FINANCIAL STATEMENTS

clasp

COLLABORATIVE LABELING & APPLIANCE STANDARDS PROGRAM, INC.

FOR THE YEAR ENDED DECEMBER 31, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014

COLLABORATIVE LABELING & APPLIANCE STANDARDS PROGRAM, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Collaborative Labeling & Appliance Standards Program, Inc.
Washington, D.C.

We have audited the accompanying financial statements of the Collaborative Labeling & Appliance Standards Program, Inc. (CLASP), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CLASP as of December 31, 2015, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

4550 MONTGOMERY AVENUE · SUITE 650 NORTH · BETHESDA, MARYLAND 20814
(301) 951-9090 · FAX (301) 951-3570 · WWW.GRFCPA.COM

Report on Summarized Comparative Information

We have previously audited CLASP's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 11, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman Rosenberg & Freedman

April 21, 2016

COLLABORATIVE LABELING & APPLIANCE STANDARDS PROGRAM, INC.

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014

ASSETS

	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	$ 792,516	$ 1,548,514
Accounts receivable	645,524	202,698
Prepaid expenses	4,083	56,484
Total current assets	1,442,123	1,807,696
FIXED ASSETS		
Furniture	24,480	162,169
Leasehold improvements	-	94,853
	24,480	257,022
Less: Accumulated depreciation and amortization	(13,381)	(186,786)
Net fixed assets	11,099	70,236
OTHER ASSETS		
Deposits	113,214	77,753
TOTAL ASSETS	**$ 1,566,436**	**$ 1,955,685**

LIABILITIES AND NET ASSETS

	2015	2014
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 206,100	$ 250,120
Refundable advance	57,966	133,881
Current portion of deferred rent abatement	-	13,307
Total current liabilities	264,066	397,308
NET ASSETS		
Unrestricted	266,431	693,195
Temporarily restricted	1,035,939	865,182
Total net assets	1,302,370	1,558,377
TOTAL LIABILITIES AND NET ASSETS	**$ 1,566,436**	**$ 1,955,685**

COLLABORATIVE LABELING & APPLIANCE STANDARDS PROGRAM, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Foundation grants	$ 127,942	$ 2,000,000	$ 2,127,942	$ 3,550,000
Government grants	1,627,407	-	1,627,407	1,717,994
International grants	634,256	-	634,256	195,942
Contracts	602,477	-	602,477	159,971
Interest and other income	2	-	2	45,755
Net assets released from donor restrictions	1,829,243	(1,829,243)	-	-
Total revenue	4,821,327	170,757	4,992,084	5,669,662
EXPENSES				
Program Services:				
Climate Works	2,172,852	-	2,172,852	3,063,946
SEAD	1,565,180	-	1,565,180	1,783,456
Global LEAP	325,670	-	325,670	235,759
Regional Technical Support	1,120,705	-	1,120,705	110,309
DOS - Chile	62,227	-	62,227	28,927
Total program services	5,246,634	-	5,246,634	5,222,397
Supporting Services:				
Management and General	1,457	-	1,457	17
Fundraising	-	-	-	481
Total supporting services	1,457	-	1,457	498
Total expenses	5,248,091	-	5,248,091	5,222,895
Change in net assets before other item	(426,764)	170,757	(256,007)	446,767
OTHER ITEM				
Net realized/unrealized loss on currency exchange	-	-	-	(8,305)
Change in net assets	(426,764)	170,757	(256,007)	438,462
Net assets at beginning of year	693,195	865,182	1,558,377	1,119,915
NET ASSETS AT END OF YEAR	**$ 266,431**	**$ 1,035,939**	**$ 1,302,370**	**$ 1,558,377**

See accompanying notes to financial statements.

COLLABORATIVE LABELING & APPLIANCE STANDARDS PROGRAM, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014

	2015					
	Program Services					
	Climate Works	SEAD	Global LEAP	Regional Technical Support	DOS - Chile	Total Program Services
Salaries and related expenses	$ 527,361	$ 440,442	$ 127,700	$ 374,837	$ 11,951	$ 1,482,291
Contractor expenses	758,196	650,319	41,154	344,597	31,033	1,825,299
Payroll processing, accounting and legal fees	21,428	6,052	1,301	5,073	-	33,854
Telephone and telecommunications	7,936	8,113	799	1,108	13	17,969
Office expenses	46,799	24,083	2,886	3,561	-	77,329
Occupancy	50,861	24,741	-	-	-	75,602
Travel and meeting expenses	95,511	52,794	47,544	49,739	3,101	248,689
Depreciation and amortization	-	-	-	-	-	-
Miscellaneous	922	33	58	108	-	1,121
Loss on disposal	-	-	-	-	-	-
Sub-total	1,509,014	1,206,577	221,442	779,023	46,098	3,762,154
Allocation of management and general	663,838	358,603	104,228	341,682	16,129	1,484,480
TOTAL	$ 2,172,852	$ 1,565,180	$ 325,670	$ 1,120,705	$ 62,227	$ 5,246,634

		2014
Supporting Services		
Management and General	Total Expenses	Total Expenses
$ 777,332	$ 2,259,623	$ 2,513,774
63,913	1,889,212	1,695,716
128,714	162,568	156,886
56,098	74,067	82,966
175,900	253,229	121,946
159,508	235,110	227,445
47,566	296,255	347,494
11,128	11,128	47,259
17,769	18,890	29,409
48,009	48,009	-
1,485,937	5,248,091	5,222,895
(1,484,480)	-	-
$ 1,457	**$ 5,248,091**	**$ 5,222,895**

See accompanying notes to financial statements.

COLLABORATIVE LABELING & APPLIANCE STANDARDS PROGRAM, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (256,007)	$ 438,462
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	11,128	47,259
Loss on disposal of fixed assets	48,009	-
(Increase) decrease in:		
Accounts receivable	(442,826)	(106,402)
Prepaid expenses	52,401	(30,892)
Deposits	(35,461)	(48,671)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(44,020)	63,860
Refundable advance	(75,915)	(115,997)
Deferred rent abatement	(13,307)	(29,686)
Net cash (used) provided by operating activities	(755,998)	217,933
Net (decrease) increase in cash and cash equivalents	(755,998)	217,933
Cash and cash equivalents at beginning of year	1,548,514	1,330,581
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 792,516**	**$ 1,548,514**

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

CLASP improves the environmental and energy performance of the appliances and related systems we use every day, lessening their impacts on people and the world around us. Since 1999, CLASP has worked in over 50 economies, developing and sharing transformative policy and market solutions in collaboration with global experts and local stakeholders. As the leading international voice and resource for appliance standards and labeling (S&L) policies, CLASP:

- Convenes stakeholders
- Conducts analyses
- Identifies best practices
- Shares knowledge
- Guides decision-makers
- Builds capacity
- Transforms markets

All with the goal of drastically increasing market uptake of affordable, low-impact, high-quality appliances.

CLASP's headquarters are located in Washington, D.C.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

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 CLASP's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Cash and cash equivalents -

CLASP considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of $250,000. At times during the year, CLASP maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal. Additionally, as of December 31, 2015, CLASP maintained $67,138 of cash on hand and in a bank overseas, and all such funds are largely uninsured. Management believes the risk in these situations to be minimal.

Foreign currency -

The U.S. Dollar is the functional currency of CLASP. Transactions in currencies other than Dollars are translated into Dollars at the rates of exchange in effect during the month of the transaction. Property and equipment purchases with non-U.S. currency are translated into Dollars at the exchange rate in effect at the time of purchase. Assets and liabilities denominated in non-U.S. currency are translated into Dollars at the exchange rate in effect at the date of the balance sheet. For the year ended December 31, 2015, there was no exchange gain or loss from foreign currency.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Accounts receivable -

Accounts receivable approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established. Accounts receivable are expected to be collected within one year.

Fixed assets -

Fixed assets in excess of $5,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally five to seven years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended December 31, 2015 totaled $11,128.

Income taxes -

CLASP is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. CLASP is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2015, CLASP has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Net asset classification -

The net assets are reported in three self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of CLASP and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of CLASP and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.
- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in perpetuity by CLASP. Investment earnings from the endowment funds would be spent in accordance with donor restrictions. At December 31, 2015, CLASP had no permanently restricted net assets.

Contributions and grants -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Contributions and grants (continued) -

CLASP receives funding under grants and contracts from the U.S. and foreign governments, international organizations and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Accounts receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements. Funding received in advance of incurring the related expenses is recorded as a refundable advance. At December 31, 2015, refundable advances totaled $57,966, all of which were from non-federal sources.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

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

2. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2015:

Country Programs	**$ 1,035,939**

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Country Programs	**$ 1,829,243**

3. LEASE COMMITMENTS

CLASP leased office space under a five-year agreement, which originated in June 2010 and was set to expire on May 31, 2015. Base rent was $164,256 per year, plus a proportionate share of expenses, increasing by a factor of 3% per year. In February 2015, CLASP terminated their existing lease and moved into a new shared workspace environment. Base rent under the new lease agreement is $13,650 per month, with a 50% discount for the months of December 2014 through February 2015. Starting in March 2015, CLASP pays $11,603 base monthly rent at a 15% discount. The agreement can be terminated at any time with one (1) month's notice.

3. LEASE COMMITMENTS (Continued)

In addition, CLASP leased office space in China and India. The China office space expired after being extended through July 31, 2015. The India office lease was entered into effect in November 2014, and is set to expire on October 30, 2016.

The following is a schedule of the future minimum lease payments:

Year Ending December 31, 2016	**$ 39,000**

Rent expense, including operating costs and utilities, for the year ended December 31, 2015 was $235,110. There was no deferred rent liability as of December 31, 2015.

4. RETIREMENT PLAN

CLASP provides retirement benefits to its employees through a defined contribution plan covering all full-time employees with one year of eligible experience. CLASP contributes 1% of gross wages and matches 100% of employee contributions up to 5.50% of gross wages. Contributions to the plan during the year ended December 31, 2015 totaled $86,622.

5. CONCENTRATION OF REVENUE

Approximately 37% of CLASP's revenue was derived from grants awarded by one donor, with an additional 31% of revenue through a cooperative agreement. Any interruption to either of those relationships (i.e. failure to renew grant agreements or withholding of funds) would adversely affect CLASP's ability to finance current programs and operations. Management believes no such termination will occur.

6. CONTINGENCY

CLASP receives grants from various agencies of the United States Government. For fiscal years through December 31, 2014, such grants were subject to audit under the provisions of OMB Circular A-133. Beginning for fiscal year ended December 31, 2015, such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2015. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

7. LINE OF CREDIT

CLASP has a $100,000 bank line of credit, which matures March 12, 2017. Amounts borrowed under this agreement bear interest at the highest prime rate published by the Wall Street Journal and is subject to change (5.35% at December 31, 2015). There were no outstanding borrowings as of December 31, 2015. The line is secured by cash held in accounts at the same financial institution.

8. SUBSEQUENT EVENTS

In preparing these financial statements, CLASP has evaluated events and transactions for potential recognition or disclosure through April 21, 2016, the date the financial statements were issued.