

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED SEPTEMBER 30, 2024
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2023**

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

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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, 2024, 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, 2024, 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.

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • WWW.GRFCPA.COM

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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 and *Government 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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 9, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, 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 January 31, 2025, 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.



January 31, 2025

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

ASSETS			
		<u>2024</u>	<u>2023</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	1,715,278	\$ 1,493,199
Grants and contributions receivable		517,036	600,658
Prepaid expenses		<u>46,596</u>	<u>59,533</u>
Total current assets		<u>2,278,910</u>	<u>2,153,390</u>
FIXED ASSETS			
Furniture		-	448,701
Leasehold improvements		<u>-</u>	<u>244,878</u>
		-	693,579
Less: Accumulated depreciation and amortization		<u>-</u>	<u>(677,181)</u>
Net fixed assets		<u>-</u>	<u>16,398</u>
OTHER ASSET			
Right-of-use asset, net		<u>87,972</u>	<u>-</u>
TOTAL ASSETS	\$	<u>2,366,882</u>	<u>2,169,788</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$	227,175	\$ 186,239
Refundable advances		717,219	100,189
Fiscal sponsor liability		-	304,980
Operating lease liability		<u>24,198</u>	<u>-</u>
Total current liabilities		<u>968,592</u>	<u>591,408</u>
LONG-TERM LIABILITY			
Operating lease liability, net		<u>72,527</u>	<u>-</u>
Total liabilities		<u>1,041,119</u>	<u>591,408</u>
NET ASSETS			
Without donor restrictions		(768,090)	256,704
With donor restrictions		<u>2,093,853</u>	<u>1,321,676</u>
Total net assets		<u>1,325,763</u>	<u>1,578,380</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>2,366,882</u>	<u>2,169,788</u>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	<u>2024</u>			<u>2023</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
SUPPORT AND REVENUE				
Grants and contributions	\$ 169,182	\$ 2,099,702	\$ 2,268,884	\$ 1,581,276
Government grants	1,276,023	-	1,276,023	1,195,867
Government appropriation	948,300	-	948,300	983,300
Contributed nonfinancial assets	2,041,417	-	2,041,417	2,436,251
Other revenue	25,411	-	25,411	26,817
Net assets released from donor restrictions	<u>1,327,525</u>	<u>(1,327,525)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>5,787,858</u>	<u>772,177</u>	<u>6,560,035</u>	<u>6,223,511</u>
EXPENSES				
Program Services	<u>6,394,651</u>	<u>-</u>	<u>6,394,651</u>	<u>6,176,037</u>
Supporting Services:				
Development and Fundraising	289,599	-	289,599	270,897
Management and General	<u>128,402</u>	<u>-</u>	<u>128,402</u>	<u>202,032</u>
Total supporting services	<u>418,001</u>	<u>-</u>	<u>418,001</u>	<u>472,929</u>
Total expenses	<u>6,812,652</u>	<u>-</u>	<u>6,812,652</u>	<u>6,648,966</u>
Change in net assets	(1,024,794)	772,177	(252,617)	(425,455)
Net assets at beginning of year	<u>256,704</u>	<u>1,321,676</u>	<u>1,578,380</u>	<u>2,003,835</u>
NET ASSETS AT END OF YEAR	<u>\$ (768,090)</u>	<u>\$ 2,093,853</u>	<u>\$ 1,325,763</u>	<u>\$ 1,578,380</u>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023**

	2024							2023				
	Program Services							Supporting Services				
	Health and Wellness	Conservation	K-12 Education	Campaigns	Public Outreach	WRAP	Total Program Services	Development and Fundraising	Management and General	Total Supporting Services	Total Expenses	Total Expenses
Salaries	\$ 518,304	\$ 526,870	\$ 528,982	\$ 307,597	\$ 216,243	\$295,290	\$ 2,393,286	\$ 180,867	\$ 67,726	\$ 248,593	\$2,641,879	\$ 2,050,207
Employee benefits and taxes	112,887	113,902	115,736	68,424	46,855	60,155	517,959	38,344	11,128	49,472	567,431	388,032
Subcontracts (Federal)	-	-	-	-	-	-	-	-	-	-	-	100,383
Subrecipients (Federal)	15,000	-	164,996	-	-	-	179,996	-	-	-	179,996	331,886
Awards and grants (non-Federal)	96,163	468,120	228,678	-	-	-	792,961	-	-	-	792,961	626,757
Professional services	29,104	56,457	46,578	12,913	33,185	9,861	188,098	27,988	17,829	45,817	233,915	288,070
Licenses and fees	10,299	13,081	10,777	3,905	11,513	-	49,575	21,390	5,549	26,939	76,514	90,228
Supplies	892	2,144	1,036	133	1,073	-	5,278	121	184	305	5,583	5,707
Telephone	840	1,306	1,150	427	340	237	4,300	299	592	891	5,191	7,816
Postage and delivery	100	7,805	143	51	41	245	8,385	36	71	107	8,492	7,963
Equipment rental and maintenance	-	-	-	-	-	-	-	-	-	-	-	4,965
Printing	107	1,207	179	23	49	31	1,596	16	33	49	1,645	6,114
Publications and dues	1,066	1,897	1,659	493	573	-	5,688	920	687	1,607	7,295	3,321
Lease expense	13,915	21,640	19,046	7,066	5,626	-	67,293	4,946	9,824	14,770	82,063	207,248
Travel and related	14,736	23,621	30,821	9,608	8,254	16,113	103,153	13,186	7,816	21,002	124,155	44,771
Depreciation and amortization	1,939	3,015	2,653	984	784	-	9,375	-	2,057	2,057	11,432	31,481
Insurance	2,602	4,045	3,560	1,321	1,052	-	12,580	925	1,836	2,761	15,341	6,758
Contributed non- financial expenses	-	-	-	-	2,041,417	-	2,041,417	-	-	-	2,041,417	2,436,251
Miscellaneous	2,490	4,133	2,160	802	3,859	267	13,711	561	3,070	3,631	17,342	11,008
TOTAL	\$ 820,444	\$ 1,249,243	\$1,158,154	\$ 413,747	\$2,370,864	\$382,199	\$ 6,394,651	\$ 289,599	\$ 128,402	\$ 418,001	\$6,812,652	\$ 6,648,966

See accompanying notes to financial statements.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (252,617)	\$ (425,455)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	11,432	31,481
Loss on disposal of fixed assets	4,966	-
Amortization of right-of-use asset	16,850	-
Decrease (increase) in:		
Grants and contributions receivable	83,622	(267,242)
Prepaid expenses	12,937	10,222
Increase (decrease) in:		
Accounts payable and accrued liabilities	40,936	(87,244)
Refundable advances	617,030	38,142
Fiscal sponsor liability	(304,980)	304,980
Operating lease liability	<u>(8,097)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>222,079</u>	<u>(395,116)</u>
Net increase (decrease) in cash and cash equivalents	222,079	(395,116)
Cash and cash equivalents at beginning of year	<u>1,493,199</u>	<u>1,888,315</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,715,278</u>	<u>\$ 1,493,199</u>
SUPPLEMENTAL INFORMATION:		
Right-of-Use Asset	<u>\$ 104,822</u>	<u>\$ -</u>
Operating Lease Liability for Right-of-Use Asset	<u>\$ 104,822</u>	<u>\$ -</u>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

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

Program Services -

Health and Wellness - NEEF's health initiatives focus on building a broad coalition of stakeholders to address environmental health concerns and promote benefits. Through the pediatric asthma initiative, healthcare professionals receive free training to understand how the environment influences health outcomes and how to mitigate or enhance these effects. Climate and mental health programs explore the connection between outdoor access and physical and mental well-being, emphasizing resilience and recovery amidst climate change challenges. The SunWise program offers over 50 standards-based, cross-curricular activities that teach K-8 children about sun safety, UV radiation, and stratospheric ozone.

Conservation - Aligned with NEEF's mission to connect people to the environment, this program area engages people nationwide in visiting, improving, and stewarding public lands while supporting public land agencies in conservation and fostering the next generation of environmental stewards. Key initiatives include National Public Lands Day (NPLD), the nation's largest single-day volunteer effort for public lands, which brings thousands of volunteers together to restore and improve public lands. NPLD is also a "fee-free day" when entrance fees are waived at national parks and public lands, with the 31st annual event taking place in 2024. Several grantmaking programs are tied to conservation, focusing on biodiversity, public lands access, community engagement, volunteerism, and environmental education, including the Department of Defense's Legacy grantmaking program.

K-12 Education - NEEF is dedicated to cultivating an environmentally conscious and responsible public through environmental education programs. Guided by the Greening STEM initiative, NEEF promotes experiential, hands-on, place-based education to foster better learning outcomes and a deeper sense of environmental stewardship. The Greening STEM initiative facilitates real-world, project-based STEM learning with resources like free educator toolkits and online materials. Programs like Climate Superstars engage middle school students in fun, interactive environmental challenges, empowering them to take an active role in shaping a sustainable future.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

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

Program Services (continued) -

Campaigns - The National Environmental Education and Training Foundation, also known as NEEF, is the nation's premier organization dedicated to lifelong environmental learning. NEEF stands at the forefront of efforts to make the environment more accessible, relatable, and relevant to all Americans. Our mission is to seamlessly integrate environmental awareness and education into the daily lives of people nationwide.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit 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". Net assets set aside 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, 2024, the Board Designated Operating Reserve totaled \$250,000.
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

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, 2023, 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.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

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

Grants and contributions receivable -

Grants and contributions receivable include unconditional promises to give that are expected to be collected in future years. Grants and contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows. Allowances for doubtful accounts are estimated based on the length of time outstanding and past history with donors. Amounts that are expected to be collected in future years are recorded at the present value of future cash flows. Management considers all grants and contributions receivable to be fully collectable; therefore, no allowance for doubtful accounts has been established.

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 lesser of the useful life of the asset or the remaining life term 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, 2024 totaled \$11,432.

Income taxes -

NEEF is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. NEEF is not a private foundation.

Support from grants and contributions, including Federal awards -

NEEF receives grants and contributions, including Federal awards and appropriations from the U.S. Government. Contributions are recognized in the appropriate category of net assets in the period received.

NEEF performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with Accounting Standards Codification (ASC) Topic 958.

For grants qualifying under the contribution rules, support 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, including grants qualifying as contributions, that are unconditional but 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. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. NEEF's refundable advances totaled \$717,219 as of September 30, 2024.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

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

Support from grants and contributions, including Federal awards (continued) -

In addition, NEEF has obtained funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. NEEF's unrecognized conditional contributions to be received in future years totaled \$1,482,058 as of September 30, 2024.

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 contributed nonfinancial assets given 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 are recorded at their fair value as of the date of the gift and consisted of donated public service announcements. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the NEEF. None of the contributed nonfinancial assets were restricted by donors.

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 NEEF's 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.

2. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at September 30, 2024:

Health and Wellness	\$ 150,538
Conservation	1,033,125
K-12 Education	230,552
WRAP	<u>679,638</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 2,093,853</u>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

2. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets with donor restrictions were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors during the year ended September 30, 2024:

Health and Wellness	\$ 48,230
Conservation	631,956
K-12 Education	276,196
Campaigns	6,580
WRAP	<u>364,563</u>

TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS **\$ 1,327,525**

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 as of September 30, 2024:

Cash and cash equivalents	\$ 1,715,278
Grants and contributions receivable	<u>517,036</u>

Subtotal financial assets available within one year	2,232,314
Less: Donor restricted funds	<u>(2,093,853)</u>

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS
FOR GENERAL EXPENDITURES WITHIN ONE YEAR** **\$ 138,461**

NEEF has a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, NEEF has board designated net assets without donor restrictions that were established by the Board of Directors that may be drawn upon in the event of financial distress or an immediate liquidity need.

4. LEASE COMMITMENTS

NEEF follows FASB ASC 842 for leases. NEEF has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. NEEF has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

Operating Leases:

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. Base rent was \$18,118 per month which increased by a factor of 2.5% per year. The lease was not renewed upon the termination date.

On January 1, 2024, NEEF entered into an office space lease agreement in Washington, D.C. that extends through April 30, 2028. Base rent is \$2,223 per month, plus a proportionate share of expenses, increasing by a factor of 4% per year. NEEF received rent abatement for the first four months of the lease.

For the year ended September 30, 2024, the total lease cost for all operating leases was \$67,689, which is included in lease expense in the accompanying Statement of Functional Expenses. For the year ended September 30, 2024, the total cash paid for all operating lease was \$78,773. As of September 30, 2024, the remaining lease term and rate for the operating lease is 3.6 years and 3.93%.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

4. LEASE COMMITMENTS (Continued)

Operating Leases:

The following is a schedule of the future minimum lease payments due under the operating lease, net of imputed interest, as of September 30, 2024:

Year Ending September 30,

2025	\$ 27,480
2026	28,580
2027	29,723
2028	<u>17,906</u>
	103,689
Less: Imputed interest	<u>(6,964)</u>
	96,725
Less: Current portion	<u>(24,198)</u>
LONG-TERM PORTION	<u>\$ 72,527</u>

5. RETIREMENT PLAN

NEEF provides retirement benefits to its employees through a simplified employee pension plan (the 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, 2024 totaled \$109,982 and are included in employee benefits and taxes in the accompanying Statement of Functional Expenses.

6. CONTRIBUTED NONFINANCIAL ASSETS

During the year ended September 30, 2024, NEEF was the beneficiary of donated public service announcements which allowed NEEF to provide greater resources toward various programs. Contributed nonfinancial assets consisted of the following for the year ended September 30, 2024:

Donated Public Service Announcements	<u>\$ 2,041,417</u>
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Contributed nonfinancial assets have been recorded in support and in the following functional expense category for the year ended September 30, 2024:

Public Outreach	<u>\$ 2,041,417</u>
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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)*. The ultimate determination of amounts received under the Federal awards is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. 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. Audits in accordance with the applicable provisions of Subpart F of the Uniform Guidance have been completed for all required fiscal years through 2024.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

8. FUTURE FUNDING

As of September 30, 2024, NEEF maintained a net deficit without donor restrictions balance of \$768,090. The success of NEEF to continue is dependent on the ability of NEEF's Board and management in raising without donor restrictions funding during the coming fiscal year and subsequent years to ensure that expenditures do not continue to exceed available funds. Management has taken the following steps to mitigate the net deficiency in net assets without donor restrictions:

Strong Momentum in New Funding for Fiscal Year 2025:

- NEEF revised their revenue model, implemented at the end of fiscal year 2024, through which NEEF has identified \$2.7M in likely private funding for fiscal year 2025 to support long-term sustainability and less reliance on Federal funding.
- In quarter 1 of fiscal year 2025, NEEF has secured two new private donors, and renewed/expanded investments from two current donors. These commitments exceed private revenue committed in quarter 1 of fiscal year 2024 and demonstrate strong early progress towards NEEF's private revenue goal. Additionally, quarter 1 of fiscal year 2025 end of year individual giving revenue exceeded fiscal year 2024 by 70%.
- Board engagement: The Board has an annual private fundraising goal, and each Board member has a defined role in securing private contributions, strengthening NEEF's fundraising efforts.

Disciplined Expense Management & Budget Adjustments:

- The fiscal year 2025 budget includes strategic cost reductions in non-essential areas such as, professional fees of \$54k, travel expenses of \$65k, reduction in rent of \$230k, timing of equipment and maintenance of \$25k, and printing/copying expenses with the non-renewal of NEEF's leased copier of \$10k.
- Staffing adjustments: Two staff positions have not been refilled, resulting in favorable cost savings without having an impact on core operations.

Enhanced Financial Oversight:

- With accounting services now in-house, financial monitoring and internal controls have been strengthened to ensure proactive fiscal management.

9. SUBSEQUENT EVENTS

In preparing these financial statements, NEEF has evaluated events and transactions for potential recognition or disclosure through January 31, 2025, the date the financial statements were issued.