

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED SEPTEMBER 30, 2018
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2017**

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.

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, 2018, 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, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 9, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017, 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 March 25, 2019 on our consideration of NEEF's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NEEF's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NEEF's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

March 25, 2019

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,001,091	\$ 1,949,883
Grants and other receivables	991,681	1,119,740
Prepaid expenses	<u>81,597</u>	<u>65,226</u>
Total current assets	<u>3,074,369</u>	<u>3,134,849</u>
FIXED ASSETS		
Furniture	440,230	435,037
Leasehold improvements	<u>244,878</u>	<u>244,878</u>
	685,108	679,915
Less: Accumulated depreciation and amortization	<u>(462,294)</u>	<u>(414,235)</u>
Net fixed assets	<u>222,814</u>	<u>265,680</u>
TOTAL ASSETS	<u>\$ 3,297,183</u>	<u>\$ 3,400,529</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 163,376	\$ 254,190
Refundable advance	176,079	152,253
Deferred rent	376	-
Deferred tenant improvement allowance	<u>35,380</u>	<u>-</u>
Total current liabilities	<u>375,211</u>	<u>406,443</u>
LONG-TERM LIABILITIES		
Deferred rent, net of current portion	66,069	61,283
Deferred tenant improvement allowance, net of current portion	<u>150,158</u>	<u>217,855</u>
Total long-term liabilities	<u>216,227</u>	<u>279,138</u>
Total liabilities	<u>591,438</u>	<u>685,581</u>
NET ASSETS		
Unrestricted:		
Undesignated	1,362,173	1,307,428
Board designated	<u>150,000</u>	<u>150,000</u>
Total unrestricted	1,512,173	1,457,428
Temporarily restricted	<u>1,193,572</u>	<u>1,257,520</u>
Total net assets	<u>2,705,745</u>	<u>2,714,948</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,297,183</u>	<u>\$ 3,400,529</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, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

	2018			2017
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Contributions	\$ 481,388	\$ 1,103,502	\$ 1,584,890	\$ 1,285,584
Government grants and contracts	1,034,462	-	1,034,462	993,180
Government appropriation	870,200	-	870,200	838,600
In-kind contributions	26,980	-	26,980	233,038
Other revenue	8,498	-	8,498	3,405
Net assets released from donor restrictions	<u>1,167,450</u>	<u>(1,167,450)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>3,588,978</u>	<u>(63,948)</u>	<u>3,525,030</u>	<u>3,353,807</u>
EXPENSES				
Program Services:	<u>3,034,278</u>	<u>-</u>	<u>3,034,278</u>	<u>3,050,898</u>
Supporting Services:				
Development and Fundraising	267,460	-	267,460	242,680
Management and General	<u>232,495</u>	<u>-</u>	<u>232,495</u>	<u>565,775</u>
Total supporting services	<u>499,955</u>	<u>-</u>	<u>499,955</u>	<u>808,455</u>
Total expenses	<u>3,534,233</u>	<u>-</u>	<u>3,534,233</u>	<u>3,859,353</u>
Change in net assets	54,745	(63,948)	(9,203)	(505,546)
Net assets at beginning of year	<u>1,457,428</u>	<u>1,257,520</u>	<u>2,714,948</u>	<u>3,220,494</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,512,173</u>	<u>\$ 1,193,572</u>	<u>\$ 2,705,745</u>	<u>\$ 2,714,948</u>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

	Program Services					2018
	Health and Wellness	Advancing the Field	Classroom Earth	Campaigns	Public Outreach	Total Program Services
Salaries	\$ 284,794	\$ 128,598	\$ 456,163	\$ 122,037	\$ 185,755	\$ 1,177,347
Employee benefits and taxes	71,001	32,597	111,973	29,643	46,102	291,316
Subcontracts (Federal)	94,309	12,065	3,203	24,001	38,778	172,356
Subrecipients (Federal)	32,786	-	174,918	-	-	207,704
Awards and grants (non-Federal)	-	-	345,848	-	-	345,848
Professional services	15,297	1,907	52,317	22,000	41,500	133,021
Rent and utilities	-	-	-	-	-	-
Travel and related	10,714	5,490	35,990	4,001	238	56,433
Printing	233	118	2,565	28	15	2,959
Depreciation and amortization	-	-	-	-	-	-
Equipment rental and maintenance	-	-	-	-	-	-
Supplies	829	-	1,387	-	-	2,216
Telephone	198	317	523	17	62	1,117
Licenses and fees	1,917	300	(85)	-	7,032	9,164
Insurance	-	-	-	-	-	-
Postage and delivery	-	-	5,753	-	-	5,753
In-kind expenses	-	-	-	-	-	-
Publications and dues	7,043	43	2,605	1,000	-	10,691
Miscellaneous	125	30	165	-	-	320
Subtotal	519,246	181,465	1,193,325	202,727	319,482	2,416,245
Allocation of management and general	122,743	46,846	287,808	57,919	102,717	618,033
TOTAL	\$ 641,989	\$ 228,311	\$ 1,481,133	\$ 260,646	\$ 422,199	\$ 3,034,278

					2017
Supporting Services					
Development and Fundraising	Management and General	Total Supporting Services	Total Expenses	Total Expenses	
\$ 124,780	\$ 263,395	\$ 388,175	\$ 1,565,522	\$ 1,479,351	
31,071	25,873	56,944	348,260	304,741	
-	104,790	104,790	277,146	509,294	
-	-	-	207,704	200,986	
-	-	-	345,848	350,092	
42,600	112,914	155,514	288,535	285,658	
-	198,377	198,377	198,377	223,115	
3,441	23,385	26,826	83,259	85,036	
496	886	1,382	4,341	11,342	
-	48,059	48,059	48,059	30,285	
-	6,849	6,849	6,849	6,263	
202	7,635	7,837	10,053	7,084	
241	13,576	13,817	14,934	13,640	
2,305	50,345	52,650	61,814	68,441	
-	18,231	18,231	18,231	16,011	
92	705	797	6,550	2,958	
-	26,980	26,980	26,980	233,038	
2,541	4,549	7,090	17,781	10,628	
25	3,645	3,670	3,990	21,390	
207,794	910,194	1,117,988	3,534,233	3,859,353	
59,666	(677,699)	(618,033)	-	-	
\$ 267,460	\$ 232,495	\$ 499,955	\$ 3,534,233	\$ 3,859,353	

See accompanying notes to financial statements.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (9,203)	\$ (505,546)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	48,059	30,285
Loss on disposal of fixed assets	-	8,810
Decrease (increase) in:		
Grants and other receivables	128,059	(251,161)
Prepaid expenses	(16,371)	20,515
(Decrease) increase in:		
Accounts payable and accrued liabilities	(90,814)	65,944
Refundable advance	23,826	(53,331)
Deferred rent	5,162	51,021
Deferred tenant improvement allowance	<u>(35,502)</u>	<u>(11,619)</u>
Net cash provided (used) by operating activities	<u>53,216</u>	<u>(645,082)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	<u>(2,008)</u>	<u>(38,774)</u>
Net cash used by investing activities	<u>(2,008)</u>	<u>(38,774)</u>
Net increase (decrease) in cash and cash equivalents	51,208	(683,856)
Cash and cash equivalents at beginning of year	<u>1,949,883</u>	<u>2,633,739</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,001,091</u>	<u>\$ 1,949,883</u>
SUPPLEMENTAL INFORMATION:		
Landlord Provided Leasehold Improvements	<u>\$ 3,185</u>	<u>\$ 229,474</u>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018

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) 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 Financial Accounting Standards Board (FASB) Accounting Standards Codification (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, 2017, from which the summarized information was derived.

Cash and cash equivalents -

NEEF considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents, with the exception of money market funds held with investment institutions. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, NEEF maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Grants and other receivables -

Grants and other receivables approximate 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 \$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.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

Fixed assets (continued) -

The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense during the year ended September 30, 2018 totaled \$48,059.

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, 2018, 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 revenue 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 subject to donor-imposed restrictions 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 donor restrictions.

Contributions -

Unrestricted and temporarily restricted contributions are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions 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.

Government grants and contracts -

NEEF receives funding under grants and contracts from the United States Government 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, these funds are considered to be 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 or contracts.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018

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

Government grants and contracts (continued) -

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.

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 of donated legal and campaign services, and are recorded at their estimated fair value on the date the services were provided. During the year ended September 30, 2018, in-kind contributions totaled \$26,980, 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.

New accounting pronouncements (not yet adopted) -

In August 2016, the FASB issued Accounting Standard Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statement of Activities and Change in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for fiscal years beginning after December 15, 2017. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of NEEF's financial statements, it is not expected to alter NEEF's reported financial position.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP), including those that previously followed industry-specific guidance.

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2018

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

New accounting pronouncements (not yet adopted) (continued) -

The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year thus the effective date is fiscal years beginning after December 15, 2018. Early adoption is permitted. NEEF has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. NEEF has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

In 2016, the FASB issued ASU 2016-02, *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. The ASU is effective for private entities for fiscal years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

NEEF plans to adopt the new ASUs at the respective required implementation dates.

2. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of September 30, 2018:

Classroom Earth	\$ 1,037,661
Advancing the Field	<u>155,911</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 1,193,572</u>

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:

Classroom Earth	\$ 994,120
Advancing the Field	32,947
Campaigns	11,000
Health and Wellness	79,383
Other	<u>50,000</u>
	<u>\$ 1,167,450</u>

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

3. LEASE COMMITMENT

NEEF leases office space in Washington, D.C. The initial lease agreement was for a ten-year term, which commenced on January 1, 2007 and expired on December 31, 2016. In May 2016, NEEF signed a seven-year extension 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 Statement of Financial Position. The deferred rent liability as of September 30, 2018 was \$66,445.

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, 2018, the total deferred improvement allowance aggregated \$185,538.

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

<u>Year Ending September 30,</u>	
2019	\$ 227,033
2020	232,709
2021	238,527
2022	244,490
2023	250,602
Thereafter	<u>63,035</u>
	<u>\$ 1,256,396</u>

Rent expense during the year ended September 30, 2018 totaled \$198,377.

4. 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, 2018 totaled \$81,966 and are included in employee benefits and taxes in the accompanying Statement of Functional Expenses.

5. CONTINGENCY

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

NATIONAL ENVIRONMENTAL EDUCATION FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

5. 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 2018. 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.

6. SUBSEQUENT EVENTS

In preparing these financial statements, NEEF has evaluated events and transactions for potential recognition or disclosure through March 25, 2019, the date the financial statements were issued.