

BASEL ACTION NETWORK
(A Washington Nonprofit Corporation)

Financial Statements for the Year Ended
December 31, 2013
and Independent Accountants' Review Report

BASEL ACTION NETWORK
Table of Contents

Independent Accountants' Review Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6

WATSON & McDONELL, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Basel Action Network
Seattle, Washington

We have reviewed the accompanying statement of financial position of Basel Action Network (BAN), a Washington nonprofit corporation, as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of BAN's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously reviewed BAN's December 31, 2012 financial statements and in our report dated October 27, 2013, stated that based on our procedures, we were not aware of any material modifications that should be made to the December 31, 2012 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to summarized comparative information presented herein as of and for the year ended December 31, 2012 for it to be consistent with the reviewed financial statements from which it has been derived.

Watson & McDowell, PLLC

December 22, 2014

BASEL ACTION NETWORK
Statement of Financial Position
December 31, 2013
(With Comparative Totals for 2012)

	ASSETS	
	2013	2012
Current assets:		
Cash and cash equivalents	\$ 173,987	\$ 91,191
Accounts receivable	81,943	71,204
Prepaid expenses and deposits	8,389	13,617
	264,319	176,012
Property and equipment:		
Furniture and equipment	14,104	12,610
Less: accumulated depreciation	(7,352)	(5,301)
	6,752	7,309
	\$ 271,071	\$ 183,321

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 21,430	\$ 23,033
Accrued vacation and payroll	37,925	26,966
Deferred revenue	151,228	88,467
	210,583	138,466
Unrestricted net assets	60,488	44,855
	\$ 271,071	\$ 183,321

See accompanying notes and independent accountants' review report.

BASEL ACTION NETWORK
Statement of Activities
For the Year Ended December 31, 2013
(With Comparative Totals for 2012)

	<u>2013</u>	<u>2012</u>
Support and revenue:		
Licensing fees	\$ 764,216	\$ 534,350
In-kind donations		86,550
Contributions	112,728	292,517
Other service revenue	58,752	43,971
Other income	940	121
	<u>936,636</u>	<u>957,509</u>
Expenses:		
Program services	712,351	833,196
Management and general	143,650	180,047
Fundraising	65,002	48,442
	<u>921,003</u>	<u>1,061,685</u>
Change in unrestricted net assets	15,633	(104,176)
Unrestricted net assets, beginning of year	<u>44,855</u>	<u>149,031</u>
Unrestricted net assets, end of year	<u>\$ 60,488</u>	<u>\$ 44,855</u>

See accompanying notes and independent accountants' review report.

BASEL ACTION NETWORK
Statement of Functional Expenses
For the Year Ended December 31, 2013
(With Comparative Totals for 2012)

	Program Services	Management and General	Fundraising	Total 2013	Total 2012
Salaries and wages	\$ 338,151	\$ 50,997	\$ 41,635	\$ 430,783	\$ 400,905
Payroll taxes and benefits	101,622	13,402	6,887	121,911	123,507
Professional fees	136,291	33,158	16,480	185,929	381,078
Travel, conferences, and meals	99,446	3,537		102,983	86,990
Occupancy	7,675	24,347		32,022	32,593
Office expenses	11,277	8,872		20,149	12,897
Licenses, dues, and taxes	10,968	2,412		13,380	11,034
Insurance		3,112		3,112	2,390
Other	6,921	1,762		8,683	7,921
Depreciation		2,051		2,051	2,370
Total	<u>\$ 712,351</u>	<u>\$ 143,650</u>	<u>\$ 65,002</u>	<u>\$ 921,003</u>	<u>\$ 1,061,685</u>

See accompanying notes and independent accountants' review report.

BASEL ACTION NETWORK
Statement of Cash Flows
For the Year Ended December 31, 2013
(With Comparative Totals for 2012)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 15,633	\$ (104,176)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,051	2,370
Loss on asset disposal		782
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(10,739)	(15,854)
Decrease in pledges receivable		131,775
Decrease (increase) in prepaid expenses and deposits	5,228	(2,895)
(Decrease) increase in accounts payable	(1,603)	(21,939)
(Decrease) increase in accrued vacation and payroll	10,959	(7,654)
Increase (decrease) in deferred revenue	62,761	41,544
Net cash provided by operating activities	84,290	23,953
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(1,494)	(2,112)
Net cash used by investing activities	(1,494)	(2,112)
 Net increase in cash	 82,796	 21,841
 Cash and cash equivalents, beginning of year	 91,191	 69,350
 Cash and cash equivalents, end of year	 \$ 173,987	 \$ 91,191

See accompanying notes and independent accountants' review report.

BASEL ACTION NETWORK
Notes to Financial Statements
For the Year Ended December 31, 2013

NOTE 1 – NATURE OF THE ORGANIZATION

Basel Action Network (BAN) is a Washington nonprofit corporation which advances environmental health and justice by:

- Preventing toxic trade, the practice of externalizing risk and harm to developing countries;
- Promoting a toxics-free future by advancing green design and responsible consumption; and
- Campaigning for global environmental justice, the right to a pollution-free environment for everyone.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of financial presentation

BAN reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. BAN had no temporarily or permanently restricted net assets at December 31, 2013.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposit bank accounts, a money market account, and certificates of deposit. BAN maintains balances at a high-credit-quality financial institutions. These balances, at times, may exceed the federally insured limits.

Accounts receivable

Accounts receivable are stated at unpaid balances net of an allowance for doubtful accounts. Balances are considered past due when payment has not been received by the date specified in the customer contract. BAN provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on experience and its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At December 31, 2013, BAN has determined that all amounts are collectible and an allowance is not deemed necessary.

BASEL ACTION NETWORK
Notes to Financial Statements
For the Year Ended December 31, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Furniture and equipment

All acquisitions of property and equipment in excess of \$1,000 with a useful life greater than one year, and all expenditures for repairs and maintenance in excess of \$1,000 that prolong the useful lives of furniture and equipment are capitalized. Furniture and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed by the straight-line method over the useful lives of the assets, from 5 to 10 years.

Licensing fees revenue recognition

Earned revenue primarily consists of income from licensing fees sales. Licensing fee payments are recorded as a liability if they are received prior to the licensing period. Licensing fee revenue is recognized ratably over the licensing period.

Restricted and unrestricted contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the restriction. When a restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity and changes in net assets as net assets released from restrictions.

Statement of functional expenses

The costs of providing BAN's program and other activities have been summarized on a functional basis in the statement of activity and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses not directly identifiable with any other specific function but which provide for the overall support and direction of BAN.

Income tax

BAN is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (IRC). It has been classified as an organization that is not a private foundation within the meaning of Section 509(a) because it is an organization of the type described in Section 509(a)(1). BAN's income tax filings are subject to examination by various taxing authorities. BAN's open examination periods are 2010 and thereafter.

BAN follows the provisions of uncertain tax positions as addressed in FASB Accounting Standards Codification Subtopic 740-10, *Income Taxes*. BAN believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

BASEL ACTION NETWORK
Notes to Financial Statements
For the Year Ended December 31, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Use of estimates

The preparation of 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative financial information

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with BAN's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2012 financial statement totals to conform with the current year presentation.

NOTE 3 – OPERATING LEASE

BAN has a non-cancelable agreement to lease office space expiring in September 2016, with monthly payments of \$2,746, plus escalation clauses in future periods. Rent expense under this lease was \$30,626 during 2013. The future minimum lease payments under this lease are as follows:

2014	\$	39,228
2015		40,400
2016		<u>31,009</u>
	\$	<u>110,637</u>

NOTE 4 – RETIREMENT PLAN

BAN has established a retirement plan for its employees under the provisions of IRC 401(k). BAN contributed \$10,537 to this plan during 2013.

BASEL ACTION NETWORK
Notes to Financial Statements
For the Year Ended December 31, 2013

NOTE 5 – CONCENTRATIONS

At December 31, 2013, 59 percent of accounts receivable consisted of fees from three customers. During the year ended December 31, 2013, approximately 77 percent of contribution revenue was from two donors.

NOTE 6 – CONTINGENCY

During 2012, BAN was named as a defendant in a defamation lawsuit. The plaintiff claims BAN is liable for \$200,000 in damages. BAN believes the claim is without merit and has received pro-bono legal representation in 2012. As of the date of this report, no ruling has been made and no settlement agreement has been reached. Management has not established a liability as the outcome of the case cannot be reasonably determined.

NOTE 7 – SUBSEQUENT EVENTS

BAN has evaluated subsequent events through December 22, 2014, which is the date the financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure.