounts that are specifically restricted by donors or grantors for various purposes or for use in future time periods.

Concentrations of Credit Risk

CCAF maintains its cash balance at one financial institution. This account is insured by the Federal Deposit Insurance Corporation up to \$250,000. Management continually monitors its position with, and credit quality of, the financial institution with which it places its cash and cash equivalents and believes this amount is not subject to significant credit risk.

**CHESAPEAKE CLIMATE ACTION NETWORK**  
**ACTION FUND, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of providing CCAF's various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been directly allocated to programs and supporting services based on the nature of the expenses and certain indirect costs have been proportionately allocated among the programs and supporting services benefited based on a percentage of personnel costs across departments and on a cost sharing agreement with CCAN.

Newly Adopted Accounting Pronouncements

During the year ending June 30, 2024, CCAF adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326). The new standard replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. The adoption of this standard had no impact on CCAF's financial statements.

3. LIQUIDITY

CCAF monitors liquidity required to meet its operating needs and other contractual commitments. The organization's primary source of liquidity at its disposal consists of cash and cash equivalents.

The following table reflects CCAF's financial assets as of June 30, 2024 and 2023, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position dates.

**CHESAPEAKE CLIMATE ACTION NETWORK**  
**ACTION FUND, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

3. LIQUIDITY (continued)

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,125,424	\$ 1,177,815
Accounts receivable	5,000	5,702
Investments	<u>505,559</u>	<u>--</u>
Total financial assets	1,635,983	1,185,517
Less:		
Accounts payable	(108,024)	(102,715)
Net assets with donor restrictions	<u>(150,000)</u>	<u>(100,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,377,959</u>	<u>\$ 980,802</u>

4. INVESTMENTS

Investments at June 30, 2024 consisted of the following:

	<u>2024</u>	
	<u>Cost</u>	<u>Market</u>
Fixed income	\$ 498,672	\$ 504,231
Cash held for investments	<u>1,328</u>	<u>1,328</u>
Total investments	<u>\$ 500,000</u>	<u>\$ 505,559</u>

Investment income for the year ended June 30, 2024 is summarized as follows:

	<u>2024</u>
Interest	\$ 67
Unrealized gain	5,979
Less: investment fees	<u>(487)</u>
Investment income, net	<u>\$ 5,559</u>

**CHESAPEAKE CLIMATE ACTION NETWORK**  
**ACTION FUND, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

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5. FAIR VALUE MEASUREMENTS

CCAF has implemented Accounting Standards Codification (ASC) 820. ASC 820 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. ASC 820 uses the following prioritized input levels to measure fair value. The input levels used for valuing investments and cash equivalents are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes;

Level 2 – Includes inputs other than level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data;

Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

Investments, stated at fair value, consisted of the following at June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income	\$ 504,231	\$ -	\$ -	\$ 504,231
Cash	<u>1,328</u>	<u>-</u>	<u>-</u>	<u>1,328</u>
Total	<u>\$ 505,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 505,559</u>

6. NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2024 and 2023, net assets with donor restrictions were subject to the following restrictions:

	<u>2024</u>	<u>2023</u>
Program-restricted	\$ <u>150,000</u>	\$ <u>100,000</u>
Total Net Assets with Donor Restrictions	\$ <u>150,000</u>	\$ <u>100,000</u>

**CHESAPEAKE CLIMATE ACTION NETWORK**  
**ACTION FUND, INC.**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

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7. PROGRAM SERVICES

Clean Energy: CCAF advocates for the enactment of strong local, state, and federal clean-energy laws and regulations.

Advancing Federal Leadership on Climate: We work to educate citizens of Maryland, Virginia, and Washington, DC about the climate stance of federal candidates and provide ways to take action, including letter-writing and phone banking.

Polluter Accountability: CCAF works on Capitol Hill to advance legislation to hold polluters accountable for the costs of climate change.

8. INCOME TAXES

CCAF is classified under Internal Revenue Service code section 501(c)(4) and is exempt from federal income taxes. As of June 30, 2024 and 2023, no provision for income taxes was made as CCAF had no net unrelated business income. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition on the financial statements.

9. RELATED PARTY TRANSACTIONS

CCAF is related to Chesapeake Climate Action Network, Inc. (CCAN), a 501(c)(3) organization. CCAF shares board members and management with CCAN but does not meet the requirements to consolidate due to insufficient control and economic interest.

Additionally, CCAN receives revenue from CCAF in the form of staff time and incidental costs incurred in service of CCAF. During the years ended June 30, 2024 and 2023, CCAF recognized \$603,140 and \$313,912 in expenses from a cost-sharing agreement with CCAN, reported as contract services on the accompanying statements of functional expenses. As of June 30, 2024 and 2023, receivables from CCAN totaling \$0 and \$5,702, respectively, are reported as accounts receivable on the accompanying statements of financial position. Payables to CCAN totaling \$84,250 and \$90,416, respectively, are reported as accounts payable in the accompanying statements of financial position.

**CHESAPEAKE CLIMATE ACTION NETWORK  
ACTION FUND, INC.  
Notes to Financial Statements  
For the Years Ended June 30, 2024 and 2023**

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10. SUBSEQUENT EVENTS

In preparing these financial statements, CCAF has evaluated events and transactions for potential recognition through February 25, 2025, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further disclosure.