



# California Environmental Justice Alliance

Financial Report

December 31, 2024

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## **Independent Auditor's Report**

To the Board of Directors of the California Environmental Justice Alliance

### **Opinion**

We have audited the accompanying financial statements of the California Environmental Justice Alliance (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the six months 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 the California Environmental Justice Alliance as of December 31, 2024, and the changes in net assets and its cash flows for the six months then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit 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 the California Environmental Justice Alliance and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the California Environmental Justice Alliance'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 the California Environmental Justice Alliance'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 the California Environmental Justice Alliance'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.

WEST RHODE & ROBERTS  
San Diego, California  
October 14, 2025

## CALIFORNIA ENVIRONMENTAL JUSTICE ALLIANCE

Statement of Financial Position

December 31, 2024

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### Assets

Cash and cash equivalents	\$ 7,125,714
Grants receivable	97,037
Prepays and other assets	69,944
Right of use assets	161,062
Total assets	<u>\$ 7,453,757</u>

### Liabilities and net assets

#### Liabilities:

Accounts payable and accrued expenses	\$ 383,366
Deferred revenue	926,155
Lease liabilities	161,962
Total liabilities	<u>1,471,483</u>

#### Net assets:

Without donor restrictions	
Board designated for operating reserves	2,000,000
Undesignated	<u>2,180,921</u>
Total without donor restrictions	4,180,921
With donor restrictions	<u>1,801,353</u>
Total net assets	<u>5,982,274</u>
Total liabilities and net assets	<u>\$ 7,453,757</u>

## CALIFORNIA ENVIRONMENTAL JUSTICE ALLIANCE

Statement of Activities

Six Months Ended December 31, 2024

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	Without donor restrictions	With donor restrictions	Total
<b>Operating Activities:</b>			
<b>Support and revenues</b>			
Grant revenue	\$ 1,871,376	\$ -	\$ 1,871,376
Contributions	260,818	1,287,603	1,548,421
Interest income	99,576	-	99,576
Other income	1,599	-	1,599
Net assets released from restriction			
Satisfaction of time restrictions	<u>777,222</u>	<u>(777,222)</u>	<u>-</u>
Total operating support and revenues	<u>3,010,591</u>	<u>510,381</u>	<u>3,520,972</u>
<b>Expenses</b>			
Program services:			
Energy justice	644,743	-	644,743
Land use	481,359	-	481,359
Civic engagement	778,183	-	778,183
Climate justice	91,563	-	91,563
Total program services	<u>1,995,848</u>	<u>-</u>	<u>1,995,848</u>
Supporting services:			
Management and general	811,127	-	811,127
Fundraising	194,760	-	194,760
Total operating expenses	<u>3,001,735</u>	<u>-</u>	<u>3,001,735</u>
Change in net assets	8,856	510,381	519,237
Net assets at beginning of period	<u>4,172,065</u>	<u>1,290,972</u>	<u>5,463,037</u>
Net assets at end of period	<u>\$ 4,180,921</u>	<u>\$ 1,801,353</u>	<u>\$ 5,982,274</u>

**CALIFORNIA ENVIRONMENTAL JUSTICE ALLIANCE**

Statement of Functional Expenses  
Six Months Ended December 31, 2024

	Program Services				Total Programs	Supporting Services		
	Energy Justice	Land Use	Civic Engagement	Climate Justice		Management and General	Fundraising	Total
<b>Expenses</b>								
Personnel								
Salaries & wages	\$ 226,679	\$ 96,614	\$ 227,393	\$ 54,215	\$ 604,901	\$ 322,304	\$ 149,643	\$ 1,076,848
Payroll taxes and benefits	44,097	18,700	48,126	11,657	122,580	65,742	31,743	220,065
Total personnel	270,776	115,314	275,519	65,872	727,481	388,046	181,386	1,296,913
Grants and assistance to others	210,000	335,000	162,500	-	707,500	100,000	-	807,500
Professional fees	133,581	7,557	120,600	1,644	263,382	161,042	6,389	430,813
Travel and conferences	1,642	2,378	83,574	18,250	105,844	103	20	105,967
Program materials and supplies	21,699	18,011	59,849	75	99,634	4,291	832	104,757
Provision for uncollectable receivables	-	-	-	-	-	100,000	-	100,000
Office expenses	1,912	615	10,682	301	13,510	49,357	2,261	65,128
Stipends and participant support	3,352	-	60,775	-	64,127	-	-	64,127
Occupancy	1,781	2,484	4,684	5,421	14,370	8,288	3,872	26,530
	<u>\$ 644,743</u>	<u>\$ 481,359</u>	<u>\$ 778,183</u>	<u>\$ 91,563</u>	<u>\$ 1,995,848</u>	<u>\$ 811,127</u>	<u>\$ 194,760</u>	<u>\$ 3,001,735</u>

## CALIFORNIA ENVIRONMENTAL JUSTICE ALLIANCE

Statement of Cash Flows

Six Months Ended December 31, 2024

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### Cash flows from operating activities

Change in net assets	\$ 519,237
Adjustment to reconcile change in net assets to net cash from operating activities	
Non cash lease expense	621
Change in allowance for uncollectable accounts	100,000
Changes in operating assets and liabilities	
Grants receivable	93,079
Prepays and other assets	11,395
Accounts payable and accrued expenses	(88,579)
Deferred revenue	<u>87,747</u>
Net cash provided by operating activities	<u>723,500</u>
Change in cash and cash equivalents	723,500
Cash and cash equivalents at beginning of period	<u>6,402,214</u>
Cash and cash equivalents at end of period	<u>\$ 7,125,714</u>

# California Environmental Justice Alliance

## Notes to Financial Statements

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### Note 1. Organization and Significant Accounting Policies

#### Organization and Activities

California Environmental Justice Alliance (CEJA) is a private, non-profit 501(c)(3) organization founded in June 2023. The CEJA Board of Directors is comprised of the Executive Directors of each of the following organizations:

- Asian Pacific Environmental Network
- Communities for a Better Environment
- Center for Community Action and Environmental Justice
- Center on Race, Poverty, and the Environment
- Environmental Health Coalition
- People Organizing to Demand Environmental and Economic Rights
- Physicians for Social Responsibility - Los Angeles

CEJA's mission is dedicated to environmental and social justice. We believe that justice is achieved when empowered communities act together to make social change. We organize and advocate to protect public health and the environment threatened by toxic pollution. CEJA supports efforts to create a just society, and which foster a healthy and sustainable quality of life.

CEJA's work is focused primarily around five campaign areas:

- **Energy Justice:** CEJA's Energy Justice program seeks to ensure California transitions equitably from dirty fossil fuels to 100% clean, renewable energy by mobilizing residents in low-income communities of color to advocate for the expansion of renewable energy access and small-scale clean energy generation in their communities. CEJA has also launched a major campaign, Regenerate California, with our partner, Sierra Club California. Associated with our Energy Justice Program, Regenerate California seeks to shut down all gas-fired power plants in California, starting with the dirtiest plants in environmental justice communities, and replace them with community-beneficial clean energy and other projects. Another component of CEJA's Energy Justice program is our SOMAH (Solar on Multifamily Affordable Housing) Program Administrator work, which includes meaningful outreach to environmental justice (EJ) communities to ensure equitable access to rooftop solar, energy bill savings, and paid job training opportunities in the solar industry. Through these efforts, EJ communities will directly benefit from the growing clean-energy economy's environmental, economic, and labor benefits.
- **Land Use:** Green Zones are areas that have experienced historic disinvestment and neglect – most often low-income communities and communities of color – where residents have been organizing for decades to reduce industrial pollution and implement solutions that address the unhealthy (and often discriminatory) land use patterns that have shaped how our communities look today. Green Zones uses place-based strategies to transform areas overburdened by pollution into healthy, thriving neighborhoods through comprehensive, community-led, solution-oriented, and collaborative approaches.

# California Environmental Justice Alliance

## Notes to Financial Statements

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- **Nonpartisan Civic Engagement:** CEJA's 501(c)(3) civic engagement program seeks to engage voters of color in environmental justice communities to support just policies that protect community health and well-being. Our goal is to enhance the capacity of residents to conduct civic engagement activities to strengthen the EJ voter bloc across California. This is achieved by supporting the creation and implementation of targeted civic engagement outreach and related educational programs and materials with our grassroots membership.
- **Climate Justice:** CEJA's Climate Justice program seeks to advance statewide climate policies that protect and benefit EJ communities and meet fossil fuel phase-out goals while most effectively fighting climate change. Our goals under this program are to strengthen collaboration with local partners to improve Cap-and-trade policies, reduce greenhouse gas (GHG) emissions and related pollutants, and block dirty hydrogen infrastructure. Sustainable transportation and building meaningful partnerships with labor groups to align on Just Transition priorities are also critical areas of work under this program.
- **Building the EJ Voice in State Policy:** This program seeks to build the profile of environmental justice issues in statewide policy, increase accountability among elected officials, and increase the number of community leaders engaged in advancing environmental justice policy.

### Significant Accounting Policies

**Method of Accounting** – The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

**Basis of Presentation** – The financial statements of CEJA have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require CEJA to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of CEJA. These net assets may be used at the discretion of CEJA's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CEJA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

**Measure of Operations** – The statement of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to CEJA's ongoing programs. Nonoperating activities are limited to resources that generate return from long-term investments and other activities considered to be of a more unusual or nonrecurring nature.

## California Environmental Justice Alliance

### Notes to Financial Statements

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**Revenue Recognition** – CEJA recognizes revenue in accordance with the following policies:

Contributions and Grant Revenues – CEJA receives funding primarily through grants and contributions from foundations, government agencies, and other donors. In accordance with ASC 958-605, revenue is evaluated to determine whether it represents a conditional or unconditional contribution.

Unconditional contributions are recognized as revenue in the period received or pledged. Conditional contributions, those that include both (a) a measurable performance barrier and (b) a right of return or release—are recognized only when the conditions have been substantially met. Amounts received in advance of satisfying such conditions are recorded as deferred revenue until the conditions are fulfilled.

Grants and contributions are reported as either with donor restrictions or without donor restrictions, depending on the existence and nature of any donor-imposed stipulations. When a donor restriction expires—through the passage of time or fulfillment of a purpose restriction—net assets are reclassified and reported as net assets released from restrictions in the statement of activities.

Contributions with donor-imposed stipulations that the principal be maintained in perpetuity are classified as net assets with donor restrictions and treated as endowments. Investment income earned on such assets is generally restricted for donor-specified purposes.

Contributed Services – Contributed services are recognized as revenue if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Such services are recorded at their estimated fair value. During the six months ending December 31, 2024, no contributed services were recognized.

**Cash and Cash Equivalents** – CEJA considers all highly liquid investments with an original maturity of less than three months to be cash equivalents.

**Grants Receivable** – Grants receivable consist of amounts earned but not yet received as of December 31, 2024, primarily related to grants and contributions for which any associated conditions have been met. As of December 31, 2024, the total grants receivable balance was \$197,000. This includes a \$100,000 receivable from CEJA's former fiscal sponsor, which was initially retained during the fiscal sponsorship wind-down to allow for final reconciliation. After the balances were agreed upon, the Organization permitted the fiscal sponsor to retain the funds temporarily, effectively converting the amount into an unsecured, short-term loan.

The Organization evaluates the collectability of receivables based on a combination of specific account review, historical experience with funding sources, current conditions, and other relevant risk factors. An allowance for doubtful accounts of \$100,000 was recorded as of December 31, 2024, reflecting management's estimate of potential credit losses, including the full amount of the receivable due from the former fiscal sponsor. Management believes the remaining balance is fully collectible.

At June 30, 2024, the grants receivable balance was \$290,116, and no allowance for doubtful accounts had been recorded.

## California Environmental Justice Alliance

### Notes to Financial Statements

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**Leases** – Under ASC 842, CEJA determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets represent the right to control the use of an identified asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. CEJA does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

**Deferred Revenue** – Deferred revenue consists of grant and contribution funding received in advance of meeting donor-imposed conditions. In accordance with ASC 958-605, such amounts are recognized as revenue when the specified conditions have been substantially met. Until that time, they are recorded as a liability.

**Functional Allocation of Expenses** – The statement of functional expenses presents expense by function and natural classification. Expenses directly attributable to a specific functional area of the organization are reported as expenses of those functional areas. A portion of costs that benefit multiple functional areas (indirect costs) have been allocated across programs and supporting services based on the full-time employee equivalents of a program or supporting service.

**Income Tax Status** – California Environmental Justice Alliance, a California not-for-profit corporation, is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification No. 740-10, Accounting for Uncertainties in Income Taxes, which sets a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. Tax positions for the open tax years as of six months ended December 31, 2024, were reviewed, and it was determined that CEJA has no uncertain tax positions requiring accrual or disclosure.

**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 disclosure of contingent 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.

**Change in Fiscal Year-End** – Effective during the period ended December 31, 2024, CEJA changed its fiscal year-end from June 30 to December 31 to better align with its internal operational and budgeting cycles. Accordingly, the accompanying financial statements present the financial position and results of activities for the six-month transitional period from July 1, 2024, through December 31, 2024.

**Subsequent Events** – Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. CEJA recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at that date, including the estimates inherent in the process of preparing financial statements. CEJA's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after that date and before the financial statements are available to be issued.

CEJA has evaluated subsequent events through October 14, 2025, which is the date the financial statements are available for issuance, and concluded that there are no events or transactions that need disclosed.

## California Environmental Justice Alliance

### Notes to Financial Statements

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#### Note 2. Liquidity and Availability of Resources

CEJA's financial assets available for expenditure, that is without donor restrictions limiting their use within year of the statement of financial position date, are as follows:

Financial Assets	
Cash and cash equivalents	\$ 7,125,714
Grants receivable	97,037
Total financial assets available within one year	<u>7,222,751</u>
Less: amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with time/purpose restrictions	<u>1,801,353</u>
Less: amounts unavailable to management without Board approval:	
Board designated for operating reserves	<u>2,000,000</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 3,421,398</u>

CEJA maintains policies of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due.

#### Note 3. Fair Value Measurements

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are classified based on the nature of the inputs used to determine the valuation:

- **Level 1** – Quoted prices in active markets for identical assets or liabilities.
- **Level 2** – Other observable inputs, such as quoted prices in markets that are not active or inputs corroborated by observable market data.
- **Level 3** – Unobservable inputs based on assumptions a market participant would use.

As of December 31, 2024, CEJA did not hold any assets or liabilities measured at fair value on a recurring basis. Therefore, no fair value hierarchy table is presented.

Assets and liabilities such as cash and cash equivalents, receivables, accounts payable, and accrued expenses are reported at carrying value, which approximates fair value due to their short-term nature.

Management is responsible for determining fair value measurements and for ensuring that valuations are appropriately supported and consistently applied in the financial statements.

#### Note 4. Leases

CEJA evaluated its current contracts and determined which met the criteria for lease accounting. The right-of-use (ROU) assets represent CEJA's right to use the underlying leased assets over the lease terms, while the lease liabilities represent the obligation to make lease payments under those agreements.

## California Environmental Justice Alliance

### Notes to Financial Statements

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All leases are classified as operating leases, and both the ROU assets and lease liabilities were measured at the present value of future lease payments over the applicable lease terms. CEJA has elected an accounting policy to use the interest rate stated in the lease agreement to discount future lease payments. An interest rate of 4.64% was applied in calculating the lease liabilities.

For the six months ended December 31, 2024, total operating lease cost was \$20,538 and is included with occupancy on the statement of functional expenses.

Right-of-use assets at December 31, 2024, was \$161,062.

Future minimum base lease payments required under the lease agreement for the six months ended December 31, is as follows:

Years ending June 30,	
2025	\$ 40,031
2026	40,829
2027	41,648
2028	42,481
2029	14,373
Total lease payments	<u>179,362</u>
Less: discount to present value	<u>(17,400)</u>
Present value of lease liability	<u>\$ 161,962</u>

#### Note 5. Net Assets without Donor Restrictions

Net assets without donor restrictions is comprised of amounts for the following purposes at December 31, 2024:

Board designated for operating reserves	\$ 2,000,000
Undesignated	<u>2,180,921</u>
	<u>\$ 4,180,921</u>

#### Note 6. Net Assets With Donor Restrictions

Net assets with donor restrictions represent contributions and other inflows received by CEJA, which are limited in their use by the donor-imposed stipulations. Net assets with donor restrictions at December 31, 2024 are available for the following purposes or periods:

Time restricted/program support	<u>\$ 1,801,353</u>
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#### Note 7. Net Assets Released from Restrictions

Net assets released from donor restrictions satisfying the time and/or purpose restriction specified by donors amounted to \$777,222 for the six months ended December 31, 2024.

#### Note 8. Employee Benefit Plans

CEJA has a 401(k)-plan covering substantially all employees. CEJA made discretionary contributions of \$62,457 for its employees during the six months ended December 31, 2024.

# California Environmental Justice Alliance

## Notes to Financial Statements

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### Note 9. Risks and Uncertainties

Concentration of Credit Risk - At times, the CEJA's bank accounts exceed federally insured limits. CEJA has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

### Note 10. Related Party Transactions

During the six months ended December 31, 2024, CEJA contracted with Communities for a Better Environment (CBE) for legal services. The Executive Director of CBE is a CEJA board member. For the six months ended December 31, 2024, total legal services paid to CBE was approximately \$36,000.

For the six months ended December 31, 2024, CEJA made regrants to partner organizations, the Executive Directors of which serve as the board members of CEJA. Total payments made to partner organizations were as follows:

Communities for a Better Environment (CBE)	\$	89,322
Center for Community Action & Environmental Justice (CCA EJ)		89,323
Environmental Health Coalition (EHC)		51,222
Center on Race, Poverty and the Environment (CRPE)		59,322
Asian Pacific Environmental Network (APEN)		56,222
People Organizing to Demand Environmental and Economic Rights (PODER)		19,000
	\$	<u>364,411</u>