

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED SEPTEMBER 30, 2015
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2014**

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Environmental Education Foundation
Washington, D.C.

We have audited the accompanying financial statements of the National Environmental Education Foundation (NEEF), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NEEF as of September 30, 2015, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously audited NEEF's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 28, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman Rosenberg & Friedman

February 17, 2016

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014

ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,467,346	\$ 2,253,366
Grants and other receivables	408,805	704,901
Prepaid expenses	<u>72,431</u>	<u>80,008</u>
Total current assets	<u>2,948,582</u>	<u>3,038,275</u>
FIXED ASSETS		
Furniture	428,030	409,346
Leasehold improvements	<u>261,499</u>	<u>261,499</u>
	689,529	670,845
Less: Accumulated depreciation and amortization	<u>(626,041)</u>	<u>(599,312)</u>
Net fixed assets	<u>63,488</u>	<u>71,533</u>
TOTAL ASSETS	<u>\$ 3,012,070</u>	<u>\$ 3,109,808</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 165,865	\$ 192,325
Deferred rent	39,869	35,254
Refundable advance	<u>196,271</u>	<u>146,901</u>
Total current liabilities	<u>402,005</u>	<u>374,480</u>
LONG-TERM LIABILITIES		
Deferred rent, net of current portion	<u>10,262</u>	<u>50,131</u>
Total liabilities	<u>412,267</u>	<u>424,611</u>
NET ASSETS		
Unrestricted:		
Undesignated	1,501,290	1,454,681
Board designated	<u>150,000</u>	<u>150,000</u>
Total unrestricted	1,651,290	1,604,681
Temporarily restricted	<u>948,513</u>	<u>1,080,516</u>
Total net assets	<u>2,599,803</u>	<u>2,685,197</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,012,070</u>	<u>\$ 3,109,808</u>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014

	<u>2015</u>			<u>2014</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
REVENUE				
Contributions	\$ 598,745	\$ 915,395	\$ 1,514,140	\$ 1,901,906
Government grants	1,086,304	-	1,086,304	981,863
Government appropriation	870,200	-	870,200	870,200
Contributed services and materials	91,087	-	91,087	79,740
Other revenue	3,087	-	3,087	19,550
Net assets released from donor restrictions	<u>1,047,398</u>	<u>(1,047,398)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>3,696,821</u>	<u>(132,003)</u>	<u>3,564,818</u>	<u>3,853,259</u>
EXPENSES				
Program Services	<u>3,064,838</u>	<u>-</u>	<u>3,064,838</u>	<u>3,095,703</u>
Supporting Services:				
Development and Fundraising	322,847	-	322,847	405,307
Management and General	<u>262,527</u>	<u>-</u>	<u>262,527</u>	<u>308,009</u>
Total supporting services	<u>585,374</u>	<u>-</u>	<u>585,374</u>	<u>713,316</u>
Total expenses	<u>3,650,212</u>	<u>-</u>	<u>3,650,212</u>	<u>3,809,019</u>
Change in net assets	46,609	(132,003)	(85,394)	44,240
Net assets at beginning of year	<u>1,604,681</u>	<u>1,080,516</u>	<u>2,685,197</u>	<u>2,640,957</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,651,290</u>	<u>\$ 948,513</u>	<u>\$ 2,599,803</u>	<u>\$ 2,685,197</u>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014**

	2015					
	Program Services					
	Health and Environment	Weather	Environment and Education	Public Lands Every Day	Research and Best Practices	Public Outreach
Salaries	\$ 143,190	\$ 203,081	\$ 160,038	\$ 225,883	\$ -	\$ 150,400
Employee benefits and taxes	26,227	38,773	29,902	42,226	-	28,515
Subrecipients (Federal)	66,142	18,535	89,388	24,321	-	46,886
Awards and grants	-	-	211,927	553,068	-	-
Professional services	615	9,558	8,487	36,377	4,950	45,120
Rent and utilities	-	-	-	-	-	-
Travel and related	19,182	8,621	32,274	15,131	-	16,146
Printing	224	179	150	2,459	-	415
Depreciation and amortization	-	-	-	-	-	-
Equipment rental and maintenance	-	-	259	-	-	-
Supplies	783	538	19,348	557	-	574
Telephone	42	102	793	305	65	143
Licenses and fees	-	222	10,139	612	300	7,176
Insurance	-	-	-	-	-	-
Postage and delivery	333	35	240	5,005	-	175
Contributed services and materials	-	21,000	2,080	6,343	-	-
Publications and dues	365	771	100	500	-	1,043
Miscellaneous	25	4,122	6,190	242	-	10,888
Allocation of management and general	72,131	80,251	123,380	232,428	1,514	82,609
TOTAL	\$ 329,259	\$ 385,788	\$ 694,695	\$ 1,145,457	\$ 6,829	\$ 390,090

							2014
Supporting Services							
Vision 2022	Total Program Services	Development and Fundraising	Management and General	Total Supporting Services	Total Expenses	Total Expenses	
\$ -	\$ 882,592	\$ 146,713	\$ 354,296	\$ 501,009	\$ 1,383,601	\$ 1,435,380	
-	165,643	26,613	79,007	105,620	271,263	293,409	
52,954	298,226	-	5,007	5,007	303,233	383,219	
-	764,995	-	-	-	764,995	754,566	
34,718	139,825	59,324	107,185	166,509	306,334	358,658	
-	-	-	216,732	216,732	216,732	241,348	
-	91,354	6,905	22,767	29,672	121,026	64,779	
-	3,427	413	595	1,008	4,435	15,465	
-	-	-	29,056	29,056	29,056	45,038	
-	259	-	7,332	7,332	7,591	8,912	
-	21,800	309	4,631	4,940	26,740	14,888	
-	1,450	175	13,030	13,205	14,655	18,521	
-	18,449	11,451	22,246	33,697	52,146	38,966	
-	-	-	14,743	14,743	14,743	15,268	
-	5,788	121	1,009	1,130	6,918	6,389	
-	29,423	-	61,664	61,664	91,087	79,741	
-	2,779	1,166	6,021	7,187	9,966	8,821	
-	21,467	682	3,542	4,224	25,691	25,651	
25,048	617,361	68,975	(686,336)	(617,361)	-	-	
\$ 112,720	\$ 3,064,838	\$ 322,847	\$ 262,527	\$ 585,374	\$ 3,650,212	\$ 3,809,019	

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (85,394)	\$ 44,240
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	29,056	45,038
Loss (gain) on equipment disposal	66	(10,000)
(Increase) decrease in:		
Grants and other receivables	296,096	528,033
Prepaid expenses	7,577	5,468
Increase (decrease) in:		
Accounts payable and accrued liabilities	(26,460)	(34,300)
Deferred rent	(35,254)	(30,752)
Refundable advance	<u>49,370</u>	<u>(151,724)</u>
Net cash provided by operating activities	<u>235,057</u>	<u>396,003</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(21,077)	(2,566)
Proceeds from sale of fixed assets	<u>-</u>	<u>10,000</u>
Net cash (used) provided by investing activities	<u>(21,077)</u>	<u>7,434</u>
Net increase in cash and cash equivalents	213,980	403,437
Cash and cash equivalents at beginning of year	<u>2,253,366</u>	<u>1,849,929</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,467,346</u>	<u>\$ 2,253,366</u>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The National Environmental Education and Training Foundation, Inc., doing business as the National Environmental Education Foundation (NEEF), was established under the National Environmental Education Act of 1990 (the Act) and was incorporated under the laws of the Commonwealth of Virginia during that year. NEEF is a private, charitable nonprofit organization, pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986 and was established under the Act to extend the contribution of environmental education and training to meet critical environmental protection needs, both in the United States and internationally.

The purpose of NEEF (www.neefusa.org) is to advance lifelong environmental literacy in the American public. As expressed in NEEF's mission statement, "NEEF provides knowledge to trusted professionals and other leaders who, with their credibility, amplify messages to national audiences to solve environmental problems. Together, we generate lasting positive change." NEEF has developed a ten year vision that "By 2022, 300 million Americans actively use environmental knowledge to ensure the well-being of the earth and its people." NEEF will implement this vision through the Knowledge to Live By Campaign.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with NEEF's financial statements for the year ended September 30, 2014, from which the summarized information was derived.

Cash and cash equivalents -

NEEF considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, NEEF maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Grants and other receivables -

Grants and other receivables represent amounts due from federal agencies for allowable costs incurred under federal grants and contracts, amounts due from private donors, and other amounts due to NEEF, but not yet received. All amounts are considered fully collectable and due within one year.

Fixed assets -

Fixed assets in excess of \$1,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to ten years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended September 30, 2015 totaled \$29,056.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Income taxes -

NEEF 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. NEEF is not a private foundation.

Uncertain tax positions -

For the year ended September 30, 2015, NEEF has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of NEEF and include both internally designated and undesignated resources. A portion of unrestricted net assets has been designated by the Board of Directors as an operating reserve fund. The Board of Directors has the right to decide to expend the principal of such funds at any time.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of NEEF and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

Contributions, grants and contracts -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

NEEF receives funding under grants and contracts from the U.S. and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Grants and other receivables represent amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements. Grant funding received in advance of incurring the related expenses is recorded as a refundable advance.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Contributed services and materials -

Contributed services and materials consist of donated legal and consulting services, and various donated gifts. Contributed services and materials are recorded at their fair market value as of the date of the gift.

Use of estimates -

The preparation of the 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

2. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at September 30, 2015:

Environment and Education	\$ 57,300
Public Lands Every Day	873,043
Research and Best Practices	<u>18,170</u>
	<u>\$ 948,513</u>

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Health and Environment	\$ 35,000
Weather	25,001
Environment and Education	154,752
Public Lands Every Day	825,816
Research and Best Practices	<u>6,829</u>
	<u>\$ 1,047,398</u>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

3. CONTRIBUTED SERVICES AND MATERIALS

During the year ended September 30, 2015, NEEF was the beneficiary of donated services and materials. The following donations have been included in revenue and expense for the year ended September 30, 2015:

Donated professional services	\$ 54,722
Donated materials	<u>36,365</u>
	<u>\$ 91,087</u>

The following programs have benefited from these donated services and materials:

Weather	\$ 21,000
Environment and Education	2,080
Public Lands Every Day	6,343
Management and General	<u>61,664</u>
	<u>\$ 91,087</u>

4. LEASE COMMITMENTS

NEEF leases office space under a ten-year agreement that commenced on January 1, 2007. The terms of the lease stipulate that rent will increase annually at a rate of 2.5% for the life of the lease. NEEF is required to pay its proportionate share of any increases in real estate taxes and operating expenses, which increases annually at a rate of 2.82% for the life of the lease. During 2014, NEEF signed a lease for additional space at its current office. Occupancy of the additional office space commenced on March 1, 2014 and will continue for the remaining duration of the original lease (through December 31, 2016). There is no annual escalation on the additional office space.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability in the Statement of Financial Position.

The following is a schedule of the future minimum lease payments:

Year Ending September 30,

2016	\$ 226,377
2017	<u>56,884</u>
	<u>\$ 283,261</u>

Rent expense for the year ended September 30, 2015 was \$196,982 and is included in rent and utilities in the accompanying Statement of Functional Expenses. The deferred rent liability at September 30, 2015 was \$50,131.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

5. RETIREMENT PLAN

NEEF provides retirement benefits to its employees through a simplified employee pension plan covering all employees who have attained the age of 18 and have at least one year of eligible experience. NEEF establishes the amount to be contributed each year. Contributions to the plan during the year ended September 30, 2015 totaled \$63,754 and are included in employee benefits and taxes in the accompany Statement of Functional Expenses.

6. CONTINGENCY

NEEF receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of OMB Circular A-133. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the provisions of OMB Circular A-133 have been completed for all required fiscal years through 2015. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

7. SUBSEQUENT EVENTS

In preparing these financial statements, NEEF has evaluated events and transactions for potential recognition or disclosure through February 17, 2016, the date the financial statements were issued.