



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

Financial Statements

For the Year Ended December 31, 2021

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



**and
Report Thereon**



NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

TABLE OF CONTENTS
For the Year Ended December 31, 2021

	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.....	7-14

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of National Energy Education Project, Inc. (NEED), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NEED as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NEED and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NEED's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 NEED's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NEED's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matter

Report on Summarized Comparative Information

We have previously audited NEED's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 29, 2021. 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.

Marcum LLP

Washington, DC
April 12, 2022

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2021

(With Summarized Financial Information as of December 31, 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 3,795,545	\$ 1,781,887
Certificates of deposit	318,288	317,001
Grants, contracts and contributions receivable	398,768	1,523,503
Inventory	229,289	180,595
Prepaid expenses	35,806	47,203
Property and equipment, net	<u>24,491</u>	<u>31,081</u>
TOTAL ASSETS	<u><u>\$ 4,802,187</u></u>	<u><u>\$ 3,881,270</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 114,798	\$ 108,065
Deferred rent	<u>2,334</u>	<u>5,125</u>
TOTAL LIABILITIES	<u>117,132</u>	<u>113,190</u>
Net Assets		
Without donor restrictions	348,293	267,649
With donor restrictions	<u>4,336,762</u>	<u>3,500,431</u>
TOTAL NET ASSETS	<u>4,685,055</u>	<u>3,768,080</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,802,187</u></u>	<u><u>\$ 3,881,270</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, 2021

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

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
REVENUE AND SUPPORT				
Grants, contracts and contributions	\$ 1,252,398	\$ 2,859,414	\$ 4,111,812	\$ 4,320,580
Conference and youth awards	194,643	-	194,643	109,650
Curriculum and kit sales	105,281	-	105,281	60,504
In-kind contributions	12,500	-	12,500	19,625
Interest income	1,541	-	1,541	10,097
Other income	20,843	-	20,843	15,944
Net assets released from restrictions:				
Satisfaction of purpose restrictions	2,003,083	(2,003,083)	-	-
Satisfaction of time restrictions	20,000	(20,000)	-	-
TOTAL REVENUE AND SUPPORT	3,610,289	836,331	4,446,620	4,536,400
EXPENSES				
Program Services:				
Workshops and conferences	1,051,999	-	1,051,999	1,061,678
Program administration	836,173	-	836,173	819,169
Kits and materials	740,382	-	740,382	606,069
Curriculum development	302,869	-	302,869	299,278
Youth awards	225,139	-	225,139	67,368
Training conferences	189,195	-	189,195	24,981
Program development	80,127	-	80,127	153,195
Total Program Services	3,425,884	-	3,425,884	3,031,738
Supporting Services:				
General and administrative	60,896	-	60,896	73,249
Fundraising	42,865	-	42,865	46,884
Total Supporting Services	103,761	-	103,761	120,133
TOTAL EXPENSES	3,529,645	-	3,529,645	3,151,871
CHANGE IN NET ASSETS	80,644	836,331	916,975	1,384,529
NET ASSETS, BEGINNING OF YEAR	267,649	3,500,431	3,768,080	2,383,551
NET ASSETS, END OF YEAR	\$ 348,293	\$ 4,336,762	\$ 4,685,055	\$ 3,768,080

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, 2021
(With Summarized Financial Information for the Year Ended December 31, 2020)

	Program Services							Supporting Services			2021 Total	2020 Total	
	Workshops and Conferences	Program Administration	Kits and Materials	Curriculum Development	Youth Awards	Training Conferences	Program Development	Total Program Services	General and Administrative	Fundraising			Total Supporting Services
Personnel costs	\$ 343,089	\$ 509,476	\$ 154,928	\$ 261,167	\$ 31,084	\$ 18,486	\$ 50,925	\$ 1,369,155	\$ 40,607	\$ 30,614	\$ 71,221	\$ 1,440,376	\$ 1,320,559
Kit purchases	-	-	364,731	-	-	-	-	364,731	-	-	-	364,731	302,029
Event expenses	39,837	-	-	-	127,463	112,565	999	280,864	-	693	693	281,557	95,715
Computer equipment and supplies	179,826	12,223	4,077	2,368	15,255	4,006	4,838	222,593	1,076	4,724	5,800	228,393	251,203
Postage and shipping	150,144	16,484	34,973	2,432	4,979	10,688	721	220,421	476	817	1,293	221,714	200,954
Stipends	189,790	2,850	-	-	3,800	7,000	-	203,440	-	-	-	203,440	146,965
Scholarships, awards and grants	6,500	169,935	-	-	12,000	-	1,200	189,635	-	-	-	189,635	71,095
Professional services	47,534	54,314	4,623	12,429	2,341	586	3,812	125,639	4,741	2,699	7,440	133,079	339,507
Travel	46,475	2,580	1,024	300	24,964	34,237	12,226	121,806	4	1	5	121,811	102,903
Rent	9,065	13,462	71,606	6,901	821	488	1,346	103,689	4,198	809	5,007	108,696	106,639
Curriculum	-	-	84,330	-	-	-	-	84,330	-	-	-	84,330	59,737
Dues and subscriptions	7,340	19,805	2,257	3,843	780	198	1,366	35,589	1,700	849	2,549	38,138	22,590
Telephone and communications	5,701	9,332	6,267	2,937	350	208	573	25,368	1,787	344	2,131	27,499	26,831
Repairs and maintenance	3,402	5,052	4,549	2,590	308	183	505	16,589	1,576	304	1,880	18,469	18,147
Insurance	3,845	5,710	1,736	2,927	348	207	571	15,344	1,781	343	2,124	17,468	15,539
Office equipment rental	2,865	4,254	2,958	2,181	260	154	425	13,097	1,327	256	1,583	14,680	12,946
Substitute pay	12,551	-	-	-	-	-	-	12,551	-	-	-	12,551	24,151
Miscellaneous expenses	287	5,337	762	28	73	2	107	6,596	21	104	125	6,721	14,143
Depreciation	1,451	2,154	655	1,104	131	78	215	5,788	673	129	802	6,590	6,547
Utilities	1,109	1,647	501	844	101	60	165	4,427	514	99	613	5,040	5,077
Bank service charges	809	1,430	366	616	73	44	120	3,458	375	72	447	3,905	3,769
Printing and copying	379	128	39	202	8	5	13	774	40	8	48	822	4,825
TOTAL EXPENSES	\$ 1,051,999	\$ 836,173	\$ 740,382	\$ 302,869	\$ 225,139	\$ 189,195	\$ 80,127	\$ 3,425,884	\$ 60,896	\$ 42,865	\$ 103,761	\$ 3,529,645	\$ 3,151,871

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, 2021

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 916,975	\$ 1,384,529
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,590	6,547
Change in assets and liabilities:		
Grants, contracts and contributions receivable	1,124,735	(720,860)
Inventory	(48,694)	(41,916)
Prepaid expenses	11,397	12,077
Accounts payable and accrued expenses	6,733	(315,512)
Refundable advances	-	(12,110)
Deferred rent	(2,791)	(3,511)
	<u>2,014,945</u>	<u>309,244</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvestment of interest on certificates of deposit	(1,287)	(5,820)
Purchases of property and equipment	-	(17,662)
	<u>(1,287)</u>	<u>(23,482)</u>
NET CASH USED IN INVESTING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,013,658	285,762
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,781,887</u>	<u>1,496,125</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,795,545</u>	<u>\$ 1,781,887</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
NONCASH INVESTING ACTIVITIES		
Proceeds from matured certificates of deposit	318,288	233,812
Purchase of certificates of deposits	(318,288)	(233,812)
	<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, 2021

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.

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021**

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, 2021, 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 not 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.

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021**

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, 2021, NEED had no net assets with donor restrictions that are required to be maintained in perpetuity.

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.

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

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.

2. Grants, Contracts and Contributions Receivable

Grants, contracts and contributions receivable of \$398,768 were all due within one year as of December 31, 2021, 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, 2021, 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	\$ <u>318,288</u>	\$ <u>-</u>	\$ <u>318,288</u>	\$ <u>-</u>

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, 2021

4. Property and Equipment

Property and equipment consisted of the following at December 31, 2021:

Computer equipment	\$ 38,550
Office furniture and equipment	<u>59,141</u>
Total Property and Equipment	97,691
Less: Accumulated Depreciation	<u>(73,200)</u>
Property and Equipment, Net	<u>\$ 24,491</u>

During the year ended December 31, 2021, NEED recorded depreciation expense related to property and equipment of \$6,590.

5. Net Assets

Net Assets With Donor Restrictions

As of December 31, 2021, net assets with donor restrictions were restricted for the following purposes:

Subject to expenditure for specified purpose:	
Program administration	\$ 1,888,118
Kits and materials	1,217,513
Workshops and conferences	1,184,732
Training conferences	41,399
Youth awards	<u>5,000</u>
Total Net Assets With Donor Restrictions	<u>\$ 4,336,762</u>

6. Commitments, Risks and Contingencies

Office Leases

NEED had a noncancelable operating lease agreement for its office space in Manassas, Virginia, which expired on April 30, 2021. 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.

NEED has a second noncancelable operating lease for its second office and a warehouse location in Roanoke, Virginia, which expires on February 29, 2022. The lease calls for monthly payments of \$5,885 in the first year, with annual increases thereafter. On January 20, 2022, NEED entered into an amendment to the non-cancelable operating lease for its second office and warehouse location in Roanoke, Virginia to extend the lease period through February 28, 2027. The amended lease calls for monthly payments of \$5,948 in the first year, with annual increases thereafter.

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

6. Commitments, Risks and Contingencies (continued)

Office Leases (continued)

The terms of Manassas lease provide for a 3% increase in future minimum rental payments, while the new Roanoke lease has a 6% escalation in future minimum rental payments in the second year, with a 3% escalation in the remaining years. 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 \$108,696 for the year ended December 31, 2021.

The future minimum lease payments required under these leases, including the extension signed after year end, were as follows:

For the Year Ending December 31,	Roanoke	Manassas	Total
2022	\$ 71,376	\$ 41,089	\$ 112,465
2023	75,006	42,322	117,328
2024	77,622	43,592	121,214
2025	79,950	44,899	124,849
2026	82,350	15,113	97,463
Thereafter	13,792	-	13,792
Total	\$ 400,096	\$ 187,015	\$ 587,111

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, 2021, NEED's account balances exceeded the maximum limit insured by the FDIC by approximately \$3,239,000. NEED monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents.

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, 2021, were as follows:

Cash and cash equivalents	\$ 3,795,545
Grants, contracts and contributions receivable	398,768
Certificates of deposit	318,288
Total Financial Assets as of Year-End	\$ 4,512,601

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

7. Availability and Liquidity (continued)

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 times 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, 2021. 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, 2021, 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, 2021, in-kind contributions consisted of \$9,000 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 \$52,792 for the year ended December 31, 2021.

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, 2021. The line of credit is secured by NEED's certificates of deposit. As of December 31, 2021, NEED had no outstanding balance on this line of credit.

NATIONAL ENERGY EDUCATION DEVELOPMENT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

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, 2021, 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, 2021, 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, 2021, 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, 2020, 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 12, 2022, the date the financial statements were available to be issued. Except for the extension of the Roanoke office lease discussed in Note 6, there were no subsequent events identified that require recognition or disclosure in these financial statements.