



**NATIONAL ENERGY EDUCATION DEVELOPMENT
PROJECT, INC.**

Financial Statements

For the Year Ended December 31, 2018

(With Summarized Financial Information for the Year Ended December 31, 2017)



**and
Report Thereon**



NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

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For the Year Ended December 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
National Energy Education Development Project, Inc.

We have audited the accompanying financial statements of the National Energy Education Project, Inc. (NEED), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, 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.

Auditors' 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. 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 auditors' 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.

Continued

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Opinion

In our opinion, the 2018 financial statements referred to above present fairly, in all material respects, the financial position of the National Energy Education Project, Inc. as of December 31, 2018, and the changes 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.

Other Matter

Report on Summarized Comparative Information

NEED's 2017 financial statements were audited by Raffa, P.C., whose practice was combined with Marcum LLP as of October 1, 2018, and whose report dated March 22, 2018, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Washington, DC
April 8, 2019

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2018

(With Summarized Financial Information as of December 31, 2017)

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 737,820	\$ 572,584
Certificates of deposit	306,210	302,795
Grants and contributions receivable	1,180,092	417,591
Inventory	136,147	112,996
Prepaid expenses	10,174	18,276
Property and equipment, net	<u>13,863</u>	<u>6,542</u>
TOTAL ASSETS	<u>\$ 2,384,306</u>	<u>\$ 1,430,784</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 156,811	\$ 402,441
Refundable advances and deferred revenue	34,951	3,150
Deferred rent	<u>8,977</u>	<u>6,240</u>
TOTAL LIABILITIES	<u>200,739</u>	<u>411,831</u>
Net Assets		
Without donor restrictions	102,683	162,549
With donor restrictions	<u>2,080,884</u>	<u>856,404</u>
TOTAL NET ASSETS	<u>2,183,567</u>	<u>1,018,953</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,384,306</u>	<u>\$ 1,430,784</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

(With Summarized Financial Information for the Year Ended December 31, 2017)

	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
REVENUE AND SUPPORT				
Grants, contracts and contributions	\$ 2,617,746	\$ 2,546,775	\$ 5,164,521	\$ 3,267,836
Conference and youth awards	359,895	-	359,895	368,753
Curriculum and kit sales	132,947	-	132,947	227,583
In-kind contributions	43,500	-	43,500	33,750
Interest income	13,337	-	13,337	3,752
Other income	24,464	-	24,464	33,133
Net assets released from restrictions:				
Satisfaction of purpose restrictions	1,322,295	(1,322,295)	-	-
TOTAL REVENUE AND SUPPORT	<u>4,514,184</u>	<u>1,224,480</u>	<u>5,738,664</u>	<u>3,934,807</u>
EXPENSES				
Program Services:				
Workshops and conferences	1,733,432	-	1,733,432	1,251,630
Program administration	931,482	-	931,482	1,008,521
Kits and materials	961,938	-	961,938	1,000,764
Youth awards	387,350	-	387,350	402,762
Curriculum development	208,747	-	208,747	221,999
Training conferences	184,857	-	184,857	146,281
Program development	65,339	-	65,339	77,781
Total Program Services	<u>4,473,145</u>	<u>-</u>	<u>4,473,145</u>	<u>4,109,738</u>
Supporting Services:				
General and administrative	58,300	-	58,300	54,308
Fundraising	42,605	-	42,605	45,320
Total Supporting Services	<u>100,905</u>	<u>-</u>	<u>100,905</u>	<u>99,628</u>
TOTAL EXPENSES	<u>4,574,050</u>	<u>-</u>	<u>4,574,050</u>	<u>4,209,366</u>
CHANGE IN NET ASSETS	(59,866)	1,224,480	1,164,614	(274,559)
NET ASSETS, BEGINNING OF YEAR	<u>162,549</u>	<u>856,404</u>	<u>1,018,953</u>	<u>1,293,512</u>
NET ASSETS, END OF YEAR	<u>\$ 102,683</u>	<u>\$ 2,080,884</u>	<u>\$ 2,183,567</u>	<u>\$ 1,018,953</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018
(With Summarized Financial Information for the Year Ended December 31, 2017)

	Program Services							Supporting Services			2018 Total	2017 Total	
	Workshops and Conferences	Program Administration	Kits and Materials	Youth Awards	Curriculum Development	Training Conferences	Program Development	Total Program Services	General and Administrative	Fundraising			Total Supporting Services
Personnel costs	\$ 331,911	\$ 634,806	\$ 124,683	\$ 17,052	\$ 180,500	\$ 15,840	\$ 36,199	\$ 1,340,991	\$ 38,618	\$ 25,651	\$ 64,269	\$ 1,405,260	\$ 1,374,288
Kit purchases	-	-	537,306	-	-	-	-	537,306	-	-	-	537,306	604,764
Travel	315,412	48,261	241	54,747	926	53,392	2,563	475,542	312	2,527	2,839	478,381	438,897
Conferences and workshops	461,794	-	-	-	-	-	-	461,794	-	-	-	461,794	217,607
Youth awards	-	-	-	279,612	-	-	-	279,612	-	-	-	279,612	305,011
Computer equipment and supplies	136,451	38,091	2,610	24,736	1,985	1,268	7,734	212,875	1,696	7,623	9,319	222,194	154,243
Postage and shipping	115,002	12,121	39,633	1,277	3,893	5,018	487	177,431	828	432	1,260	178,691	163,790
Professional services	56,138	98,790	2,866	592	4,148	364	3,826	166,724	3,709	3,584	7,293	174,017	148,832
Curriculum	-	-	168,747	-	-	-	-	168,747	-	-	-	168,747	140,273
Substitute pay	151,852	-	-	-	-	-	-	151,852	-	-	-	151,852	141,489
Stipends	102,246	16,200	-	2,700	-	4,000	-	125,146	-	-	-	125,146	56,535
Rent	8,275	15,827	70,606	425	4,500	395	903	100,931	4,024	640	4,664	105,595	104,182
Training conference	-	-	-	-	-	101,962	-	101,962	-	-	-	101,962	83,924
Scholarships, awards and grants	27,426	-	-	5,000	-	-	-	32,426	-	-	-	32,426	110,713
Telephone and communications	4,134	12,614	5,219	196	2,077	182	416	24,838	1,857	295	2,152	26,990	25,626
Program administration	-	19,521	-	-	-	-	-	19,521	-	-	-	19,521	36,037
Repairs and maintenance	3,307	6,325	3,554	170	1,799	158	361	15,674	1,608	256	1,864	17,538	16,083
Insurance	3,597	6,880	1,351	185	1,956	172	392	14,533	1,749	278	2,027	16,560	14,381
Dues and subscriptions	2,579	3,884	835	338	3,450	81	837	12,004	829	783	1,612	13,616	19,133
Office equipment rental	2,214	4,235	2,744	114	1,204	106	241	10,858	1,077	171	1,248	12,106	18,950
Program development	-	-	-	-	-	-	10,919	10,919	-	48	48	10,967	13,720
Bank service charges	1,928	3,687	724	99	1,048	92	210	7,788	937	149	1,086	8,874	7,710
Printing and copying	6,547	1,536	80	11	192	233	37	8,636	104	16	120	8,756	3,302
Miscellaneous expenses	372	5,116	34	-	49	4	10	5,585	40	7	47	5,632	1,231
Utilities	1,149	2,198	432	59	625	55	125	4,643	507	89	596	5,239	4,334
Depreciation	727	1,390	273	37	395	35	79	2,936	405	56	461	3,397	4,311
Bad debt	371	-	-	-	-	1,500	-	1,871	-	-	-	1,871	-
TOTAL EXPENSES	\$ 1,733,432	\$ 931,482	\$ 961,938	\$ 387,350	\$ 208,747	\$ 184,857	\$ 65,339	\$ 4,473,145	\$ 58,300	\$ 42,605	100,905	\$ 4,574,050	\$ 4,209,366

The accompanying notes are an integral part of these financial statements.

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2018

(With Summarized Financial Information for the Year Ended December 31, 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,164,614	\$ (274,559)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,397	4,311
Change in assets and liabilities:		
Grants and contributions receivable	(762,501)	290,786
Inventory	(23,151)	12,419
Prepaid expenses	8,102	(4,403)
Accounts payable and accrued expenses	(245,630)	181,900
Refundable advances and deferred revenue	31,801	(40,377)
Deferred rent	<u>2,737</u>	<u>4,167</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>179,369</u>	<u>174,244</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on certificates of deposit	(3,415)	(1,680)
Purchases of property and equipment	<u>(10,718)</u>	<u>(2,693)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(14,133)</u>	<u>(4,373)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	165,236	169,871
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>572,584</u>	<u>402,713</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 737,820</u>	<u>\$ 572,584</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
NONCASH INVESTING ACTIVITIES		
Proceeds from matured certificates of deposit	132,508	170,714
Purchase of certificates of deposits	<u>(132,508)</u>	<u>(170,714)</u>
	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2018

1. Organization and Summary of Significant Accounting Policies

Organization

The National Energy Education Development Project, Inc. (NEED) was incorporated under the laws of the Commonwealth of Virginia on November 20, 1991. NEED develops and provides comprehensive trainings and curricula on energy resources to teachers and students nationwide. NEED also annually conducts a national awards program to recognize excellence in energy programming. These activities are funded primarily through grants, contracts and contributions from major energy-related corporations and associations, federal and state governments, local sponsors, and school districts throughout the United States.

Basis of Accounting

The financial statements of NEED have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Cash Equivalents

Cash equivalents include money market funds and highly liquid investments with initial maturities of three months or less.

Certificates of Deposit

Certificates of deposit with initial maturities of more than three months are not considered cash equivalents. These certificates of deposit are recorded in the financial statements at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value Measurement

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America (GAAP), and requires disclosures about fair value measurements for assets and liabilities measured at fair value on a recurring basis. The ASC emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and therefore a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurement, the ASC established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby market participant assumptions are developed based on market data obtained from independent sources, or unobservable, whereby market participant assumptions are developed by the reporting entity based on the best information available in the circumstances.

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2018

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurement (continued)

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of and for the year ended December 31, 2018, only NEED's certificates of deposit, as described in Note 3 to these financial statements, were measured at fair value on a recurring basis.

Grants and Contributions Receivable

NEED uses the allowance method to record potentially uncollectible grants and contributions receivable. The allowance is based on management's analysis of specific accounts and promises to give. A provision for doubtful accounts is made when collection of the full amount is no longer probable.

Inventory

Inventory, which consists of printed materials and educational kits, is valued at net realizable value using the average cost method.

Property and Equipment and Related Depreciation

Property and equipment with a useful life of more than one year and an acquisition cost greater than \$1,000 are capitalized at cost. Depreciation on computers, furniture and equipment is provided for on a straight-line basis over the estimated useful lives of the assets, which range from three to seven years. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation, and any gain or loss is reflected in revenue or expense in the accompanying statement of activities. Major additions are capitalized, while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

Classification of Net Assets

NEED's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of NEED's operations.

Continued

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

1. Organization and Summary of Significant Accounting Policies (continued)

Classification of Net Assets (continued)

- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for specific periods of time. These donor restrictions can be temporary in nature in that they will be met by actions of NEED or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of December 31, 2018, NEED had no net assets with donor restrictions that are required to be maintained in perpetuity.

Revenue Recognition

Grants and contributions are reported as revenue in the year in which the payments are received and/or unconditional promises to give are made. NEED reports gifts of cash and other assets as having donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or the purpose of a restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted grants and contributions whose restrictions are met in the same reporting period in which they are received are reported as unrestricted revenue and support. Grants and contributions that have been committed to NEED, but have not been received as of year-end, are reflected as grants and contributions receivable in the accompanying statement of financial position.

Revenue from grants and contracts treated as exchange transactions is recognized as costs are incurred on the basis of direct costs plus allowable indirect expenses. Revenue recognized on these grants and contracts for which billings have not been presented to or collected from the awarding agency is included in grants and contributions receivable in the accompanying statement of financial position. Funds received in advance, but not yet expended, are reflected as refundable advances and deferred revenue in the accompanying statement of financial position.

Revenue and the related costs of the conference and youth awards are recognized in the year in which the conference is held or youth awards are awarded.

Curriculum and kit sales are recorded as revenue when the related materials are shipped.

In-Kind Contributions

In-kind contributions consist of contributed materials and legal services. The value of the in-kind contributions is recorded as revenue and expenses at the estimated fair value as of the date of receipt or the date the services were provided. The amount is included in in-kind contributions in the accompanying statement of activities.

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

1. Organization and Summary of Significant Accounting Policies (continued)

Functional Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses directly attributed to specific functional areas of NEED are reported as expenses of those functional areas. Salaries are allocated to programs and supporting services based on employees' timesheets, except for the Executive Director's salary, which is allocated based on the estimate of her time and effort expended on each program and supporting service area. General and administrative expenses (which include administrative personnel costs, computer equipment and supplies, occupancy costs, and depreciation) are allocated to programs and supporting services based on actual payroll costs charged to each program and supporting service area.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. NEED has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented. The major changes of the ASU affecting NEED include (a) requiring the representation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions"; (b) requiring that all nonprofits present an analysis of expenses by function and nature in the statement of activities, in a separate statement or in the notes to the statements and disclose a summary of the allocation methods used to allocate costs; and (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources.

2. Grants and Contributions Receivable

Grants and contributions receivable are recorded at net realizable value and were due as follows as of December 31, 2018:

Less than one year	\$ 785,092
One to two years	<u>395,000</u>
Total Grants and Contributions Receivable	<u>\$ 1,180,092</u>

Grants and contributions receivable were not discounted to present value, as the amount of the discount was not significant to the financial statements. All amounts were deemed to be fully collectible.

Continued

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

3. Certificates of Deposit

The following table summarizes NEED's certificates of deposit measured at fair value on a recurring basis as of December 31, 2018, aggregated by the fair value hierarchy level with which those measurements were made:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit	\$ 306,210	\$ -	\$ 306,210	\$ -

The certificates of deposit are recorded at fair value by discounting the related cash flows based on current yields of similar instruments with comparable characteristics.

4. Property and Equipment

Property and equipment consisted of the following at December 31, 2018:

Computer equipment	\$ 112,315
Office furniture and equipment	<u>45,978</u>
Total Property and Equipment	158,293
Less: Accumulated Depreciation	<u>(144,430)</u>
Property and Equipment, Net	<u>\$ 13,863</u>

During the year ended December 31, 2018, NEED recorded depreciation expense related to property and equipment of \$3,397.

5. Net Assets

Net Assets With Donor Restrictions

As of December 31, 2018, net assets with donor restrictions were restricted for the following purposes:

Subject to expenditure for specified purpose:	
Kits and materials	\$ 729,077
Workshops and conferences	716,820
Program administration	596,432
Training conferences	26,749
Curriculum development	10,000
Youth awards	<u>1,806</u>
Total Net Assets With Donor Restrictions	<u>\$ 2,080,884</u>

Continued

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

6. Commitments, Risks and Contingencies

Office Leases

NEED has a noncancelable operating lease agreement for its office space in Manassas, Virginia, which expires on April 30, 2021. The lease calls for monthly payments of \$2,983 in the first year, with annual increases thereafter.

NEED has a second noncancelable operating lease for its second office and a warehouse location in Roanoke, Virginia, which expires February 29, 2022. The lease calls for monthly payments of \$5,285 in the first year, with annual increases thereafter.

The terms of both leases provide for a 3% increase in future minimum rental payments. Under GAAP, all fixed rent increases are recognized on a straight-line basis over the term of the lease. The difference between this expense and the required lease payments is reflected as deferred rent in the accompanying statement of financial position. Rent expense for both of the leases was \$105,595 for the year ended December 31, 2018.

The future minimum lease payments required under these leases were as follows as of December 31, 2018:

<u>For the Year Ending</u> <u>December 31,</u>	<u>Roanoke</u>	<u>Manassas</u>	<u>Total</u>
2019	\$ 66,954	\$ 38,730	\$ 105,684
2020	68,963	39,892	108,855
2021	71,031	13,428	84,459
2022	<u>11,896</u>	<u>-</u>	<u>11,896</u>
Total	<u>\$ 218,844</u>	<u>\$ 92,050</u>	<u>\$ 310,894</u>

Concentration of Credit Risk

NEED maintains its cash and cash equivalents with commercial financial institutions, which aggregate balance may exceed, at times, the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of December 31, 2018, NEED's account balances exceeded the maximum limit insured by the FDIC by approximately \$277,000. NEED monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents.

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

7. Availability and Liquidity

NEED regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. NEED's financial assets available within one year of the statement of financial position date for general expenditures at December 31, 2018, were as follows:

Cash and cash equivalents	\$ 737,820
Grants and contributions receivable	1,180,092
Certificates of deposits	<u>306,210</u>
Total Financial Assets as of Year-End	2,224,122
Less amounts not available to be used within one year:	
Net assets with donor restrictions for future periods	<u>(395,000)</u>
Financial Assets Available to Meet	
General Expenditures Within One Year	<u>\$ 1,829,122</u>

NEED has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. NEED's working capital and cash flows come from grants, contracts and contributions that are received at various time throughout the year. Management is focused on sustaining the financial liquidity of NEED throughout the year. This is done through monitoring and reviewing NEED's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of NEED's cash flows related to NEED's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. As part of its liquidity plan, excess cash is invested in certificates of deposit. NEED can liquidate the certificates of deposit at any time, and therefore the certificates of deposit are available to meet current cash flow needs. To help manage unanticipated liquidity needs, NEED has a committed line of credit of \$75,000, of which approximately \$75,000 was unused and available to draw upon as of December 31, 2018. NEED's used line of credit is secured by NEED's certificates of deposit.

8. In-Kind Contributions

During the year ended December 31, 2018, NEED received in-kind contributions consisting of contributed materials and legal services. These in-kind contributions are recognized as revenue and expense in the accompanying statement of activities at their estimated fair value, as provided by the donor at the date of receipt. For the year ended December 31, 2018, in-kind contributions consisted of \$40,000 of contributed materials and \$3,500 of contributed legal services.

9. Pension Plan

NEED maintains a Section 403(b) pension benefit plan for its employees. NEED's matching tax-sheltered annuity plan allows for a pretax employee contribution up to the maximum amount currently permitted by law and a 100% employer match up to 6% of compensation. The plan provides for immediate vesting for employees. Pension expense was \$47,209 for the year ended December 31, 2018.

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NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

10. Line of Credit

NEED has a revolving line of credit agreement with a bank. The line of credit has a borrowing limit of \$75,000. Funds drawn against this line of credit accrue interest at a variable rate based on the prime rate established by the bank plus 0.75%, which totaled 8.25% at December 31, 2018. The line of credit is secured by NEED's certificates of deposit. As of December 31, 2018, NEED had no outstanding balance on this line of credit.

11. Income Taxes

NEED is exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes is required for the year ended December 31, 2018, as NEED had no unrelated business income.

NEED follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. NEED performed an evaluation of uncertainty in income taxes for the year ended December 31, 2018, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2018, the statute of limitations for tax years ended December 31, 2015 through 2017, remained open with the U.S. federal jurisdiction or the various states and local jurisdictions in which NEED files tax returns; however, there are currently no examinations in progress. It is NEED's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax or interest expense. As of December 31, 2018, NEED had no accruals for interest and/or penalties.

12. Prior Year Summarized Financial Information

The accompanying 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 GAAP. Accordingly, such information should be read in conjunction with NEED's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

13. Subsequent Events

In preparing these financial statements, NEED has evaluated events and transactions for potential recognition or disclosure through April 8, 2019, the date the financial statements were available to be issued. There were no subsequent events identified through April 8, 2019, that require recognition or disclosure in these financial statements.