

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2021**

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NEEF as of September 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 NEEF 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 NEEF'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 and *Government Auditing Standards* will always detect a material misstatement when it exists.

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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, including omissions, 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 NEEF'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 NEEF'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.

Report on Summarized Comparative Information

We have previously audited NEEF's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 21, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2023, on our consideration of NEEF's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NEEF's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NEEF's internal control over financial reporting and compliance.



February 6, 2023

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,888,315	\$ 1,421,383
Grants and other receivables	333,416	994,108
Prepaid expenses	<u>69,755</u>	<u>67,675</u>
Total current assets	<u>2,291,486</u>	<u>2,483,166</u>
FIXED ASSETS		
Furniture	448,701	448,701
Leasehold improvements	<u>244,878</u>	<u>244,878</u>
	693,579	693,579
Less: Accumulated depreciation and amortization	<u>(645,700)</u>	<u>(603,101)</u>
Net fixed assets	<u>47,879</u>	<u>90,478</u>
TOTAL ASSETS	<u>\$ 2,339,365</u>	<u>\$ 2,573,644</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Loan payable	\$ -	\$ 375,140
Accounts payable and accrued liabilities	175,926	284,878
Refundable advance	62,047	12,660
Deferred rent	42,429	36,317
Deferred tenant improvement allowance	<u>35,380</u>	<u>35,380</u>
Total current liabilities	<u>315,782</u>	<u>744,375</u>
LONG-TERM LIABILITIES		
Deferred rent, net of current portion	10,992	53,421
Deferred tenant improvement allowance, net of current portion	<u>8,756</u>	<u>44,097</u>
Total long-term liabilities	<u>19,748</u>	<u>97,518</u>
Total liabilities	<u>335,530</u>	<u>841,893</u>
NET ASSETS		
Without donor restrictions	562,053	619,906
With donor restrictions	<u>1,441,782</u>	<u>1,111,845</u>
Total net assets	<u>2,003,835</u>	<u>1,731,751</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,339,365</u>	<u>\$ 2,573,644</u>

See accompanying notes to financial statements.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

	<u>2022</u>			<u>2021</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
SUPPORT AND REVENUE				
Contributions	\$ 162,648	\$ 1,735,000	\$ 1,897,648	\$ 1,437,540
Government grants	1,434,624	-	1,434,624	1,148,270
Government appropriation	861,500	-	861,500	858,000
In-kind contributions	2,946,753	-	2,946,753	4,917,652
Other revenue	51,318	-	51,318	2,877
Net assets released from donor restrictions	<u>1,405,063</u>	<u>(1,405,063)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>6,861,906</u>	<u>329,937</u>	<u>7,191,843</u>	<u>8,364,339</u>
EXPENSES				
Program Services	<u>6,956,974</u>	<u>-</u>	<u>6,956,974</u>	<u>8,452,937</u>
Supporting Services:				
Development and Fundraising	326,955	-	326,955	229,096
Management and General	<u>10,970</u>	<u>-</u>	<u>10,970</u>	<u>159,096</u>
Total supporting services	<u>337,925</u>	<u>-</u>	<u>337,925</u>	<u>388,192</u>
Total expenses	<u>7,294,899</u>	<u>-</u>	<u>7,294,899</u>	<u>8,841,129</u>
Change in net assets before other item	(432,993)	329,937	(103,056)	(476,790)
OTHER ITEM				
Forgiveness of debt	<u>375,140</u>	<u>-</u>	<u>375,140</u>	<u>305,261</u>
Change in net assets after other item	(57,853)	329,937	272,084	(171,529)
Net assets at beginning of year	<u>619,906</u>	<u>1,111,845</u>	<u>1,731,751</u>	<u>1,903,280</u>
NET ASSETS AT END OF YEAR	<u>\$ 562,053</u>	<u>\$ 1,441,782</u>	<u>\$ 2,003,835</u>	<u>\$ 1,731,751</u>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	2022										2021	
	Program Services					Supporting Services					Total Expenses	Total Expenses
	Health and Wellness	Conservation	K-12 Education	Campaigns	Public Outreach	Total Program Services	Development and Fundraising	Management and General	Total Supporting Services			
Salaries	\$383,758	\$ 567,627	\$ 450,470	\$ 166,217	\$ 264,343	\$1,832,415	\$ 211,622	\$ 3,212	\$ 214,834	\$2,047,249	\$1,821,890	
Employee benefits and taxes	79,624	122,650	96,438	34,024	55,011	387,747	44,096	992	45,088	432,835	400,107	
Subcontracts (Federal)	7,100	1,436	7,114	3,195	47,815	66,660	306	43	349	67,009	194,663	
Subrecipients (Federal)	6,000	112,613	377,859	-	-	496,472	-	-	-	496,472	297,192	
Awards and grants (non-Federal)	-	534,511	20,000	-	-	554,511	-	-	-	554,511	541,984	
Professional services	18,507	104,733	36,081	16,759	30,602	206,682	33,886	1,381	35,267	241,949	178,354	
Licenses and fees	18,679	28,864	21,601	6,323	9,267	84,734	9,696	848	10,544	95,278	108,833	
Supplies	10	1,612	201	4	81	1,908	9	1	10	1,918	1,332	
Telephone	1,860	4,980	3,735	677	1,439	12,691	1,060	148	1,208	13,899	14,382	
Postage and delivery	15	630	30	5	12	692	24	1	25	717	5,613	
Equipment rental and maintenance	830	2,249	1,687	306	650	5,722	479	67	546	6,268	6,835	
Printing	12	266	47	4	9	338	10	1	11	349	76	
Publications and dues	275	1,745	559	101	1,405	4,085	2,642	232	2,874	6,959	5,458	
Rent expense	26,711	72,403	54,305	9,842	20,921	184,182	15,413	2,153	17,566	201,748	201,301	
Travel and related	1,901	8,336	45,905	167	679	56,988	583	116	699	57,687	2,640	
Depreciation and amortization	5,640	15,287	11,466	2,078	4,417	38,888	3,254	457	3,711	42,599	44,678	
Insurance	2,227	6,037	4,528	821	1,745	15,358	1,285	180	1,465	16,823	11,658	
In-kind expenses	-	-	-	-	2,946,753	2,946,753	-	-	-	2,946,753	4,917,652	
Miscellaneous	11,988	13,904	26,195	1,654	6,407	60,148	2,590	1,138	3,728	63,876	45,778	
Bad debt expense	-	-	-	-	-	-	-	-	-	-	40,703	
TOTAL	\$565,137	\$ 1,599,883	\$1,158,221	\$ 242,177	\$3,391,556	\$6,956,974	\$ 326,955	\$ 10,970	\$ 337,925	\$7,294,899	\$8,841,129	

See accompanying notes to financial statements.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 272,084	\$ (171,529)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	42,599	44,678
Forgiveness of debt	(375,140)	(305,261)
Decrease (increase) in:		
Grants and other receivables	660,692	85,896
Prepaid expenses	(2,080)	(4,165)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(108,952)	134,568
Refundable advance	49,387	(60,995)
Deferred rent	(36,317)	(19,058)
Deferred tenant improvement allowance	<u>(35,341)</u>	<u>(35,380)</u>
Net cash provided (used) by operating activities	<u>466,932</u>	<u>(331,246)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	<u>-</u>	<u>375,140</u>
Net cash provided by financing activities	<u>-</u>	<u>375,140</u>
Net increase in cash and cash equivalents	466,932	43,894
Cash and cash equivalents at beginning of year	<u>1,421,383</u>	<u>1,377,489</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,888,315</u>	<u>\$ 1,421,383</u>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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 not-for-profit organization, pursuant to Section 501(c)(3) of the Internal Revenue Code (IRC) 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.

NEEF is the nation's leading organization in lifelong environmental learning, connecting people to knowledge they use to improve the quality of their lives and the health of the planet.

The purpose of NEEF (www.neefusa.org) is to cultivate an environmentally conscious and responsible public. Our vision is that people's everyday actions are guided by an understanding and concern for the well-being of people and the planet. Our mission is to make the environment more accessible, relatable, relevant, and connected to the daily lives of all Americans. Our work is centered in areas when the environment intersects daily life: Conservation, K-12 Education, and Health.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions. NEEF further classifies net assets without donor restrictions as follows:

- * **Board Designated Net Assets** - Net assets that the Board of Directors has set aside to be used at its discretion to carry-out future activities.

Operating Reserve **\$ 150,000**

- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Basis of presentation (continued) -

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, 2021, from which the summarized information was derived.

New accounting pronouncement adopted -

During the year ended September 30, 2022, NEEF adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

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, with the exception of money market funds held with investment institutions. 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 are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established. 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 due within the following fiscal year.

Fixed assets -

Fixed assets in excess of \$5,000 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 during the year ended September 30, 2022 totaled \$42,599.

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.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Uncertain tax positions -

For the year ended September 30, 2022, NEEF has documented its consideration of FASB Accounting Standards Codification (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.

Contributions and grants -

The majority of NEEF's revenue is received through contributions as well as appropriations and grants from the U.S. Government and other entities. Contributions, appropriations and grants are recognized in the appropriate category of net assets in the period received. NEEF performs an analysis of the individual contribution and grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" 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 net assets with donor restrictions in the accompanying financial statements.

Contributions or grants qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Most grants awards from the United States Government and other entities are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are recognized as contributions when the revenue becomes unconditional. Typically, these agreements also contain a right of return or right of release from obligation provision and the entity has limited discretion over how funds transferred should be spent. As such, NEEF recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For contributions and grants treated as contributions, NEEF had approximately \$1,310,000 in unrecognized conditional awards as of September 30, 2022.

Government appropriation -

NEEF receives an annual appropriation from Congress through the United States Environmental Protection Agency (EPA) under the National Environment Education Act (NEEA) of 1990. NEEF must qualify for release of its appropriation funds on an annual basis. Appropriated funds applications are based on matching contributions from non-Federal entities and in-kind goods and services contributed to NEEF. NEEF recognizes the full amount of the appropriation revenue upon written notification from the EPA. Any unspent funds are carried forward into the following fiscal year.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

In-kind contributions -

In-kind contributions consist primarily of donated public service announcements, and are recorded at their estimated fair value on the date the services were provided.

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. Expenses directly attributed to a specific functional area of NEEF are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

New accounting pronouncement not yet adopted -

The FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

NEEF plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following as of September 30, 2022:

Conservation	\$ 1,307,529
Campaigns	39,353
K-12 Education	<u>94,900</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ <u>1,441,782</u>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

2. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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

Conservation	\$ 1,271,348
Campaigns	63,147
K-12 Education	<u>70,568</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 1,405,063</u>

3. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 1,888,315
Grants and other receivables	<u>333,416</u>
Subtotal financial assets available within one year	2,221,731
Less: Board designated funds	(150,000)
Less: Donor restricted funds	<u>(1,441,782)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 629,949</u>

NEEF has a policy to structure its financial assets to be available and liquid as its obligations become due. There is a fund established by the governing Board that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

4. LOAN PAYABLE

On February 2, 2021, NEEF received a second round of loan proceeds in the amount of \$375,140 under the Paycheck Protection Program (PPP). During the year ended September 30, 2022, NEEF used the proceeds for purposes consistent with the Paycheck Protection Program and received forgiveness in December 2021 by the SBA in the amount of \$375,140. Accordingly, NEEF has recorded revenue from forgiveness of debt on the accompanying Statement of Activities and Change in Net Assets for the fiscal year ended September 30, 2022.

5. LEASE COMMITMENT

NEEF leases office space in Washington, D.C. under a seven-year agreement that was effective on January 1, 2017 and will expire on December 31, 2023. Rental increases and increases in real estate taxes and operating expenses described above remain the same for the duration of the extended lease term.

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 accompanying Statement of Financial Position. The deferred rent liability as of September 30, 2022 was \$53,421.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

5. LEASE COMMITMENT (Continued)

Additionally, included in the lease was a tenant improvement allowance totaling \$232,659 available to NEEF. Accounting principles generally accepted in the United States of America require that leasehold improvement allowances be recorded as assets (leasehold improvements), with a corresponding liability (deferred tenant improvement allowance), in the accompanying Statement of Financial Position. The portion of the lease payment related to the improvement allowance is amortized over the lease term. As of September 30, 2022, the total deferred improvement allowance aggregated \$44,136.

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

Year Ending September 30,

2023	\$ 269,086
2024	<u>67,656</u>
	<u>\$ 336,742</u>

Rent expense during the year ended September 30, 2022 totaled \$201,748.

6. 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, 2022 totaled \$101,162 and is included in employee benefits and taxes in the accompanying Statement of Functional Expenses.

7. IN-KIND CONTRIBUTIONS

During the year ended September 30, 2022, NEEF was the beneficiary of donated public service announcements which allowed NEEF to provide greater resources toward various programs. There were no donor-imposed restrictions associated with the in-kind contributions during the year ended September 30, 2022.

To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended September 30, 2022:

Donated Public Service Announcements **\$ 2,946,753**

The following program has benefited from these donated services:

Public Outreach **\$ 2,946,753**

8. CONTINGENCY

NEEF receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. 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.

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8. CONTINGENCY (Continued)

Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2022. 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.

9. SUBSEQUENT EVENTS

In preparing these financial statements, NEEF has evaluated events and transactions for potential recognition or disclosure through February 6, 2023, the date the financial statements were issued.