



# California Environmental Justice Alliance

Financial Report

December 31, 2025

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## **Independent Auditor's Report**

To the Board of Directors of California Environmental Justice Alliance

### **Opinion**

We have audited the accompanying financial statements of California Environmental Justice Alliance (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year 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, 2025, and the changes in net assets and its cash flows for the year 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.

A handwritten signature in blue ink that reads "West Rhode + Roberts".

WEST RHODE & ROBERTS  
San Diego, California  
May 13, 2026

## CALIFORNIA ENVIRONMENTAL JUSTICE ALLIANCE

Statement of Financial Position

December 31, 2025

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### Assets

Cash and cash equivalents	\$ 6,101,849
Grants receivable	17,578
Prepays and other assets	69,059
Right-of-use assets	126,696
Total assets	<u>\$ 6,315,182</u>

### Liabilities and net assets

#### Liabilities:

Accounts payable and accrued expenses	\$ 256,478
Deferred revenue	394,262
Lease liabilities	128,749
Total liabilities	<u>779,489</u>

#### Net assets:

Without donor restrictions	
Board designated for operating reserves	2,000,000
Undesignated	1,938,296
	<u>3,938,296</u>
With donor restrictions	1,597,397
Total net assets	<u>5,535,693</u>
Total liabilities and net assets	<u>\$ 6,315,182</u>

## CALIFORNIA ENVIRONMENTAL JUSTICE ALLIANCE

Statement of Activities

For the Year Ended December 31, 2025

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	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Activities:</b>			
<b>Revenues and support</b>			
Grant revenue	\$ 1,681,502	\$ -	\$ 1,681,502
Contributions	726,797	1,284,376	2,011,173
Interest income	194,305	-	194,305
Other income	21,783	-	21,783
Net assets released from restrictions			
Satisfaction of time restrictions	<u>1,488,332</u>	<u>(1,488,332)</u>	<u>-</u>
Total revenues and support	<u>4,112,719</u>	<u>(203,956)</u>	<u>3,908,763</u>
<b>Expenses</b>			
Program services			
Civic engagement	998,158	-	998,158
Energy justice	593,446	-	593,446
Land use	346,625	-	346,625
Climate justice	<u>287,409</u>	<u>-</u>	<u>287,409</u>
Total program services	2,225,638	-	2,225,638
Management and general	1,614,823	-	1,614,823
Fundraising	<u>514,883</u>	<u>-</u>	<u>514,883</u>
Total expenses	<u>4,355,344</u>	<u>-</u>	<u>4,355,344</u>
Change in net assets	(242,625)	(203,956)	(446,581)
Net assets at beginning of the year	<u>4,180,921</u>	<u>1,801,353</u>	<u>5,982,274</u>
Net assets at end of the year	<u>\$ 3,938,296</u>	<u>\$ 1,597,397</u>	<u>\$ 5,535,693</u>

**CALIFORNIA ENVIRONMENTAL JUSTICE ALLIANCE**

Statement of Functional Expenses  
For the Year Ended December 31, 2025

	Program Services				Total Programs	Supporting Services		2025 Total
	Civic Engagement	Energy Justice	Land Use	Climate Justice		Management and General	Fundraising	
<b>Expenses</b>								
Salaries	\$ 449,801	\$ 417,017	\$ 263,268	\$ 187,699	\$ 1,317,785	\$ 552,289	\$ 365,699	\$ 2,235,773
Payroll taxes & employee benefits	99,704	92,491	50,765	40,836	283,796	128,117	85,108	497,021
	<u>549,505</u>	<u>509,508</u>	<u>314,033</u>	<u>228,535</u>	<u>1,601,581</u>	<u>680,406</u>	<u>450,807</u>	<u>2,732,794</u>
Professional fees	144,639	4,746	2,593	37,273	189,251	730,914	12,970	933,135
Program materials and supplies	94,603	28,401	3,634	4,876	131,514	20,486	7,069	159,069
Office expenses	43,590	9,521	17,617	3,263	73,991	51,210	24,664	149,865
Grants and assistance to others	24,129	15,000	-	-	39,129	103,000	-	142,129
Travel and conferences	69,137	5,868	302	6,307	81,614	4,234	4,593	90,441
Occupancy	13,568	17,402	8,446	7,155	46,571	24,573	14,780	85,924
Stipends and participant support	58,987	3,000	-	-	61,987	-	-	61,987
<b>Total Expenses</b>	<u>\$ 998,158</u>	<u>\$ 593,446</u>	<u>\$ 346,625</u>	<u>\$ 287,409</u>	<u>\$ 2,225,638</u>	<u>\$ 1,614,823</u>	<u>\$ 514,883</u>	<u>\$ 4,355,344</u>

## CALIFORNIA ENVIRONMENTAL JUSTICE ALLIANCE

Statement of Cash Flows

For the Year Ended December 31, 2025

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### Cash flows from operating activities

Change in net assets	\$ (446,581)
Adjustment to reconcile change in net assets to net cash from operating activities	
Non-cash lease expense	1,153
Change in operating assets and liabilities:	
Grants receivable	79,459
Prepays and other assets	885
Accounts payable and accrued expenses	(126,888)
Deferred revenue	(531,893)
Net cash used in operating activities	<u>(1,023,865)</u>
Change in cash and cash equivalents	(1,023,865)
Cash and cash equivalents at beginning of the year	<u>7,125,714</u>
Cash and cash equivalents at end of the year	<u>\$ 6,101,849</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 that fosters 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 use place-based strategies to transform areas overburdened by pollution into healthy, thriving neighborhoods through comprehensive, community-led, solution-oriented, and collaborative approaches.
- **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.

# California Environmental Justice Alliance

## Notes to Financial Statements

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- **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 ("U.S. 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.

**Measure of Operations** – The statements of activities report changes in net assets from operating activities. Operating activities include all revenues and support earned and all expenses incurred in carrying out CEJA's programs and supporting activities, including interest income used to support operations. For the year ended December 31, 2025, CEJA had no non-operating activities.

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

Grant Revenue – CEJA receives funding through grants and similar agreements from foundations, government agencies, and other donors. CEJA evaluates each agreement to determine whether it represents a contribution. Grant revenue that is determined to be a conditional contribution is recognized when the related barriers are overcome and any right of return or release from obligation has lapsed, which is generally as qualifying expenditures are incurred or other agreement requirements are met. Amounts received in advance of satisfying the applicable conditions are recorded as deferred revenue until recognized as revenue. Grant revenue is reported as without donor restrictions unless explicitly restricted by the donor.

## California Environmental Justice Alliance

### Notes to Financial Statements

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**Contributions** – CEJA recognizes contributions as revenue when received or unconditionally pledged. CEJA reports contributions as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts not designated for a specific purpose are reported as increases in net assets without donor restrictions.

Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. CEJA reports such contributions at their estimated fair value when received. During the year ended December 31, 2025, CEJA did not recognize any contributed services or contributed nonfinancial assets.

**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 consists of amounts earned but not yet received as of December 31, 2025, primarily related to grants and contributions for which any associated conditions have been met. CEJA evaluates the collectability of grants receivables based on a combination of specific account review, historical experience with funding sources, current conditions, and other relevant risk factors. Accounts are written off against the allowance for doubtful accounts when deemed uncollectible. Management has determined that no allowance is needed for the year ended December 31, 2025.

**Other Receivables:** At December 31, 2025, CEJA had an unsecured receivable of approximately \$100,000 due from its former fiscal sponsor. This balance relates to amounts retained by the former fiscal sponsor during the fiscal sponsorship wind-down. Management evaluated the collectability of this receivable and recorded a full allowance for doubtful accounts of \$100,000 as of December 31, 2025.

**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 lease 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.

**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.

## California Environmental Justice Alliance

### Notes to Financial Statements

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**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 year ended December 31, 2025, 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.

**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 May 13, 2026, which is the date the financial statements are available for issuance, and concluded that there are no events or transactions that need to be disclosed.

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

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

<u>Financial Assets</u>	
Cash and cash equivalents	\$ 6,101,849
Grants receivable	17,578
Total financial assets available within one year	<u>6,119,427</u>
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with time/purpose restrictions	(1,597,397)
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>\$ 2,522,030</u>

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

# California Environmental Justice Alliance

## Notes to Financial Statements

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### 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, 2025, 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, grants receivable, 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.

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 year ended December 31, 2025, total operating lease cost was \$41,184 and is included with occupancy on the statement of functional expenses.

Right-of-use assets at December 31, 2025, were \$126,696.

Average operating lease terms and discount rate at December 31, 2025, on the lease were as follows:

Weighted average lease term (in years)	3.33
Weighted average discount rate	4.64%

## California Environmental Justice Alliance

### Notes to Financial Statements

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Future minimum lease payments under the lease agreement as of December 31, 2025, are as follows:

Years ending December 31,	
2026	\$ 40,829
2027	41,648
2028	42,481
2029	<u>14,373</u>
	139,331
Less: discount to present value	(10,582)
Present value of lease liability	<u>\$ 128,749</u>

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

Net assets without donor restrictions is comprised of amounts for the following purposes at December 31, 2025:

Board designated for operating reserves	\$ 2,000,000
Undesignated	<u>1,938,296</u>
	<u>\$ 3,938,296</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, 2025, consisted of \$1,597,397 restricted by donors for future periods.

#### 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 \$1,488,332 for the year ended December 31, 2025.

#### Note 8. Employee Benefit Plans

CEJA has a 401(k) plan covering substantially all employees. CEJA made discretionary contributions of \$88,510 for its employees during the year ended December 31, 2025.

#### Note 9. Risks and Uncertainties

Concentration of Credit Risk – CEJA maintains its cash in bank deposit accounts, which at times exceed federally insured deposit limits. CEJA has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

## California Environmental Justice Alliance

Notes to Financial Statements

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### Note 10. Related Party Transactions

For the year ended December 31, 2025, 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)	\$	20,000
Center for Community Action and Environmental Justice (CCA EJ)		20,000
Environmental Health Coalition (EHC)		20,000
Center on Race, Poverty and the Environment (CRPE)		20,000
People Organizing to Demand Environmental and Economic Rights (PODER)		20,000
	\$	<u>100,000</u>

No regrants were made to the other board-member organizations during 2025.

During the year ended December 31, 2025, CEJA also contracted with CBE for legal services. The Executive Director of CBE is a CEJA board member. For the year ended December 31, 2025, total legal services paid to CBE were \$168,957.