

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED SEPTEMBER 30, 2021
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2020**

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statement of Financial Position, as of September 30, 2021, with Summarized Financial Information for 2020	4
EXHIBIT B - Statement of Activities and Change in Net Assets, for the Year Ended September 30, 2021, with Summarized Financial Information for 2020	5
EXHIBIT C - Statement of Functional Expenses, for the Year Ended September 30, 2021, with Summarized Financial Information for 2020	6
EXHIBIT D - Statement of Cash Flows, for the Year Ended September 30, 2021, with Summarized Financial Information for 2020	7
NOTES TO FINANCIAL STATEMENTS	8 - 14



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the National Environmental Education Foundation (NEEF), which comprise the statement of financial position as of September 30, 2021, 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.

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

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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, 2021, 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.

Report on Summarized Comparative Information

We have previously audited NEEF's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 17, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, 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 21, 2022, 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 21, 2022

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,421,383	\$ 1,377,489
Grants and other receivables	994,108	1,080,004
Prepaid expenses	<u>67,675</u>	<u>63,510</u>
Total current assets	<u>2,483,166</u>	<u>2,521,003</u>
FIXED ASSETS		
Furniture	448,701	448,701
Leasehold improvements	<u>244,878</u>	<u>244,878</u>
	693,579	693,579
Less: Accumulated depreciation and amortization	<u>(603,101)</u>	<u>(558,423)</u>
Net fixed assets	<u>90,478</u>	<u>135,156</u>
TOTAL ASSETS	<u>\$ 2,573,644</u>	<u>\$ 2,656,159</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Loan payable	\$ 375,140	\$ 143,104
Accounts payable and accrued liabilities	284,878	150,310
Refundable advance	12,660	73,655
Deferred rent	36,317	19,058
Deferred tenant improvement allowance	<u>35,380</u>	<u>35,380</u>
Total current liabilities	<u>744,375</u>	<u>421,507</u>

LONG-TERM LIABILITIES

Loan payable, net of current portion	-	162,157
Deferred rent, net of current portion	53,421	89,738
Deferred tenant improvement allowance, net of current portion	<u>44,097</u>	<u>79,477</u>
Total long-term liabilities	<u>97,518</u>	<u>331,372</u>
Total liabilities	<u>841,893</u>	<u>752,879</u>

NET ASSETS

Without donor restrictions	619,906	809,959
With donor restrictions	<u>1,111,845</u>	<u>1,093,321</u>
Total net assets	<u>1,731,751</u>	<u>1,903,280</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,573,644</u>	<u>\$ 2,656,159</u>

See accompanying notes to financial statements.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions	\$ 149,642	\$ 1,287,898	\$ 1,437,540	\$ 1,157,414
Government grants and contracts	1,148,270	-	1,148,270	1,006,600
Government appropriation	858,000	-	858,000	858,000
In-kind contributions	4,917,652	-	4,917,652	1,675,837
Other revenue	2,877	-	2,877	7,832
Net assets released from donor restrictions	<u>1,269,374</u>	<u>(1,269,374)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>8,345,815</u>	<u>18,524</u>	<u>8,364,339</u>	<u>4,705,683</u>
EXPENSES				
Program Services	<u>8,452,937</u>	<u>-</u>	<u>8,452,937</u>	<u>4,683,262</u>
Supporting Services:				
Development and Fundraising	229,096	-	229,096	238,719
Management and General	<u>159,096</u>	<u>-</u>	<u>159,096</u>	<u>127,628</u>
Total supporting services	<u>388,192</u>	<u>-</u>	<u>388,192</u>	<u>366,347</u>
Total expenses	<u>8,841,129</u>	<u>-</u>	<u>8,841,129</u>	<u>5,049,609</u>
Change in net assets before other item	(495,314)	18,524	(476,790)	(343,926)
OTHER ITEM				
Forgiveness of debt	<u>305,261</u>	<u>-</u>	<u>305,261</u>	<u>-</u>
Change in net assets after other item	(190,053)	18,524	(171,529)	(343,926)
Net assets at beginning of year	<u>809,959</u>	<u>1,093,321</u>	<u>1,903,280</u>	<u>2,247,206</u>
NET ASSETS AT END OF YEAR	<u>\$ 619,906</u>	<u>\$ 1,111,845</u>	<u>\$ 1,731,751</u>	<u>\$ 1,903,280</u>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

	2021										2020	
	Program Services					Supporting Services					Total Expenses	Total Expenses
	Health and Wellness	Conservation	K-12 Education	Campaigns	Public Outreach	Total Program Services	Development and Fundraising	Management and General	Total Supporting Services			
Salaries	\$ 325,821	\$ 449,887	\$ 418,977	\$ 206,473	\$ 248,713	\$ 1,649,871	\$ 138,301	\$ 33,718	\$ 172,019	\$ 1,821,890	\$ 1,828,638	
Employee benefits and taxes	71,656	98,906	92,015	45,314	54,483	362,374	30,391	7,342	37,733	400,107	403,021	
Subcontracts (Federal)	35,885	1,028	87,750	-	70,000	194,663	-	-	-	194,663	38,793	
Subrecipients (Federal)	11,500	143,432	142,260	-	-	297,192	-	-	-	297,192	184,559	
Awards and grants (non-Federal)	-	485,734	56,250	-	-	541,984	-	-	-	541,984	387,816	
Professional services	14,128	47,494	28,222	12,601	31,587	134,032	31,899	12,423	44,322	178,354	80,775	
Rent expense	25,410	66,785	48,869	16,063	12,408	169,535	12,408	19,358	31,766	201,301	198,456	
Travel and related	187	529	359	199	1,111	2,385	91	164	255	2,640	44,058	
Printing	9	25	18	6	5	63	5	8	13	76	2,636	
Depreciation and amortization	5,557	14,606	10,688	3,513	2,714	37,078	2,714	4,886	7,600	44,678	48,806	
Equipment rental and maintenance	850	2,234	1,635	538	415	5,672	415	748	1,163	6,835	6,461	
Supplies	75	196	874	47	37	1,229	37	66	103	1,332	2,780	
Telephone	1,856	4,675	3,425	1,124	869	11,949	869	1,564	2,433	14,382	15,398	
Licenses and fees	18,636	26,917	21,062	19,238	5,898	91,751	8,118	8,964	17,082	108,833	92,005	
Insurance	1,450	3,811	2,789	917	708	9,675	708	1,275	1,983	11,658	11,955	
Postage and delivery	10	5,559	19	6	5	5,599	5	9	14	5,613	2,381	
In-kind expenses	-	-	-	-	4,890,954	4,890,954	-	26,698	26,698	4,917,652	1,675,837	
Publications and dues	109	1,500	269	69	879	2,826	2,536	96	2,632	5,458	4,105	
Miscellaneous	7,258	5,515	27,831	775	2,726	44,105	599	1,074	1,673	45,778	21,129	
Bad debt expense	-	-	-	-	-	-	-	40,703	40,703	40,703	-	
TOTAL	\$ 520,397	\$ 1,358,833	\$ 943,312	\$ 306,883	\$ 5,323,512	\$ 8,452,937	\$ 229,096	\$ 159,096	\$ 388,192	\$ 8,841,129	\$ 5,049,609	

See accompanying notes to financial statements.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (171,529)	\$ (343,926)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	44,678	48,806
Forgiveness of debt	(305,261)	-
Decrease (increase) in:		
Grants and other receivables	85,896	(537,206)
Prepaid expenses	(4,165)	22,536
Increase (decrease) in:		
Accounts payable and accrued liabilities	134,568	(54,309)
Refundable advance	(60,995)	69,557
Deferred rent	(19,058)	42,727
Deferred tenant improvement allowance	<u>(35,380)</u>	<u>(35,340)</u>
Net cash used by operating activities	<u>(331,246)</u>	<u>(787,155)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	<u>375,140</u>	<u>305,261</u>
Net cash provided by financing activities	<u>375,140</u>	<u>305,261</u>
Net increase (decrease) in cash and cash equivalents	43,894	(481,894)
Cash and cash equivalents at beginning of year	<u>1,377,489</u>	<u>1,859,383</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,421,383</u>	<u>\$ 1,377,489</u>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The National Environmental Education and Training Foundation, Inc., doing business as the National Environmental Education Foundation (NEEF), was established under the National Environmental Education Act of 1990 (the Act) and was incorporated under the laws of the Commonwealth of Virginia during that year. NEEF is a private, charitable not-for-profit organization, pursuant to Section 501(c)(3) of the Internal Revenue Code (IRC) of 1986 and was established under the Act to extend the contribution of environmental education and training to meet critical environmental protection needs, both in the United States and internationally.

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

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

Basis of presentation -

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

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions. NEEF further classifies net assets without donor restrictions as follows:
 - * **Board Designated Net Assets** - Net assets that the Board of Directors has set aside to be used at its discretion to carry-out future activities.

Operating Reserve **\$ 150,000**

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

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

**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, 2020, from which the summarized information was derived.

New accounting pronouncement adopted -

During the year ended September 30, 2021, NEEF adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way NEEF recognized revenue.

Cash and cash equivalents -

NEEF considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents, with the exception of money market funds held with investment institutions.

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

Grants and other receivables -

Grants and other receivables are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established. Grants and other receivables represent amounts due from Federal agencies for allowable costs incurred under Federal grants and contracts, amounts due from private donors, and other amounts due to NEEF, but not yet received. All amounts are due within the following fiscal year.

Fixed assets -

Fixed assets in excess of \$5,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to ten years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense during the year ended September 30, 2021 totaled \$44,678.

Income taxes -

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

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021

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

Uncertain tax positions -

For the year ended September 30, 2021, 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, grants and contracts -

The majority of NEEF's revenue is received through contributions as well as appropriations, contracts and grants from the U.S. Government and other entities. Contributions, appropriations and grants are recognized in the appropriate category of net assets in the period received. NEEF performs an analysis of the individual contribution, grant and contract 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 and contracts 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 and contracts 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.

Grant and contract agreements qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Most grants and contract 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 and contracts treated as contributions, NEEF had approximately \$2,017,000 in unrecognized conditional awards as of September 30, 2021.

Grants and contracts classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers* and are recorded as revenue when the performance obligations are met. The revenue is recorded directly to without donor restrictions and the transaction price is based on expenses incurred in compliance with the criteria stipulated in the grant or contract agreements. Grants and contracts receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant and contract agreements. Funding received in advance of incurring the related expenses is recorded as deferred revenue. NEEF has elected to opt out of all (or certain) disclosures not required for nonpublic entities.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

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.

In-kind contributions -

In-kind contributions consist primarily of donated public service announcements, and are recorded at their estimated fair value on the date the services were provided. During the year ended September 30, 2021, in-kind contributions totaled \$4,917,652, which was allocated to Public Outreach and 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. Expenses directly attributed to a specific functional area of NEEF are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact NEEF's operations. The overall potential impact is unknown at this time.

New accounting pronouncements not yet adopted -

The FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

New accounting pronouncements not yet adopted (continued) -

Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

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

NEEF plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption methods and the impact of the new standards on its accompanying financial statements.

2. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of September 30, 2021:

Conservation	\$ 958,877
Campaigns	87,500
K-12 Education	<u>65,468</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 1,111,845</u>

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	\$ 1,013,613
Campaigns	149,804
K-12 Education	<u>105,957</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 1,269,374</u>

3. LIQUIDITY AND AVAILABILITY

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

Cash and cash equivalents	\$ 1,421,383
Grants and other receivables	<u>994,108</u>
Subtotal financial assets available within one year	2,415,491
Less: Board designated funds	(150,000)
Less: Donor restricted funds	<u>(1,111,845)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 1,153,646</u>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021

3. LIQUIDITY AND AVAILABILITY (Continued)

NEEF has a policy to structure its financial assets to be available and liquid as its obligations become due. As of September 30, 2021, NEEF has financial assets equal to approximately two months of operating expenses. 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. LOANS PAYABLE

On May 5, 2020, NEEF received loan proceeds in the amount of \$295,261 under the Paycheck Protection Program (PPP). Additionally, NEEF applied for and received a Economic Injury Disaster Loan (EIDL) in the amount of \$10,000. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note must be used for certain expenditures within a 24-week period to ultimately be forgiven by the Small Business Administration. During the year ended September 30, 2021, NEEF expended and tracked the PPP funds for purposes outlined in the CARES Act guidance and received full forgiveness from the SBA in May 2021, including the \$10,000 EIDL funds. Accordingly, NEEF has recorded revenue from forgiveness of debt on the accompanying Statement of Activities and Changes in Net Assets.

On February 2, 2021, NEEF received a second round of loan proceeds in the amount of \$375,140 under the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note, unless otherwise forgiven. NEEF used the proceeds for purposes consistent with the Paycheck Protection Program and received forgiveness in December 2021 by the SBA in the amount of \$375,140. There are no further requirements regarding this funding and NEEF will record the amount forgiven as revenue from the debt extinguishment during fiscal year 2022.

5. LEASE COMMITMENT

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

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability in the accompanying Statement of Financial Position. The deferred rent liability as of September 30, 2021 was \$89,738.

Additionally, included in the lease was a tenant improvement allowance totaling \$232,659 available to NEEF. Accounting principles generally accepted in the United States of America require that leasehold improvement allowances be recorded as assets (leasehold improvements), with a corresponding liability (deferred tenant improvement allowance), in the accompanying Statement of Financial Position. The portion of the lease payment related to the improvement allowance is amortized over the lease term. As of September 30, 2021, the total deferred improvement allowance aggregated \$79,477.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

5. LEASE COMMITMENT (Continued)

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

Year Ending September 30,

2022	\$ 262,974
2023	269,086
2024	<u>67,656</u>
	<u>\$ 599,716</u>

Rent expense during the year ended September 30, 2021 totaled \$201,300.

6. RETIREMENT PLAN

NEEF provides retirement benefits to its employees through a simplified employee pension plan covering all employees who have attained the age of 18 and have at least one year of eligible experience. NEEF establishes the amount to be contributed each year. Contributions to the Plan during the year ended September 30, 2021 totaled \$100,963 and are included in employee benefits and taxes in the accompanying Statement of Functional Expenses.

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 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 2021. 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 January 21, 2022, the date the financial statements were issued.