



**AUDIT REPORT**

**FINANCIAL AND FEDERAL AWARD  
COMPLIANCE EXAMINATION**

**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

# NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

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**FINANCIAL STATEMENTS**



**FOR THE YEAR ENDED SEPTEMBER 30, 2023  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2022**

**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, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 6, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards on pages I-(15 - 16), as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2024, 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.

A handwritten signature in black ink that reads "Gelman Rosenberg & Freedman". The signature is written in a cursive, flowing style.

February 9, 2024

**NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2023**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

**ASSETS**

	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,493,199	\$ 1,888,315
Grants and contributions receivable	600,658	333,416
Prepaid expenses	<u>59,533</u>	<u>69,755</u>
Total current assets	<u>2,153,390</u>	<u>2,291,486</u>
<b>FIXED ASSETS</b>		
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>(677,181)</u>	<u>(645,700)</u>
Net fixed assets	<u>16,398</u>	<u>47,879</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,169,788</u></b>	<b><u>\$ 2,339,365</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 186,239	\$ 273,483
Refundable advance	100,189	62,047
Fiscal sponsor liability	<u>304,980</u>	<u>-</u>
Total liabilities	<u>591,408</u>	<u>335,530</u>
<b>NET ASSETS</b>		
Without donor restrictions	256,704	562,053
With donor restrictions	<u>1,321,676</u>	<u>1,441,782</u>
Total net assets	<u>1,578,380</u>	<u>2,003,835</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,169,788</u></b>	<b><u>\$ 2,339,365</u></b>



**NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	<u>2023</u>			<u>2022</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 179,276	\$ 1,402,000	\$ 1,581,276	\$ 1,897,648
Government grants	1,195,867	-	1,195,867	1,434,624
Government appropriation	983,300	-	983,300	861,500
Contributed nonfinancial assets	2,436,251	-	2,436,251	2,946,753
Other revenue	26,817	-	26,817	51,318
Net assets released from donor restrictions	<u>1,522,106</u>	<u>(1,522,106)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>6,343,617</u>	<u>(120,106)</u>	<u>6,223,511</u>	<u>7,191,843</u>
<b>EXPENSES</b>				
Program Services	<u>6,176,037</u>	<u>-</u>	<u>6,176,037</u>	<u>6,956,974</u>
Supporting Services:				
Development and Fundraising	270,897	-	270,897	326,955
Management and General	<u>202,032</u>	<u>-</u>	<u>202,032</u>	<u>10,970</u>
Total supporting services	<u>472,929</u>	<u>-</u>	<u>472,929</u>	<u>337,925</u>
Total expenses	<u>6,648,966</u>	<u>-</u>	<u>6,648,966</u>	<u>7,294,899</u>
Change in net assets before other item	(305,349)	(120,106)	(425,455)	(103,056)
<b>OTHER ITEM</b>				
Forgiveness of debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>375,140</u>
Change in net assets after other item	(305,349)	(120,106)	(425,455)	272,084
Net assets at beginning of year	<u>562,053</u>	<u>1,441,782</u>	<u>2,003,835</u>	<u>1,731,751</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 256,704</u></b>	<b><u>\$ 1,321,676</u></b>	<b><u>\$ 1,578,380</u></b>	<b><u>\$ 2,003,835</u></b>

## NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023						2022				
	Program Services					Supporting Services					
	Health and Wellness	Conservation	K-12 Education	Campaigns	Public Outreach	Total Program Services	Development and Fundraising	Management and General	Total Supporting Services	Total Expenses	Total Expenses
Salaries	\$ 380,462	\$ 502,661	\$ 447,432	\$ 215,361	\$ 240,870	\$ 1,786,786	\$ 177,710	\$ 85,711	\$ 263,421	\$ 2,050,207	\$ 2,047,249
Employee benefits and taxes	66,894	95,846	83,221	40,872	44,356	331,189	31,278	25,565	56,843	388,032	432,835
Subcontracts (Federal)	36,679	515	62,990	199	-	100,383	-	-	-	100,383	67,009
Subrecipients (Federal)	-	90,587	241,299	-	-	331,886	-	-	-	331,886	496,472
Awards and grants (non-Federal)	-	601,757	25,000	-	-	626,757	-	-	-	626,757	554,511
Professional services	42,878	57,581	89,444	9,868	38,697	238,468	26,826	22,776	49,602	288,070	241,949
Licenses and fees	16,726	16,483	12,127	3,948	19,945	69,229	9,349	11,650	20,999	90,228	95,278
Supplies	2,723	1,102	453	125	783	5,186	153	368	521	5,707	1,918
Telephone	1,007	2,122	1,568	514	633	5,844	455	1,517	1,972	7,816	13,899
Postage and delivery	12	7,819	39	6	61	7,937	6	20	26	7,963	717
Equipment rental and maintenance	639	1,348	996	327	402	3,712	289	964	1,253	4,965	6,268
Printing	-	5,968	29	-	117	6,114	-	-	-	6,114	349
Publications and dues	180	380	281	92	446	1,379	1,670	272	1,942	3,321	6,959
Lease expense	26,693	56,257	41,562	13,640	16,784	154,936	12,063	40,249	52,312	207,248	201,748
Travel and related	4,127	10,730	12,075	1,761	2,226	30,919	8,657	5,195	13,852	44,771	57,687
Depreciation and amortization	4,055	8,545	6,313	2,072	2,550	23,535	1,832	6,114	7,946	31,481	42,599
Insurance	870	1,834	1,355	445	547	5,051	393	1,314	1,707	6,758	16,823
Contributed nonfinancial expenses	-	-	-	-	2,436,251	2,436,251	-	-	-	2,436,251	2,946,753
Miscellaneous	235	3,565	3,717	120	2,838	10,475	216	317	533	11,008	63,876
<b>TOTAL</b>	<b>\$ 584,180</b>	<b>\$ 1,465,100</b>	<b>\$ 1,029,901</b>	<b>\$ 289,350</b>	<b>\$ 2,807,506</b>	<b>\$ 6,176,037</b>	<b>\$ 270,897</b>	<b>\$ 202,032</b>	<b>\$ 472,929</b>	<b>\$ 6,648,966</b>	<b>\$ 7,294,899</b>

See accompanying notes to financial statements.

## NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (425,455)	\$ 272,084
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	31,481	42,599
Forgiveness of debt	-	(375,140)
(Increase) decrease in:		
Grants and contributions receivable	(267,242)	660,692
Prepaid expenses	10,222	(2,080)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(87,244)	(180,610)
Refundable advance	38,142	49,387
Fiscal sponsor liability	<u>304,980</u>	<u>-</u>
Net cash (used) provided by operating activities	<u>(395,116)</u>	<u>466,932</u>
Net (decrease) increase in cash and cash equivalents	(395,116)	466,932
Cash and cash equivalents at beginning of year	<u>1,888,315</u>	<u>1,421,383</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 1,493,199</u></b>	<b><u>\$ 1,888,315</u></b>

# NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

### 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](http://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.
  - \* **Board Designated Operating Reserve** - The Board of Directors maintains an operating reserve fund to be used at its discretion to carry-out future activities. As of September 30, 2023, the Board Designated Operating Reserve totaled \$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, 2023

### 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, 2022, 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, 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 contributions receivable -

Grants and contributions receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectable. 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, 2023 totaled \$31,481.

#### 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, 2023, 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.

# NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2023

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

#### Contributions and grants (continued) -

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 \$646,000 in unrecognized conditional awards as of September 30, 2023.

#### 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.

#### Contributed nonfinancial assets -

Contributed nonfinancial assets consist 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.

**NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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 time and effort or other reasonable basis.

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 total change in net assets.

**2. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following as of September 30, 2023:

Conservation	\$ 952,580
K-12 Education	341,748
Health and Wellness	20,768
Campaigns	<u>6,580</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 1,321,676</u></b>

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	\$ 1,303,949
K-12 Education	123,152
Health and Wellness	62,232
Campaigns	<u>32,773</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 1,522,106</u></b>

**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	\$ 1,493,199
Grants and contributions receivable	<u>600,658</u>
Subtotal financial assets available within one year	2,093,857
Less: Board designated funds	(150,000)
Less: Donor restricted funds	<u>(1,321,676)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 622,181</u></b>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

3. LIQUIDITY AND AVAILABILITY (Continued)

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. LEASE COMMITMENT

NEEF leased office space in Washington, D.C. under a seven-year agreement that was effective on January 1, 2017 and expired on December 31, 2023. Rental increases and increases in real estate taxes and operating expenses remained the same for the duration of the lease term. The lease was not renewed upon the termination date.

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

<b>Year Ending September 30, 2024</b>	<b>\$ <u>67,656</u></b>
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Lease expense during the year ended September 30, 2023 totaled \$207,248.

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, 2023 totaled \$76,405 and is included in employee benefits and taxes in the accompanying Statement of Functional Expenses.

6. CONTRIBUTED NONFINANCIAL ASSETS

During the year ended September 30, 2023, 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, 2023. Donated public service announcements are valued at the estimated fair value based on current costs for similar professional services.

To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended September 30, 2023:

<b>Donated Public Service Announcements</b>	<b>\$ <u>2,436,251</u></b>
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The following program has benefited from these donated services:

<b>Public Outreach</b>	<b>\$ <u>2,436,251</u></b>
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7. 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)*.



**NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**7. CONTINGENCY (Continued)**

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 applicable provisions have been completed for all required fiscal years through 2023. 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.

**8. SUBSEQUENT EVENTS**

In preparing these financial statements, NEEF has evaluated events and transactions for potential recognition or disclosure through February 9, 2024, the date the financial statements were issued.

**SUPPLEMENTAL INFORMATION**

## NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Granting Agency and Program Title	Pass- Through Entity	Pass-Through Identification Number	Assistance Listing Number	Grant Number	Passed Through to Sub- Recipients	Total Federal Expenditures
<b>U.S. Environmental Protection Agency:</b>						
National Environmental Education Act	N/A	N/A	66.000	Appropriation	\$ -	\$ 861,500
Subtotal 66.000					<u>-</u>	<u>861,500</u>
<b>U.S. Department of Defense:</b>						
National Public Lands Day	N/A	N/A	12.632	HQ0034-19-2-0002	-	111,858
Subtotal 12.632					<u>-</u>	<u>111,858</u>
<b>U.S. Department of the Interior:</b>						
Park Service Greening Stem	N/A	N/A	15.954	P21AC10094-00	1,350	26,993
Subtotal 15.954					<u>1,350</u>	<u>26,993</u>
Greening STEM, Outdoor Classroom Program	N/A	N/A	15.225	L21AC10276-01	-	88,125
National Public Lands Day 2022	N/A	N/A	15.225	L22AC00465-00	-	64,283
Subtotal 15.225					<u>-</u>	<u>152,408</u>
Park Service After School Citizen Science STEM Program for K-12	N/A	N/A	15.944	P20AC00025	61,641	570,796
Subtotal 15.944					<u>61,641</u>	<u>570,796</u>
Subtotal U.S. Department of the Interior					<u>62,991</u>	<u>750,197</u>
<b>U.S. Department of Agriculture - U.S. Forest Service:</b>						
Connecting People and Businesses to America's Forests for Conservation Education, Engagement, Stewardship and Health Promotion Purposes	N/A	N/A	10.699	18-PA-11132545-015	16,500	86,449
Connecting People and Businesses to America's Forests for Conservation Education, Engagement, Stewardship and Health Promotion Purposes	N/A	N/A	10.699	23-PA-11132545-025	-	48,530
Subtotal 10.699					<u>16,500</u>	<u>134,979</u>
<b>Department of Health and Human Services:</b>						
Centers for Disease Control and Prevention (CDC), National Center for Environmental Health - Promoting Asthma Friendly Environments Through Partnerships and Collaborations	N/A	N/A	93.070	1NU59EH001254-01	20,179	198,833
Subtotal 93.070					<u>20,179</u>	<u>198,833</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>					<b><u>\$ 99,670</u></b>	<b><u>\$ 2,057,367</u></b>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of NEEF under programs of the United States Government for the year ended September 30, 2023. Information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of NEEF, it is not intended to and does not present the financial position, changes in net assets or cash flows of NEEF.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. NEEF has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

**Note 3. Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements**

Federal grants and contracts revenue per the Statement of Activities and Change in Net Assets	\$ 1,195,867
Federal appropriation per the Statement of Activities and Change in Net Assets	983,300
Less: Unspent Federal appropriation in current year	<u>(121,800)</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>	<b><u>\$ 2,057,367</u></b>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

1). Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP on the accrual basis of accounting:

Unmodified

2). Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

3). Noncompliance material to financial statements noted?

Yes  No

Federal Awards

4). Internal control over major Federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

5). Type of auditor's report issued on compliance for major Federal programs:

Unmodified

6). Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes  No

7). Identification of major Federal programs:

<u>Name of Federal Program</u>	<u>Assistance Listing Number</u>
Park Service After School Citizen Science STEM Program for K-12	15.944

8). Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

9). Auditee qualified as a low-risk auditee?

Yes  No

## NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

## Section II - Financial Statement Findings

## Finding 2023-001: Financial Management and Reconciliation of Accounts

**Criteria:** As stated in 2 CFR §200.303, the non-Federal entity (i.e. NEEF) must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations and terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or in the “Internal Control Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**Condition:** At the commencement of our audit fieldwork, we noted several asset and liability accounts (i.e. grants receivable, prepaid expenses, fixed assets, accounts payable, refundable advances and net assets), that were not reconciled to the general ledger. As a result, a significant amount of time was spent by management during the audit process reconciling accounts and a significant number of adjustments were made to the asset and liability accounts.

**Cause:** NEEF experienced turnover in the accounting department during the fiscal year under audit and the proper staff was not in place for the full fiscal year. This resulted in the delay of the year-end closing process and significant time was spent reconciling NEEF’s financial records from previous periods. These conditions represent a weakness in internal controls, as well as the financial reporting and review process.

**Effect:** The inability to provide timely, accurate financial information from the accounting system creates several vulnerabilities including the inability of management and the Board to make appropriate decisions based on current information, as well as increased susceptibility to undetected instances of fraud and or error.

**Recommendation:** We recommend management review its current system of internal controls, including the monthly reconciliation process, and focus on establishing an appropriate set of policies and procedures based on its current level of operations. In order to ensure accuracy of financial data reported externally, we also recommend that NEEF ensure its internal records be reconciled with financial reports submitted to the U.S. Government and other donors. Lastly, we also recommend detailed reviews/approvals of all supporting schedules (and related financial statements) be performed and contemporaneously documented in the accounting records; any discrepancies or other issues should be resolved in a timely manner.

**Views of Responsible Officials:** Management promptly addressed the material misstatements detected during the audit process. Throughout the audited fiscal year, NEEF’s month-end accounting calculations and entries were managed by a third-party accounting firm. However, in pursuit of enhanced efficiency and control, NEEF has made the strategic decision to bring the month-end closing process in-house, thereby streamlining our operations. Considering this transition, NEEF is also actively seeking a reputable third-party accounting firm to provide an extra layer of oversight and validation for all future month-end close entries. This proactive approach underscores our commitment to ensuring accuracy and reliability in our financial reporting, as well as our dedication to addressing any past issues and preventing their recurrence. By taking these steps, NEEF aims to optimize our accounting processes and uphold the highest standard of financial stewardship. We are confident that this adjustment will contribute to a more robust and transparent financial management framework moving forward.

**NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**Section III - Federal Award Findings and Questioned Costs 2 CFR 200.516(a))**

There were no reportable findings.

**Section IV - Prior Year Findings With Current Year Status**

There were no reportable findings.



CPAs & ADVISORS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the National Environmental Education Foundation (NEEF) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise NEEF's basic financial statements, and have issued our report thereon dated February 9, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered NEEF's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances, for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NEEF's internal control. Accordingly, we do not express an opinion on the effectiveness of NEEF's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of NEEF's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2023-001 that we consider to be a significant deficiency.

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MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL  
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION



## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether NEEF's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding 2023-001.

### **NEEF's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on NEEF's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. NEEF's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Gelman Rosenberg & Freedman". The signature is written in a cursive, flowing style.

February 9, 2024



## CPAs & ADVISORS

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

#### **Report on Compliance for Each Major Federal Program**

##### ***Opinion on Each Major Federal Program***

We have audited the National Environmental Education Foundation's (NEEF) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of NEEF's major Federal programs for the year ended September 30, 2023. NEEF's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, NEEF complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended September 30, 2023.

##### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of NEEF and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major Federal program. Our audit does not provide a legal determination of NEEF's compliance with the compliance requirements referred to above.

##### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to NEEF's Federal programs.

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MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL  
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on NEEF's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about NEEF's compliance with the requirements of each major Federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 NEEF's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of NEEF's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of NEEF's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Gelman Rosenberg & Freedman*

February 9, 2024