

ECOLOGY ACTION CENTER
AUDITED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2010 AND 2009

MOSE, YOCKEY, BROWN & KULL, LLC
CERTIFIED PUBLIC ACCOUNTANTS
SHELBYVILLE, ILLINOIS

230 N. Morgan Street
P.O. Box 317
Shelbyville, IL 62565
Tel: 217.774.9587
Fax: 217.774.9589
Email: mybkcpas@consolidated.net

MYB&K
MOSE, YOCKEY, BROWN & KULL, LLC
Certified Public Accountants

ROBIN R. YOCKEY, CPA
HOPE M. BROWN, CPA
KENT D. KULL, CPA

WILLIAM R. MOSE, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ecology Action Center
Normal, IL 61761

We have audited the accompanying statements of assets, liabilities, and net assets-modified cash basis of the Ecology Action Center as of June 30, 2010 and 2009, and the related statements of revenues, expenses and other changes in net assets-modified cash basis for the years then ended. These financial statements are the responsibility of Ecology Action Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in a material respects, the assets, liabilities, and net assets of the Ecology Action Center as of June 30, 2010 and 2009, and the revenues received, expenditures disbursed and other changes in net assets for the years then ended, on the basis of accounting described in Note 1.

Mose, Yockey, Brown & Kull, LLC

Mose, Yockey, Brown & Kull, LLC
Certified Public Accountants

November 3, 2010

ECOLOGY ACTION CENTER
 STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS-
 MODIFIED CASH BASIS
JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Current Assets		
Cash and Cash Equivalents	\$ 55,741	\$ 55,951
Investments	\$ 112,000	\$ 90,808
Property and Equipment	\$ 28,098	\$ 28,098
Less Accumulated Depreciation	<u>(13,010)</u>	<u>(10,947)</u>
Net Property and Equipment	\$ 15,088	\$ 17,151
Total Assets	<u>\$ 182,829</u>	<u>\$ 163,910</u>
 <u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES	\$ --	\$ --
NET ASSETS		
Temporarily Restricted	\$ --	\$ --
Unrestricted	<u>182,829</u>	<u>163,910</u>
Total Net Assets	\$ 182,829	\$ 163,910
Total Liabilities and Net Assets	<u>\$ 182,829</u>	<u>\$ 163,910</u>

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

ECOLOGY ACTION CENTER
STATEMENTS OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS-
MODIFIED CASH BASIS
FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

	2010		2009		Total
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	
SUPPORT AND REVENUE					
Contract Fees	\$ 93,472	--	\$ 93,472	\$ --	\$ 90,900
Contributions	15,292	--	15,292	--	10,108
Grant Income	25,500	--	25,500	--	20,500
Investment Return	3,074	--	3,074	--	3,128
Membership Dues	9,988	--	9,988	--	10,795
Merchandise Sales	3,143	--	3,143	--	7,565
Miscellaneous Income	120	--	120	--	2,864
Program Fees	35,901	--	35,901	--	30,362
Total Support and Revenue	\$ 186,490	\$ --	\$ 186,490	\$ --	\$ 176,222
EXPENSES					
Wages and Salaries	\$ 87,684	--	\$ 87,684	\$ --	\$ 93,300
Payroll Taxes	7,620	--	7,620	--	7,137
Insurance	1,995	--	1,995	--	3,597
Travel & Conference	1,915	--	1,915	--	2,017
Office Expense	20,047	--	20,047	--	12,921
Utilities	2,229	--	2,229	--	2,381
Repair and Maintenance	1,271	--	1,271	--	675
Equipment Rental	88	--	88	--	54
Telephone	1,856	--	1,856	--	1,726
Dues and Subscriptions	350	--	350	--	425
Administrative	362	--	362	--	487
Professional & Program Fees	37,927	--	37,927	--	26,488
Depreciation	2,063	--	2,063	--	1,951
Miscellaneous	38	--	38	--	10
Loss on Sale of Securities	808	--	808	--	--
Fundraising Cost of Goods Sold	1,318	--	1,318	--	7,185
Total Expenses	\$ 167,571	\$ --	\$ 167,571	\$ --	\$ 160,354
Increase in Net Assets	\$ 18,919	\$ --	\$ 18,919	\$ --	\$ 15,868
NET ASSETS, Beginning	163,910	--	163,910	--	148,042
NET ASSETS, Ending	\$ 182,829	\$ --	\$ 182,829	\$ --	\$ 163,910

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

ECOLOGY ACTION CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 1 - SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Summary of Activities

Mid-Central Illinois Operation Recycle, Inc. was founded on May 25, 1982. Since ending its recyclable collection service in 1998, the center has operated under the name of Ecology Action Center. The Center legally changed its name to Ecology Action Center effective August 10, 2004. The Center is a not-for-profit organization whose mission and purpose is to inspire and assist residents of McLean County in creating, strengthening and preserving a healthy environment.

Significant Accounting Policies

Basis of Accounting

Financial statements of Ecology Action Center, Inc. are prepared on the modified cash basis of accounting. That basis differs from accounting principles generally accepted in the United States of America in that revenues are recognized when received rather than when earned, and expenses are recognized when cash is disbursed rather than when the obligation is incurred. However, depreciation expense is recognized. Prior to June 30, 1996, the Ecology Action Center prepared its financial statements in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Center adopted Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Center is required to report information regarding its assets, liabilities, and net assets; and revenues, expenses and other changes in net assets according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by this statement, the Center has reclassified its statement of assets, liabilities, and net assets – modified cash basis to present the classes of net assets required.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors in perpetuity. For the years ended June 30, 2010 and 2009, the Center has no temporarily restricted net assets and no permanently restricted net assets.

Revenue and Expense Recognition

Fees collected under contracts and unrestricted contributions are recognized as revenue in the statement of revenues, expenses and other changes in net assets – modified cash basis as received. Expenditures of unrestricted funds are recognized as expenses when expended.

ECOLOGY ACTION CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 1 - SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

The Center capitalizes all assets in excess of \$1,000. Property and equipment is reported at cost, or, in the case of donated property, at estimated fair value determined as of the date of receipt. Depreciation is calculated using the straight-line method over the estimated useful lives of assets, which ranges from 5 to 20 years.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions, such as estimated useful lives, that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Ecology Action Center considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Ecology Action Center has included in cash and cash equivalents: petty cash, demand deposit accounts, and money market accounts.

Investments

Investments consist of interest bearing time deposits and are stated at cost. Gains or losses on the sale of investments are recognized upon realization.

Income Taxes

The Ecology Action Center is a not-for-profit organization and is exempt from income taxes under section 501(c) (3) of the Internal Revenue Code and is recognized by the State of Illinois under the Charitable and General Solicitation Act and therefore has made no provision, nor shows any expense for federal income taxes in the accompanying financial statements. In addition, the Ecology Action Center has been classified as an entity that is not a private foundation within the meaning of section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended June 30, 2010 and 2009.

Note 2 - PROPERTY AND EQUIPMENT

Property and equipment consists of office equipment and leasehold improvements. Depreciation expense for the fiscal years ended June 30, 2010 and 2009 was \$2,063 and \$1,951, respectively.

ECOLOGY ACTION CENTER
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 3 - LEASES

Ecology Action Center leases its administrative office at 202 West College Avenue from the Town of Normal. The current lease term is January 1, 2006 to December 31, 2011 with an annual rent of five dollars (\$5) payable in advance.

Note 4 - MAJOR SOURCE OF REVENUE

A material portion of the Center's revenue is received from McLean County for Recycling Waste Education, Storm Water Education and Battery Recycling. Revenues for the years ended June 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Revenue Received from		
McLean County	\$108,400	\$120,473
<u>86,760</u>		

Note 5 - INVESTMENTS

Investments in interest bearing time deposits are stated at cost. Fair value and unrealized appreciation (depreciation) at June 30, 2010 and 2009 are summarized as follows:

June 30, 2010			
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Bank of America-CD	\$ 26,000	\$ 26,000	--
State Bank of India-CD	44,000	44,000	--
American Express Bank-CD	42,000	42,000	--
Totals	<u>\$112,000</u>	<u>\$112,000</u>	<u>\$ --</u>
June 30, 2009			
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
GE Money Bank-CD	\$ 27,000	\$ 27,000	--
Wachovia MTG FSB-CD	38,808	38,808	--
Wachovia Bank-CD	25,000	25,000	--
Totals	<u>\$ 90,808</u>	<u>\$ 90,808</u>	<u>\$ --</u>

ECOLOGY ACTION CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Note 5 – INVESTMENTS (Continued)

The following schedule summarizes the investment return and its classification in the statement of revenues, expenses and other changes in net assets-modified cash basis for the years ended:

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
	<u>Unrestricted</u>	<u>Unrestricted</u>
Net interest income	\$ 3,074	\$ 3,128
Net realized loss	<u>(808)</u>	<u>--</u>
Total investment return	<u>\$ 2,266</u>	<u>\$ 3,128</u>