



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

Financial Statements

For the Year Ended December 31, 2020

(With Summarized Financial Information for the Year Ended December 31, 2019)



**and
Report Thereon**



NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

TABLE OF CONTENTS
For the Year Ended December 31, 2020

	Page
Independent Auditors' Report.....	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7-15

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2020, 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.

- 1 -

Opinion

In our opinion, the 2020 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, 2020, 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*

We have previously audited NEED's 2019 financial statements, and our report dated April 14, 2020, expressed an unmodified audit opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Handwritten signature of Marcum LLP in cursive script.

Washington, DC
April 29, 2021

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2020

(With Summarized Financial Information as of December 31, 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 1,781,887	\$ 1,496,125
Certificates of deposit	317,001	311,181
Grants, contracts and contributions receivable	1,523,503	802,643
Inventory	180,595	138,679
Prepaid expenses	47,203	59,280
Property and equipment, net	<u>31,081</u>	<u>19,966</u>
TOTAL ASSETS	<u><u>\$ 3,881,270</u></u>	<u><u>\$ 2,827,874</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 108,065	\$ 423,577
Refundable advances	-	12,110
Deferred rent	<u>5,125</u>	<u>8,636</u>
TOTAL LIABILITIES	<u>113,190</u>	<u>444,323</u>
Net Assets		
Without donor restrictions	267,649	123,096
With donor restrictions	<u>3,500,431</u>	<u>2,260,455</u>
TOTAL NET ASSETS	<u>3,768,080</u>	<u>2,383,551</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,881,270</u></u>	<u><u>\$ 2,827,874</u></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, 2020

(With Summarized Financial Information for the Year Ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
REVENUE AND SUPPORT				
Grants, contracts and contributions	\$ 1,765,540	\$ 2,555,040	\$ 4,320,580	\$ 4,229,938
Conference and youth awards	109,650	-	109,650	335,918
Curriculum and kit sales	60,504	-	60,504	126,312
In-kind contributions	19,625	-	19,625	33,500
Interest income	10,097	-	10,097	20,938
Other income	15,944	-	15,944	21,743
Net assets released from restrictions:				
Satisfaction of purpose restrictions	1,295,064	(1,295,064)	-	-
Satisfaction of time restrictions	20,000	(20,000)	-	-
TOTAL REVENUE AND SUPPORT	3,296,424	1,239,976	4,536,400	4,768,349
EXPENSES				
Program Services:				
Workshops and conferences	1,061,678	-	1,061,678	1,993,507
Kits and materials	606,069	-	606,069	867,635
Program administration	819,169	-	819,169	671,328
Youth awards	67,368	-	67,368	365,177
Curriculum development	299,278	-	299,278	253,293
Training conferences	24,981	-	24,981	180,871
Program development	153,195	-	153,195	114,564
Total Program Services	3,031,738	-	3,031,738	4,446,375
Supporting Services:				
General and administrative	73,249	-	73,249	61,723
Fundraising	46,884	-	46,884	60,267
Total Supporting Services	120,133	-	120,133	121,990
TOTAL EXPENSES	3,151,871	-	3,151,871	4,568,365
CHANGE IN NET ASSETS	144,553	1,239,976	1,384,529	199,984
NET ASSETS, BEGINNING OF YEAR	123,096	2,260,455	2,383,551	2,183,567
NET ASSETS, END OF YEAR	\$ 267,649	\$ 3,500,431	\$ 3,768,080	\$ 2,383,551

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, 2020
 (With Summarized Financial Information for the Year Ended December 31, 2019)

	Program Services							Supporting Services			2020 Total	2019 Total	
	Workshops and Conferences	Kits and Materials	Program Administration	Youth Awards	Curriculum Development	Training Conferences	Program Development	Total Program Services	General and Administrative	Fundraising			Total Supporting Services
Personnel costs	\$ 301,736	\$ 117,580	\$ 463,917	\$ 21,748	\$ 253,910	\$ 8,261	\$ 74,043	\$ 1,241,195	\$ 46,792	\$ 32,572	\$ 79,364	\$ 1,320,559	\$ 1,396,738
Professional services	40,330	4,489	262,950	830	14,488	315	5,179	328,581	7,330	3,596	10,926	339,507	254,253
Kit purchases	-	302,029	-	-	-	-	-	302,029	-	-	-	302,029	474,435
Computer equipment and supplies	214,685	3,002	4,628	10,185	3,047	6,098	3,872	245,517	1,515	4,171	5,686	251,203	235,377
Postage and shipping	135,211	32,432	19,521	4,461	1,813	5,130	786	199,354	847	753	1,600	200,954	169,653
Stipends	141,190	-	200	500	675	4,250	-	146,815	-	150	150	146,965	156,644
Rent	7,843	71,594	12,059	565	6,600	215	1,925	100,801	4,991	847	5,838	106,639	105,603
Travel	53,250	101	5,174	8,462	2,839	80	32,121	102,027	38	838	876	102,903	456,419
Event expenses	59,758	-	783	6,375	-	-	28,799	95,715	-	-	-	95,715	863,871
Scholarships, awards and grants	46,845	-	12,750	11,500	-	-	-	71,095	-	-	-	71,095	94,304
Curriculum	-	59,737	-	-	-	-	-	59,737	-	-	-	59,737	135,946
Telephone and communications	5,933	5,123	8,151	285	3,323	108	969	23,892	2,513	426	2,939	26,831	26,853
Substitute pay	24,151	-	-	-	-	-	-	24,151	-	-	-	24,151	102,979
Dues and subscriptions	2,691	1,348	10,097	1,592	2,492	195	1,449	19,864	1,597	1,129	2,726	22,590	23,738
Repairs and maintenance	3,019	4,657	4,642	218	2,540	83	741	15,900	1,921	326	2,247	18,147	17,331
Insurance	3,199	1,246	4,918	231	2,692	88	785	13,159	2,035	345	2,380	15,539	10,121
Miscellaneous expenses	13,493	-	500	-	-	-	75	14,068	-	75	75	14,143	7,277
Office equipment rental	2,566	1,481	3,945	185	2,159	70	630	11,036	1,633	277	1,910	12,946	12,181
Depreciation	1,348	525	2,072	97	1,134	37	331	5,544	858	145	1,003	6,547	5,321
Utilities	1,046	408	1,609	75	880	29	257	4,304	660	113	773	5,077	6,146
Printing and copying	2,608	15	60	3	33	1	1,043	3,763	25	1,037	1,062	4,825	6,246
Bank service charges	776	302	1,193	56	653	21	190	3,191	494	84	578	3,769	6,929
TOTAL EXPENSES	\$ 1,061,678	\$ 606,069	\$ 819,169	\$ 67,368	\$ 299,278	\$ 24,981	\$ 153,195	\$ 3,031,738	\$ 73,249	\$ 46,884	\$ 120,133	\$ 3,151,871	\$ 4,568,365

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, 2020

(With Summarized Financial Information for the Year Ended December 31, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,384,529	\$ 199,984
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,547	5,321
Change in assets and liabilities:		
Grants, contracts and contributions receivable	(720,860)	377,449
Inventory	(41,916)	(2,532)
Prepaid expenses	12,077	(49,106)
Accounts payable and accrued expenses	(315,512)	266,766
Refundable advances	(12,110)	(22,841)
Deferred rent	(3,511)	(341)
	309,244	774,700
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on certificates of deposit	(5,820)	(4,971)
Purchases of property and equipment	(17,662)	(11,424)
	(23,482)	(16,395)
NET CASH USED IN INVESTING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	285,762	758,305
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,496,125	737,820
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,781,887	\$ 1,496,125
SUPPLEMENTAL CASH FLOW INFORMATION		
NONCASH INVESTING ACTIVITIES		
Proceeds from matured certificates of deposit	233,812	173,708
Purchase of certificates of deposits	(233,812)	(173,708)
	\$ -	\$ -

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, 2020

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. Certificates of deposit are recorded in the financial statements at amortized cost which approximates 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.

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.

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

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

Fair Value Measurement (continued)

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, 2020, 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, Contracts and Contributions Receivable

NEED uses the allowance method to record potentially uncollectible grants, contracts 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.
- 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, 2020, NEED had no net assets with donor restrictions that are required to be maintained in perpetuity.

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

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

Revenue Recognition

Unconditional 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 revenue and support without donor restrictions. Unconditional grants and contributions that have been committed to NEED, but have not been received as of year-end, are reflected as grants, contracts and contributions receivable in the accompanying statement of financial position.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. NEED has cost-reimbursable grants with private companies and organizations that are considered conditional contributions. Revenue from these grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenue recognized on cost-reimbursable grants for which payments have not been received is reflected as grants, contracts and contributions receivable in the accompanying statement of financial position. Grant payments received but not yet expended for the purpose of the grant are reflected as refundable advances in the accompanying statement of financial position. Contracts which represent services performed are recognized at the time the services are provided based on deliverables established in the contracts.

Revenue and the related costs of the conference and youth awards are recognized at the point in time 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.

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.

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

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

Functional Expense Allocation (continued)

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.

2. Grants, Contracts and Contributions Receivable

Grants, contracts and contributions receivable of \$1,523,503 were all due within one year as of December 31, 2020, and are deemed fully collectible. Accordingly, no allowance for uncollectible grants, contracts and contributions receivable has been provided.

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, 2020, 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	\$ 317,001	\$ -	\$ 317,001	\$ -

The certificates of deposit are recorded at amortized cost which approximates fair value.

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

4. Property and Equipment

Property and equipment consisted of the following at December 31, 2020:

Computer equipment	\$ 38,550
Office furniture and equipment	<u>59,141</u>
Total Property and Equipment	97,691
Less: Accumulated Depreciation	<u>(66,610)</u>
Property and Equipment, Net	<u><u>\$ 31,081</u></u>

During the year ended December 31, 2020, NEED recorded depreciation expense related to property and equipment of \$6,547.

5. Net Assets

Net Assets With Donor Restrictions

As of December 31, 2020, net assets with donor restrictions were restricted for the following purposes:

Subject to expenditure for specified purpose:	
Kits and materials	\$ 942,910
Workshops and conferences	1,592,264
Program administration	819,361
Training conferences	119,396
Curriculum development	1,500
Youth awards	<u>5,000</u>
Total Subject to Expenditure for Specified Purpose	<u>3,480,431</u>
Subject to passage of time:	
General operations for the year ending December 31, 2021	<u>20,000</u>
Total Subject to the Passage of Time	<u>20,000</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 3,500,431</u></u>

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. On August 18, 2020, NEED entered into an amendment to the non-cancelable operating lease for its office space in Manassas, Virginia to extend the lease period through April 30, 2026. The amended lease calls for monthly payments of \$3,357 in the first year, with annual increases thereafter.

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2020

6. Commitments, Risks and Contingencies (continued)

Office Leases (continued)

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 \$5,885 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 \$106,639 for the year ended December 31, 2020.

The future minimum lease payments required under these leases were as follows as of December 31, 2020:

<u>For the Year Ending December 31,</u>	<u>Roanoke</u>	<u>Manassas</u>	<u>Total</u>
2021	\$ 71,031	\$ 40,284	\$ 111,315
2022	11,896	41,089	52,985
2023	-	42,322	42,322
2024	-	43,592	43,592
2025	-	44,899	44,899
Thereafter	-	<u>15,113</u>	<u>15,113</u>
Total	<u>\$ 82,927</u>	<u>\$ 227,299</u>	<u>\$ 310,226</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, 2020, NEED's account balances exceeded the maximum limit insured by the FDIC by approximately \$1,863,000. NEED monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents.

Risks and Uncertainties

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic that continues to spread throughout the world. NEED is monitoring the outbreak of COVID-19 and the related business and travel restrictions and changes to behavior intended to reduce its spread, in addition to the impact on its employees. NEED has been able to successfully continue operations in a remote environment; however, at this point, the extent to which COVID-19 will impact NEED's financial condition or results of operations is uncertain and being monitored by management and the Board.

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

6. Commitments, Risks and Contingencies (continued)

Risks and Uncertainties (continued)

NEED claimed an employee retention tax credit, a provision of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, totaling \$72,705 during the year ended December 31, 2020. This amount was credited against personnel costs in the accompanying statement of functional expenses.

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, 2020, were as follows:

Cash and cash equivalents	\$ 1,781,887
Grants, contracts and contributions receivable	1,523,503
Certificates of deposit	<u>317,001</u>
Total Financial Assets as of Year-End	<u>\$ 3,622,391</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 \$75,000 was unused and available to draw upon as of December 31, 2020. NEED's line of credit is secured by NEED's certificates of deposit. NEED considers all net assets with donor restrictions to be available to cover general operating needs within one year as they are either due to be collected within one year or used for general operations. NEED defines its general operating expenses as covering program expenses.

8. In-Kind Contributions

During the year ended December 31, 2020, 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, 2020, in-kind contributions consisted of \$16,125 of contributed materials and \$3,500 of contributed legal services.

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

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 \$51,114 for the year ended December 31, 2020.

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 6.25% at December 31, 2020. The line of credit is secured by NEED's certificates of deposit. As of December 31, 2020, 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, 2020, 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, 2020, 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, and there are currently no examinations pending or 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, 2020, 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, 2019, from which the summarized information was derived.

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

13. Reclassifications

Certain 2019 balances were reclassified to conform to the 2020 financial statements presentation.

14. Subsequent Events

In preparing these financial statements, NEED has evaluated events and transactions for potential recognition or disclosure through April 29, 2021, the date the financial statements were available to be issued. There were no subsequent events identified that require recognition or disclosure in these financial statements.