ENVIRONMENTAL RESEARCH FOUNDATION, INC.

REPORT ON
FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1992
WITH COMPARATIVE TOTALS FOR THE PERIOD
DECEMBER 1, 1990 TO DECEMBER 31, 1991

C00420

ENVIRONMENTAL RESEARCH FOUNDATION, INC.

CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Environmental Research Foundation, Inc.
Annapolis, MD

We have audited the balance sheet of the Environmental Research Foundation, Inc. as of December 31, 1992, and the related statement of revenue, expenses, and changes in fund balance for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 Environmental Research Foundation, Inc. as of December 31, 1992, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Gelman, Rosenberg & Freedman

February 4, 1993

ENVIRONMENTAL RESEARCH FOUNDATION, INC.

BALANCE SHEET
AS OF DECEMBER 31, 1992
WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 1991

ASSETS

	1992	1991
CURRENT ASSETS		
Cash	$157,662	$145,667
Accounts receivable	155	-
Security deposit	2,800	1,600
Other current assets	1,175	1,130
Total current assets	161,792	148,397
FURNITURE AND EQUIPMENT		
Furniture	9,001	6,960
Equipment	16,765	14,578
Computer equipment	51,311	41,021
	77,077	62,559
Less: Accumulated depreciation	(31,753)	(18,037)
Net furniture and equipment	45,324	44,522
TOTAL ASSETS	$207,116	$192,919

LIABILITIES AND FUND BALANCE

	1992	1991
LIABILITIES		
Accounts payable	$ 9,476	$ 6,142
Deferred revenue	132,500	126,250
Payroll taxes payable	264	-
Accrued expenses	2,901	-
Total liabilities	145,141	132,392
FUND BALANCE	61,975	60,527
TOTAL LIABILITIES AND FUND BALANCE	$207,116	$192,919

See accompanying notes to financial statements.

ENVIRONMENTAL RESEARCH FOUNDATION, INC.

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 1992 WITH COMPARATIVE TOTALS FOR THE PERIOD DECEMBER 1, 1990 TO DECEMBER 31, 1991

	1992			1991
	General and Administrative	Program	Total	Total
REVENUE				
Grants	$ -	$243,750	$243,750	$198,333
Contributions	-	8,038	8,038	4,619
Publication sales	-	30,280	30,280	31,119
Special events	-	-	-	15,802
Interest income	-	5,024	5,024	3,849
Miscellaneous income	-	650	650	-
Total revenue	-	287,742	287,742	253,722
EXPENSES				
Salaries	10,633	118,698	129,331	131,569
Consultant	693	13,720	14,413	-
Benefits	681	7,836	8,517	4,914
Payroll taxes	865	9,944	10,809	7,864
Rent	1,968	22,634	24,602	30,607
Insurance	114	1,029	1,143	1,785
Postage	525	23,897	24,422	23,554
Printing	135	10,898	11,033	11,587
Computer expenses	817	12,265	13,082	8,295
Publication	94	3,497	3,591	3,432
Membership	510	460	970	800
Telephone	366	6,784	7,150	6,891
Professional fees	329	3,789	4,118	5,717
Supplies	487	5,963	6,450	6,606
Contribution	2	23	25	350
Conferences	-	883	883	1,360
Travel	-	8,303	8,303	10,155
Miscellaneous	106	1,093	1,199	1,440
Depreciation	1,066	12,650	13,716	11,318
Loss on disposal of furniture and equipment	-	-	-	872
Special events	-	-	-	4,484
Equipment rentals	203	2,334	2,537	1,439
Total expenses	19,594	266,700	286,294	275,039
Excess (Deficiency) of Revenue with Respect to Expenses	$(19,594)	$ 21,042	1,448	(21,317)
Fund Balance at Beginning of Year, as Restated (Note 4)			60,527	81,844
FUND BALANCE AT END OF YEAR			$ 61,975	$ 60,527

See accompanying notes to financial statements.

ENVIRONMENTAL RESEARCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Environmental Research Foundation, Inc. (ERF) was incorporated in New Jersey in 1980 as a nonprofit organization. ERF provides the public with useful information about environmental problems to enhance democratic decision making in the development of public policies leading to solutions.

Basis of presentation -

The Foundation's financial statements are prepared on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized when the obligations are incurred.

During 1991, ERF changed its fiscal year end to December 31, 1991. The accompanying financial statements include comparative amounts for the period from December 1, 1990 to December 31, 1991.

Comparative data -

The comparative figures as of December 31, 1992 and for the period December 1, 1990 to December 31, 1991 shown in the accompanying financial statements are presented in accordance with the format recommended by the American Institute for Certified Public Accountants. This financial information is included to provide a basis for comparison with 1992, presenting summarized totals only. Accordingly, the 1991 amounts are not intended to present all information necessary for a fair presentation in accordance with generally accepted accounting principles.

Income taxes -

The Foundation 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.

Deferred revenue -

Revenue from grants received in the current year to be used as support for the following year has appropriately been recorded as a current liability.

Furniture and equipment -

Furniture and equipment are stated at cost. Depreciation is provided on the straight-line basis over the estimated useful lives of the related assets, generally five years.

2. COMMITMENTS

In September, 1992 ERF entered into a lease expiring November 30, 1995 for office space. Minimum future rental payments required under the lease are as follows:

1993	$23,247
1994	23,247
1995	21,307
	$67,801

3. LITIGATION

The Foundation is a defendant in a libel action brought by an individual. Legal counsel for the Foundation has filed a motion to dismiss the plaintiff's claim on the grounds that the article was really a report of judicial and governmental activity, and therefore is absolutely privileged. The Foundation has not received a ruling from the Court on that motion. In the opinion of the Foundation's management and legal counsel, there are other defenses available to them. At this time, it is not possible to estimate the effect, if any, an adverse verdict might have on the Foundation's financial statements.

4. PRIOR PERIOD ADJUSTMENT

An error resulting in an overstatement of fund balance was discovered during the current year. A grant of $35,000 was included in revenue in 1991, when it should have been deferred to 1992. A retroactive adjustment was made to the following December 31, 1991 balances.

	Before Adjustment	After Adjustment
Deferred revenue	$ 91,250	$126,250
Fund balance	95,527	60,527
Grant revenue	233,333	198,333
Net Income (Loss)	13,683	(21,317)