



National Environmental  
Education Foundation

Knowledge to live by

**AUDIT REPORT**

**FINANCIAL AND FEDERAL AWARD  
COMPLIANCE EXAMINATION**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

# NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

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## **FINANCIAL STATEMENTS**



**FOR THE YEAR ENDED SEPTEMBER 30, 2016  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2015**

**NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION**

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# GELMAN, ROSENBERG

## & FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS



### INDEPENDENT AUDITOR'S REPORT

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

#### Report on the Financial Statements

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, 2016, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NEEF as of September 30, 2016, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## Report on Summarized Comparative Information

We have previously audited NEEF's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 17, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards on pages I-(15 - 17), 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 3, 2017 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 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 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 3, 2017

**NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2016**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

**ASSETS**

	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,633,739	\$ 2,467,346
Grants and other receivables	868,579	408,805
Prepaid expenses	<u>85,741</u>	<u>72,431</u>
Total current assets	<u>3,588,059</u>	<u>2,948,582</u>
<b>FIXED ASSETS</b>		
Furniture	435,762	428,030
Leasehold improvements	<u>261,499</u>	<u>261,499</u>
	697,261	689,529
Less: Accumulated depreciation and amortization	<u>(660,734)</u>	<u>(626,041)</u>
Net fixed assets	<u>36,527</u>	<u>63,488</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,624,586</u></b>	<b><u>\$ 3,012,070</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 188,246	\$ 165,865
Deferred rent	10,262	39,869
Refundable advance	<u>205,584</u>	<u>196,271</u>
Total current liabilities	<u>404,092</u>	<u>402,005</u>
<b>LONG-TERM LIABILITIES</b>		
Deferred rent, net of current portion	<u>-</u>	<u>10,262</u>
Total liabilities	<u>404,092</u>	<u>412,267</u>
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated	1,606,409	1,501,290
Board designated	<u>150,000</u>	<u>150,000</u>
Total unrestricted	1,756,409	1,651,290
Temporarily restricted	<u>1,464,085</u>	<u>948,513</u>
Total net assets	<u>3,220,494</u>	<u>2,599,803</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,624,586</u></b>	<b><u>\$ 3,012,070</u></b>

See accompanying notes to financial statements.

**NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	<u>2016</u>			<u>2015</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<b>REVENUE</b>				
Contributions	\$ 630,881	\$ 1,578,874	\$ 2,209,755	\$ 1,514,140
Government grants and contracts	1,036,462	-	1,036,462	1,086,304
Government appropriation	870,200	-	870,200	870,200
In-kind contributions	47,015	-	47,015	91,087
Other revenue	24,885	-	24,885	3,087
Net assets released from donor restrictions	<u>1,063,302</u>	<u>(1,063,302)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>3,672,745</u>	<u>515,572</u>	<u>4,188,317</u>	<u>3,564,818</u>
<b>EXPENSES</b>				
Program Services	<u>2,924,479</u>	<u>-</u>	<u>2,924,479</u>	<u>3,064,838</u>
Supporting Services:				
Development and Fundraising	332,149	-	332,149	322,847
Management and General	<u>310,998</u>	<u>-</u>	<u>310,998</u>	<u>262,527</u>
Total supporting services	<u>643,147</u>	<u>-</u>	<u>643,147</u>	<u>585,374</u>
Total expenses	<u>3,567,626</u>	<u>-</u>	<u>3,567,626</u>	<u>3,650,212</u>
Change in net assets	105,119	515,572	620,691	(85,394)
Net assets at beginning of year	<u>1,651,290</u>	<u>948,513</u>	<u>2,599,803</u>	<u>2,685,197</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 1,756,409</u></b>	<b><u>\$ 1,464,085</u></b>	<b><u>\$ 3,220,494</u></b>	<b><u>\$ 2,599,803</u></b>

**NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	<b>2016</b>				
	<b>Program Services</b>				
	<b>Health and Environment</b>	<b>Best Practices</b>	<b>Environment and Education</b>	<b>Public Lands Every Day</b>	<b>Public Outreach</b>
Salaries	\$ 108,068	\$ 271,954	\$ 158,982	\$ 247,164	\$ 184,566
Employee benefits and taxes	21,513	54,126	30,853	49,041	36,714
Subcontracts (Federal)	50,190	34,103	3,096	12,101	44,779
Subrecipients (Federal)	15,558	-	213,753	175,813	-
Awards and grants (non-Federal)	4,902	-	20,814	366,997	-
Professional services	189	670	2,832	23,096	-
Rent and utilities	-	-	-	-	-
Travel and related	15,446	6,913	24,780	25,590	11,972
Printing	2,146	403	645	5,303	802
Depreciation and amortization	-	-	-	-	-
Equipment rental and maintenance	-	-	-	-	-
Supplies	58	890	2,588	1,456	51
Telephone	101	189	476	232	117
Licenses and fees	-	323	869	1,929	9,939
Insurance	-	-	-	-	-
Postage and delivery	196	57	453	4,708	-
In-kind expenses	-	-	-	-	-
Publications and dues	602	318	-	500	15,575
Miscellaneous	25	487	655	105	27
Allocation of management and general	60,794	107,386	111,992	265,072	86,058
<b>TOTAL</b>	<b>\$ 279,788</b>	<b>\$ 477,819</b>	<b>\$ 572,788</b>	<b>\$ 1,179,107</b>	<b>\$ 390,600</b>

							2015
Supporting Services							
Vision 2022	Total Program Services	Development and Fundraising	Management and General	Total Supporting Services	Total Expenses	Total Expenses	
\$ -	\$ 970,734	\$ 160,400	\$ 346,351	\$ 506,751	\$ 1,477,485	\$ 1,383,601	
-	192,247	31,780	70,864	102,644	294,891	271,263	
18,960	163,229	-	10,768	10,768	173,997	312,393	
-	405,124	-	-	-	405,124	303,233	
-	392,713	-	-	-	392,713	461,762	
-	26,787	49,100	112,520	161,620	188,407	306,334	
-	-	-	223,357	223,357	223,357	216,732	
-	84,701	3,418	18,467	21,885	106,586	121,026	
-	9,299	389	8,476	8,865	18,164	4,435	
-	-	-	34,693	34,693	34,693	29,056	
-	-	-	7,573	7,573	7,573	7,591	
-	5,043	23	5,793	5,816	10,859	26,740	
-	1,115	129	13,806	13,935	15,050	14,655	
-	13,060	11,944	43,194	55,138	68,198	52,146	
-	-	-	15,901	15,901	15,901	14,743	
-	5,414	64	572	636	6,050	6,918	
-	-	-	47,015	47,015	47,015	91,087	
-	16,995	1,247	6,885	8,132	25,127	9,966	
-	1,299	249	54,888	55,137	56,436	16,531	
5,417	636,719	73,406	(710,125)	(636,719)	-	-	
<b>\$ 24,377</b>	<b>\$ 2,924,479</b>	<b>\$ 332,149</b>	<b>\$ 310,998</b>	<b>\$ 643,147</b>	<b>\$ 3,567,626</b>	<b>\$ 3,650,212</b>	

## NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 620,691	\$ (85,394)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	34,693	29,056
Loss on equipment disposal	-	66
(Increase) decrease in:		
Grants and other receivables	(459,774)	296,096
Prepaid expenses	(13,310)	7,577
Increase (decrease) in:		
Accounts payable and accrued liabilities	22,381	(26,460)
Deferred rent	(39,869)	(35,254)
Refundable advance	<u>9,313</u>	<u>49,370</u>
Net cash provided by operating activities	<u>174,125</u>	<u>235,057</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	<u>(7,732)</u>	<u>(21,077)</u>
Net cash used by investing activities	<u>(7,732)</u>	<u>(21,077)</u>
Net increase in cash and cash equivalents	166,393	213,980
Cash and cash equivalents at beginning of year	<u>2,467,346</u>	<u>2,253,366</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 2,633,739</u></b>	<b><u>\$ 2,467,346</u></b>

# NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2016

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

#### Organization -

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

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

#### Basis of presentation -

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

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with NEEF's financial statements for the year ended September 30, 2015, from which the summarized information was derived.

#### Cash and cash equivalents -

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

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

#### Grants and other receivables -

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

#### Fixed assets -

Fixed assets in excess of \$1,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to ten years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended September 30, 2016 totaled \$34,693.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

Income taxes -

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

Uncertain tax positions -

For the year ended September 30, 2016, NEEF has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Net asset classification -

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

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

Contributions, grants and contracts -

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

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

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

In-kind contributions -

In-kind contributions consist of donated legal services and are recorded at their estimated fair value on the date the services were provided.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

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

In-kind contributions (continued) -

For the year ended September 30, 2016, in-kind contributions were valued at \$47,015, which was allocated to management and general in the accompanying Statement of Functional Expenses.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

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

Reclassification -

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

2. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at September 30, 2016:

Health and Environment	\$ 5,000
Environment and Education	6,464
Public Lands Every Day	796,000
Centennial Friends Grantmaking	536,874
Employee Engagement	7,747
Energy Efficiency Campaign	<u>112,000</u>
	<b><u>\$ 1,464,085</u></b>

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

Health and Environment	\$ 25,000
Environment and Education	150,836
Public Lands Every Day	827,043
Research and Best Practices	18,171
Employee Engagement	<u>42,252</u>
	<b><u>\$ 1,063,302</u></b>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016

3. LEASE COMMITMENTS

NEEF leases office space under a ten-year agreement that commenced on January 1, 2007 and expires on December 31, 2016. The terms of the lease stipulate that rent will increase annually at a rate of 2.5% for the life of the lease. NEEF is required to pay its proportionate share of any increases in real estate taxes and operating expenses, which increases annually at a rate of 2.82% for the life of the lease.

In May 2016, NEEF signed a seven year extension to its current lease, which is effective on January 1, 2017 and expires on December 31, 2023. Also included in the lease extension is a buildout allowance of \$220,570 that is expected to be utilized during fiscal year 2017. 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 Statement of Financial Position.

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

**Year Ending September 30,**

2017	\$ 193,928
2018	198,776
2019	203,745
2020	208,839
2021	214,060
Thereafter	<u>500,877</u>
	<b><u>\$ 1,520,225</u></b>

Rent expense for the year ended September 30, 2016 was \$223,357 and is included in rent and utilities in the accompanying Statement of Functional Expenses. The deferred rent liability at September 30, 2016 was \$10,262.

3. 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, 2016 totaled \$63,478 and are included in employee benefits and taxes in the accompanying Statement of Functional Expenses.

4. CONTINGENCY

NEEF receives grants from various agencies of the United States Government. For fiscal years through September 30, 2015, such grants were subject to audit under the provisions of OMB Circular A-133. Beginning for fiscal year ended September 30, 2016, 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*.

**NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**4. 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 2016. 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.

**5. SUBSEQUENT EVENTS**

In preparing these financial statements, NEEF has evaluated events and transactions for potential recognition or disclosure through February 3, 2017, 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, 2016

Federal Granting Agency and Program Title	Pass- Through Entity	Pass-Through Identification Number	CFDA 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	\$ -	\$ 776,384
Subtotal 66.000					<u>-</u>	<u>776,384</u>
<b>U.S. Army Corps of Engineers:</b>						
National Public Lands Day	N/A	N/A	12.000	HQ0034-15-2-0016	151,005	191,005
National Public Lands Day	N/A	N/A	12.000	W912P5-14-P-0067	-	16,854
Subtotal 12.000					<u>151,005</u>	<u>207,859</u>
National Public Lands Day	N/A	N/A	12.632	W9132T-14-2-0019	13,749	13,749
Subtotal 12.632					<u>13,749</u>	<u>13,749</u>
<b>U.S. Department of the Interior:</b>						
Bureau of Land Management: National Public Lands Day	N/A	N/A	15.225	L13AC00118	2,500	27,500
Bureau of Land Management: Hands on the Land	N/A	N/A	15.225	L12AC20054	-	52,500
Subtotal 15.225					<u>2,500</u>	<u>80,000</u>
U.S. Fish & Wildlife Service: Partners in Resource Education/Hands on the Land	N/A	N/A	15.676	F14AC00473-0001-0610	-	432
U.S. Fish & Wildlife Service: Partners in Resource Education/Hands on the Land	N/A	N/A	15.676	F15AC01128	75,000	75,000
U.S. Fish & Wildlife Service: Partners in Resource Education/Hands on the Land	N/A	N/A	15.676	F15AC01127	-	17,500
Subtotal 15.676					<u>75,000</u>	<u>92,932</u>
U.S. National Park Service: National Public Lands Day	N/A	N/A	15.944	P12AC31002	-	5,002
U.S. National Park Service: National Public Lands Day	N/A	N/A	15.944	P15AC31002	-	45,000
Subtotal 15.944					<u>-</u>	<u>50,002</u>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Federal Granting Agency and Program Title	Pass- Through Entity	Pass-Through Identification Number	CFDA Number	Grant Number	Passed Through to Sub- Recipients	Total Federal Expenditures
<b>U.S. Department of the Interior (Continued):</b>						
U.S. National Park Service: Hands on the Land: Conservation, Protection, Outreach and Education	N/A	N/A	15.954	P12AC31002	\$ <u>128,217</u>	\$ <u>185,825</u>
Subtotal 15.954					<u>128,217</u>	<u>185,825</u>
<b>U.S. Department of Agriculture- U.S. Forest Service:</b>						
Partners in Resource Education	N/A	N/A	10.000	13-CS-11132545-378	-	68,479
Healthy People, Healthy Lands	N/A	N/A	10.000	08-CS-11132545-209	-	16,290
Connecting People and Businesses to America's Forests for Conservation Education, Engagement, Stewardship and Health Promotion Purposes	N/A	N/A	10.000	13-CS-11132545-378	<u>27,845</u>	<u>99,138</u>
Subtotal 10.000					<u>27,845</u>	<u>183,907</u>
<b>Department of Health and Human Services:</b>						
Centers for Disease Control and Prevention, National Center for Environmental Health - Asthma and Indoor Air Quality Education Program	N/A	N/A	93.070	1UE1EH001307-01	<u>6,808</u>	<u>123,269</u>
Subtotal 93.070					<u>6,808</u>	<u>123,269</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>					<u>\$ 405,124</u>	<u>\$ 1,713,927</u>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

**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 Federal government for the year ended September 30, 2016. The information in this 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, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (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. Pass-through entity identifying numbers are presented where available.

**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	\$ 1,036,462
Federal appropriation per the Statement of Activities and Change in Net Assets	870,200
Less: Unspent Federal appropriation from prior year	(68,584)
Less: Unspent Federal appropriation in current year	(25,232)
Less: Federal contracts and purchase orders	<u>(98,919)</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>	<b><u>\$ 1,713,927</u></b>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

**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>CFDA Number</u>
National Environmental Education Act	66.000

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, 2016**

**Section II - Financial Statement Findings**

There were no reportable findings.

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

There were no reportable findings.



## 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

### Independent Auditor's Report

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, 2016, and the related notes to the financial statements, which collectively comprise NEEF's basic financial statements, and have issued our report thereon dated February 3, 2017.

### **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) to determine the 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.

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

## **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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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 cursive script that reads "Gelman Rosenberg & Friedman".

February 3, 2017

# GELMAN, ROSENBERG

## & FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS



### REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE 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)

#### Independent Auditor's Report

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

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

We have audited the National Environmental Education Foundation's compliance with the types of compliance requirements described 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, 2016. NEEF's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### **Management's Responsibility**

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of NEEF's major federal programs based on our audit of the types of compliance requirements referred to above. 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)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about NEEF's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of NEEF's compliance.

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

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, 2016.

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## Report on Internal Control Over Compliance

Management of NEEF is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered NEEF's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of NEEF's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



February 3, 2017