



FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
June 30, 2011



KENNEDY AND COE, LLC

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GENUINE PEOPLE. CREATIVE IDEAS. VALUABLE RESULTS

CLIMATE AND ENERGY PROJECT, INC.

Lawrence, Kansas

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KENNEDY AND COE, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Board of Directors
CLIMATE AND ENERGY PROJECT, INC.

We have audited the accompanying statement of financial position of the CLIMATE AND ENERGY PROJECT, INC., as of June 30, 2011, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Project's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the CLIMATE AND ENERGY PROJECT, INC. as of June 30, 2011 and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Respectfully submitted,

Kennedy and Coe, LLC

Kennedy and Coe, LLC
Topeka, Kansas
November 4, 2011

CLIMATE AND ENERGY PROJECT, INC.

Lawrence, Kansas

Exhibit A

Statement of Financial Position

June 30, 2011

ASSETS

Current Assets	
Cash in Bank	\$ 360,972
Total Current Assets	<u>360,972</u>
Property and Equipment	5,872
Deduct Accumulated Depreciation	<u>(1,957)</u>
Total Property and Equipment	<u>3,915</u>
Total Assets	<u>\$ 364,887</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Credit Cards	\$ 3,846
Payroll Taxes Payable	<u>4,340</u>
Total Current Liabilities	<u>8,186</u>
Net Assets	
Unrestricted	14,387
Temporarily Restricted	<u>342,314</u>
Total Net Assets	<u>356,701</u>
Total Liabilities and Net Assets	<u>\$ 364,887</u>

CLIMATE AND ENERGY PROJECT, INC.

Lawrence, Kansas

Exhibit B

Statement of Activities
For the Year Ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Grants	\$ -	\$ 421,250	\$ 421,250
Contributions	29,541	-	29,541
Other Income	148	-	148
Net Assets Released from Restrictions	348,936	(348,936)	-
Total Revenues	<u>378,625</u>	<u>72,314</u>	<u>450,939</u>
Expenses:			
Program Services			
KCC/EE	57,662	-	57,662
SEO Take Charge Challenge	140,930	-	140,930
HART/EIPC	100,712	-	100,712
SPP Regulatory Work	24,370	-	24,370
25 x 25	29,942	-	29,942
Total Program Services	<u>353,616</u>	<u>-</u>	<u>353,616</u>
Supporting Service			
Management and General	28,581	-	28,581
Total Expenses	<u>382,197</u>	<u>-</u>	<u>382,197</u>
Change in Net Assets	(3,572)	72,314	68,742
Net Assets Transferred from The Land Institute	17,959	270,000	287,959
Net Assets, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 14,387</u>	<u>\$ 342,314</u>	<u>\$ 356,701</u>

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

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CLIMATE AND ENERGY PROJECT, INC.
Lawrence, Kansas

Statement of Functional Expenses
For the year ended June 30, 2011

Exhibit C

	Program Services					Supporting Services		Totals
	KCC/EE	SEO Take Charge Challenge	HART/EIPC	SPP Regulatory Work	25 X 25	Total	Management and General	TOTAL
Expenses:								
Advertising and Promotions	\$ 333	\$ 21,162	\$ 2,427	\$ 618	\$ 273	\$ 24,813	\$ 2,104	\$ 26,917
Computer and Website	329	76	747	516	362	2,030	7	2,037
Conferences	-	-	898	275	-	1,173	-	1,173
Contract Services	31,031	189	3,790	179	136	35,325	-	35,325
Contract Wages	-	1,950	-	100	12,725	14,775	-	14,775
Depreciation	-	-	-	-	-	-	1,957	1,957
Dues, Fees, and Subscriptions	387	246	1,371	875	900	3,779	24	3,803
Events	4	659	8,896	4	4	9,567	23,313	32,880
Insurance	-	-	1,908	954	954	3,816	-	3,816
Legal and Professional	3,175	4,700	3,175	3,175	3,175	17,400	-	17,400
Miscellaneous	70	61	-	-	-	131	494	625
Office Expenses	242	1,780	1,542	386	112	4,062	266	4,328
Payroll	20,097	93,368	50,486	12,589	10,403	186,943	111	187,054
Telephone and Utilities	638	2,666	1,211	1,441	484	6,440	29	6,469
Travel	1,356	14,073	24,261	3,258	414	43,362	276	43,638
Total Expenses	<u>\$ 57,662</u>	<u>\$ 140,930</u>	<u>\$ 100,712</u>	<u>\$ 24,370</u>	<u>\$ 29,942</u>	<u>\$ 353,616</u>	<u>\$ 28,581</u>	<u>\$ 382,197</u>

CLIMATE AND ENERGY PROJECT, INC.

Lawrence, Kansas

Exhibit D

Statement of Cash Flows
Year Ended June 30, 2011

Cash Flows from Operating Activities:	
Cash Received from Third Parties	\$ 450,939
Cash Paid to Third Parties	(185,000)
Cash Paid to Employees for Salaries and Wages	(187,054)
Transfer of Net Assets from from The Land Institute	287,959
Net Cash Provided/(Used) By Operating Activities	<u>366,844</u>
Cash Flows from Investing Activities:	
Purchase of property and equipment	(5,872)
Net Cash Provided/(Used) by Investing Activities	<u>(5,872)</u>
Net Increase/(Decrease) in Cash	360,972
Cash, Beginning of Year	<u>-</u>
Cash, End of Year	<u>\$ 360,972</u>
Cash Flows from Operating Activities:	
Increase (Decrease) in Net Assets	\$ 68,742
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	1,957
Changes In:	
Credit Cards	3,846
Payroll Taxes Payable	4,340
Transfer of Net Assets from The Land Institute	287,959
Net Cash Provided/(Used) by Operating Activities	<u>\$ 366,844</u>

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

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CLIMATE AND ENERGY PROJECT, INC.

Lawrence, Kansas

Notes to Financial Statements

1) Summary of Significant Accounting Policies

a) General

Climate and Energy Project, Inc. (the "Project") is a nonprofit 501(c)(3) organization incorporated under the laws of the State of Kansas exclusively for the charitable purposes of promoting and furthering the advancement of scientific research and education regarding energy resources and conservation. The Project's mission is to reduce greenhouse gas emissions in the Midwest. Toward that end, the Project's goal is to raise awareness and adoption of energy efficiency and renewable energy.

During the year ended June 30, 2011, the Project had the following program services in place:

Program Service:	Description of Program:
KCC/EE	Kansas Corporation Commission Energy Efficiency - works with stakeholders and the public to educate regarding the opportunities to save Kansans money on their energy bills.
SEO Take Charge Challenge	Residents and businesses in selected communities participate in programs to demonstrate community spirit towards saving energy.
HART/EIPC	Heartland Alliance for Regional Transmission - convenes nontraditional and traditional stakeholders in the Southwest Power Pool region in order to create productive public conversations on building high voltage transmission lines.
SPP Regulatory Work	Develop relationships throughout the state with stakeholders to allow for the sharing and collaboration of best practice examples of energy efficiency and renewable energy.
25 X 25	Convened interest groups and compiled data on the understanding of and possibility for the 25x25 proposal (25% of energy from renewable sources by 2025) in Kansas.

The following is a summary of the more significant accounting policies:

b) Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

c) Property and Equipment

Property and Equipment are recorded at cost and depreciated over the straight-line basis over their estimated useful lives.

d) Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles may require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from these estimates.

e) Advertising

The Project expenses advertising costs as they are incurred. Advertising costs for the year ended June 30, 2011 are \$26,917.

f) Income Taxes

The Project is exempt from federal income tax under Section 170 of the Internal Revenue Code, and is not required to file income tax returns. Accordingly, no provision for income taxes has been reflected in the Project's financial statements.

CLIMATE AND ENERGY PROJECT, INC.

Lawrence, Kansas

Notes to Financial Statements

1) Summary of Significant Accounting Policies (continued)

g) Public Support and Revenue

In accordance with accounting standards, contributions and grants received and unconditional contributions and grants receivable are measured at their fair value and are reported as an increase in net assets in the year in which there is sufficient evidence in the form of verifiable documentation that a contribution or grant was made (by the donor or grantor) and received, and when the amount of the promise is ascertainable.

The Project reports gifts of cash and other assets as restricted support 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Project reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, the Project reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Project has no unconditional or conditional contributions receivable as of June 30, 2011.

2) Program and Service Activities

Program Services - The education and outreach activities of the Project include the commission and publication of studies, and facilitating forums and events, and the coordination of stakeholder groups.

Supporting Services - Management of the direction of the overall affairs of the Project's administration, personnel, and accounting.

3) Credit Risk and Concentrations

The Project maintains all of its cash balances in a financial institution in Lawrence, Kansas. The non-interest bearing accounts are fully insured by the Federal Deposit Insurance Corporation.

4) Transfer of Net Assets from The Land Institute

During the year ended June 30, 2011, \$287,959 of net assets were transferred to the Project from The Land Institute.

SPP Regulatory Work	\$	92,000
25 X 25		53,000
HART/EIPC		125,000
Unrestricted Funds		17,959
Total	\$	<u>287,959</u>

CLIMATE AND ENERGY PROJECT, INC.

Lawrence, Kansas

Notes to Financial Statements

5) Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes on June 30, 2011:

KCC/EE	\$ 2,338
SEO Take Charge Challenge	-
HART/EIPC	119,288
SPP Regulatory Work	197,630
25 X 25	23,058
Total Temporarily Restricted Net Assets	<u>\$ 342,314</u>

6) Subsequent Events

Management has evaluated subsequent events through November 4, 2011, the date at which the financial statements were available for issue. There have been no events which require disclosure.