

**PUBLIC EMPLOYEES FOR ENVIRONMENTAL
RESPONSIBILITY, INC.**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

**DUNHAM, AUKAMP & RHODES, PLC
Certified Public Accountants
Chantilly, Virginia**

PUBLIC EMPLOYEES FOR ENVIRONMENTAL RESPONSIBILITY, INC.

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Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Public Employees for Environmental Responsibility, Inc.
Washington, DC.

Opinion

We have audited the accompanying financial statements of Public Employees for Environmental Responsibility, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of Public Employees for Environmental Responsibility, Inc. as of September 30, 2023, and the changes in 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Public Employees for Environmental Responsibility, Inc. 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 Public Employees for Environmental Responsibility, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Public Employees for Environmental Responsibility, Inc.'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 Public Employees for Environmental Responsibility, Inc.'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.

Report on Summarized Comparative Information

We have previously audited the Public Employees for Environmental Responsibility, Inc.'s 2022 financial statements, and expressed an unmodified opinion on those audited financial statements in our report dated February 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants
Chantilly, Virginia

February 12, 2024

PUBLIC EMPLOYEES FOR ENVIRONMENTAL RESPONSIBILITY, INC.

**STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	ASSETS	
	<u>2023</u>	<u>2022</u>
Current Assets		
Cash and cash equivalents	\$ 889,847	\$ 701,384
Investments	23,375	23,978
Miscellaneous receivable	-	896
Prepaid expenses	28,304	16,322
Total Current Assets	<u>941,526</u>	<u>742,580</u>
 Property and Equipment		
Furniture and equipment	70,200	68,339
Less: Accumulated depreciation	(58,672)	(49,145)
Net Property and Equipment	<u>11,528</u>	<u>19,194</u>
 Non-Current Assets		
Beneficial interest in donor restricted fund	16,818	53,560
Security deposit	15,788	15,788
Right-of-use asset	201,150	-
Total Non-Current Assets	<u>233,756</u>	<u>69,348</u>
 Total Assets	<u><u>\$ 1,186,810</u></u>	<u><u>\$ 831,122</u></u>
	 LIABILITIES AND NET ASSETS	
Current Liabilities		
Accounts payable and accrued liabilities	\$ 86,642	\$ 91,311
Operating lease liability, current portion	70,916	-
Total Current Liabilities	<u>157,558</u>	<u>91,311</u>
 Long-Term Liabilities		
Deferred rent	-	50,520
Operating lease liability, net of current portion	172,337	-
Total Long-Term Liabilities	<u>172,337</u>	<u>50,520</u>
Total Liabilities	<u>329,895</u>	<u>141,831</u>
 Net Assets		
Without donor restrictions	494,771	429,232
With donor restrictions	362,144	260,059
Total Net Assets	<u>856,915</u>	<u>689,291</u>
 Total Liabilities and Net Assets	<u><u>\$ 1,186,810</u></u>	<u><u>\$ 831,122</u></u>

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

PUBLIC EMPLOYEES FOR ENVIRONMENTAL RESPONSIBILITY, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and Support				
Foundation grants	\$ 780,500	\$ 508,500	\$ 1,289,000	\$ 836,300
Contributions	310,367	35,937	346,304	313,173
Court awards	79,146	-	79,146	24,090
Contributed services	21,925	-	21,925	23,356
Investment income (loss)	8,445	-	8,445	(4,548)
Rental income	8,000	-	8,000	-
Other revenue	930	-	930	854
Net assets released from restrictions	442,352	(442,352)	-	-
Total Revenues and Support	1,651,665	102,085	1,753,750	1,193,225
Expenses				
Program Services				
Legal	517,006	-	517,006	608,783
Membership and outreach	347,023	-	347,023	417,265
Resource protection	455,912	-	455,912	319,351
Field operations	115,330	-	115,330	117,666
Scientist protection/education	9,261	-	9,261	63,910
Supporting Services				
Management and general	94,071	-	94,071	104,506
Fundraising	116,902	-	116,902	170,059
Total Expenses	1,655,505	-	1,655,505	1,801,540
Income from Operations	(3,840)	102,085	98,245	(608,315)
Employee retention tax credits	69,379	-	69,379	-
Change in Net Assets	65,539	102,085	167,624	(608,315)
Net Assets at Beginning of Year	429,232	260,059	689,291	1,297,606
Net Assets at End of Year	\$ 494,771	\$ 362,144	\$ 856,915	\$ 689,291

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

PUBLIC EMPLOYEES FOR ENVIRONMENTAL RESPONSIBILITY, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023										2022	
	Program Services					Supporting Services					Total	Total
	Legal	Membership and Outreach	Resource Protection	Field Operations	Scientist Education	Program	Management and General	Fundraising	Supporting Services	Total Expenses	Total Expenses	Total Expenses
Salaries and wages	\$ 282,427	\$ 183,964	\$ 193,705	\$ 33,455	\$ 5,721	\$ 699,272	\$ 41,228	\$ 69,507	\$ 110,735	\$ 810,007	\$ 885,633	\$ 885,633
Contract and professional fees	117,070	48,038	195,467	69,855	1,565	431,995	5,149	9,126	14,275	446,270	455,256	455,256
Payroll taxes and employee benefits	50,344	32,784	35,436	5,874	1,005	125,443	7,167	12,493	19,660	145,103	169,284	169,284
Occupancy	28,560	18,690	19,733	3,499	740	71,222	4,674	7,424	12,098	83,320	79,760	79,760
Subscriptions and publications	17,872	28,276	1,853	-	-	48,001	1,122	110	1,232	49,233	39,944	39,944
Printing and production	2,056	15,018	4	859	-	17,937	875	9,377	10,252	28,189	32,423	32,423
Technology	6,421	4,116	4,507	768	128	15,940	1,471	1,600	3,071	19,011	20,525	20,525
Other expenses	2,984	20	39	11	-	3,054	13,090	1,918	15,008	18,062	17,788	17,788
Telephone	3,569	2,305	2,469	388	68	8,799	402	825	1,227	10,026	13,258	13,258
Depreciation	-	-	-	-	-	-	9,527	-	9,527	9,527	17,575	17,575
Advertising	-	5,865	-	-	-	5,865	590	1,793	2,383	8,248	8,253	8,253
Insurance	3,428	-	-	-	-	3,428	4,606	-	4,606	8,034	8,045	8,045
Postage and delivery	394	175	560	383	-	1,512	3,885	2,298	6,183	7,695	7,989	7,989
Travel	272	6,050	862	49	-	7,233	-	-	-	7,233	26,705	26,705
Supplies	1,609	1,722	1,277	189	34	4,831	285	431	716	5,547	19,102	19,102
Total Expenses	\$ 517,006	\$ 347,023	\$ 455,912	\$ 115,330	\$ 9,261	\$ 1,444,532	\$ 94,071	\$ 116,902	\$ 210,973	\$ 1,655,505	\$ 1,801,540	\$ 1,801,540

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

PUBLIC EMPLOYEES FOR ENVIRONMENTAL RESPONSIBILITY, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 167,624	\$ (608,315)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	9,527	17,575
Contributed securities	(448)	(334)
(Gain) Loss on investments	(5,984)	7,159
Decrease (Increase) in miscellaneous receivable	896	(896)
(Increase) Decrease in prepaid expenses	(11,982)	2,162
Increase in right-of-use asset	(201,150)	-
Decrease in account payable and accrued liabilities	(4,669)	(1,303)
Decrease in deferred rent	(50,520)	(6,177)
Increase in operating lease liability	243,253	-
	<u>146,547</u>	<u>(590,129)</u>
Cash flows from investing activities		
Purchase of furniture and equipment	(1,861)	(18,244)
Proceeds on sale of investments	43,777	115,584
Purchase of investments	-	(23,514)
	<u>41,916</u>	<u>73,826</u>
Change in cash and cash equivalents	188,463	(516,303)
Cash and cash equivalents, beginning of year	<u>701,384</u>	<u>1,217,687</u>
Cash and cash equivalents, end of year	<u>\$ 889,847</u>	<u>\$ 701,384</u>

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

PUBLIC EMPLOYEES FOR ENVIRONMENTAL RESPONSIBILITY, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Organization and Summary of Significant Accounting Policies

Public Employees for Environmental Responsibility, Inc. (PEER) is a nonprofit organization incorporated in 1992 in Washington, DC. PEER educates the public and employees of government resource management and environmental protection agencies nationwide about environmental ethics, assists those who speak out on behalf of environmental ethics, and protects the integrity of individual employees and scientists within the government who dissent for ethical reasons.

PEER relies on grant funding and individual donations to support its activities and received grants and strong support from individuals during the year ended September 30, 2023.

The following is a summary of significant accounting policies followed in the preparation of these financial statements:

(a) **Basis of Accounting** – PEER’s policy is to prepare its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, support and revenue are recognized when earned and expenses are recognized when incurred.

(b) **Presentation of Financial Statements** – Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of PEER and changes therein are classified and reported as follows:

Without Donor Restriction – represents resources, which have met applicable award restrictions, and/or resources generated by sources other than from the award.

With Donor Restrictions – represents resources recognized as restricted support until such a time when all associated restrictions have been met or contains a stipulation that permanently restricted the use of such funds but allows earnings from the funds to be used in a certain manner prescribed by the donor.

(c) **Support and Revenues** – Support and revenues are reported as increases in net assets unless their use is limited by donor-imposed restrictions. Contributions on which donor-imposed stipulations are met within the year the contributions are made are reported as net assets without donor restrictions. Expenses are reported as decreases in net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e. donor-stipulated purpose has been fulfilled and/or stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

(d) **Cash and Cash Equivalents** – For purposes of the statement of cash flows PEER considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash consists of checking and money market accounts.

(e) **Investments** – Investments consist of various mutual and money market funds with readily determinable fair market values (level 1 inputs) which is equal to their cost basis, and are measured at fair market value in the statement of financial position. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

PUBLIC EMPLOYEES FOR ENVIRONMENTAL RESPONSIBILITY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

(f) **Property and Equipment** – Furniture and equipment are stated at cost for all assets with an initial cost exceeding \$1,000. For financial reporting purposes, depreciation is calculated using a straight-line method which is equivalent to the Alternation Depreciation System (ADS) and which is required of exempt organizations for reporting purposes under Internal Revenue Code Sec 168(g)(1) for assets placed in service after 1986. PEER employs asset lives of three to five years on its existing furniture and equipment. Expenditures for maintenance and repairs are charged against income as incurred; betterments that increase the value or materially extend the life of the related assets are capitalized.

(g) **Income Taxes** – PEER is exempt from Federal and State income tax under Section 501(c)(3) of the Internal Revenue Service Code. However, income from certain activities not directly related to PEER's tax-exempt purposes is subject to taxation as unrelated business income. There was no net unrelated business taxable income during the year.

(h) **Uncertain Tax Positions** – As of September 30, 2023, PEER has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The tax years subject to examination by the taxing authorities are the years ended September 30, 2020 through 2022.

(i) **Recently Issued Accounting Standards** – In 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASU] 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

PEER adopted the standard effective October 1, 2022 and recognized and measured leases existing at, or entered into after, October 1, 2022 using a modified retrospective approach, with certain practical expedients available.

PEER elected the available practical expedients to account for our existing operating leases, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, PEER recognized on October 1, 2022 a lease liability of \$309,087, which represents the present value of the remaining operating lease payments of \$335,939, discounted using our incremental borrowing rate of 4.06%, and a right-of-use asset of \$258,567. The standard had a material impact on our statement of financial position, but did not have an impact our statement of activities, nor statement of cash flows. The most significant impact was the recognition of an ROU asset and lease liability for operating leases.

PUBLIC EMPLOYEES FOR ENVIRONMENTAL RESPONSIBILITY, INC.

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

(j) **Leases** – The Organization currently leases office space. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on our statement of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on our statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the lease does not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease arrangement does not contain any material residual value guarantees or material restrictive covenants.

(k) **Use of Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates, including estimates relating to assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(l) **Concentration of Credit and Market Risk** – Financial instruments that potentially expose PEER to concentration of credit risk consist primarily of cash and cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions, and credit exposure is limited at any one institution. PEER maintains its cash in various bank deposits accounts which, at times, may exceed federally insured limits. PEER has not experienced any losses in such accounts. PEER's investments do not represent significant concentrations of market risk inasmuch as their investment portfolio is adequately diversified among issuers.

(m) **Advertising Costs** – Advertising costs are expensed as incurred. Advertising costs for the year ended September 30, 2023 was \$8,248.

PUBLIC EMPLOYEES FOR ENVIRONMENTAL RESPONSIBILITY, INC.

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 2 – Investments

In accordance with FASB ASC 820, *Fair Value Management*, PEER has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market PEER has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at September 30, 2023.

- *Money market funds* – The fair value is equal to the reported net asset value of the fund.
- *Annuity* – The fair value is equal to the stated account value on that date.
- *Equities* – The fair value is equal to the quoted market price on that date.

The table below summarizes PEER’s investments as of September 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ -	\$16,818	\$ -	\$16,818
Annuity	<u>23,375</u>	<u>-</u>	<u>-</u>	<u>23,375</u>
Total	<u>\$23,375</u>	<u>\$16,818</u>	<u>\$ -</u>	<u>\$40,193</u>

Investment income consisted of the following for the year ended September 30, 2023:

Interest and dividends	\$2,461
Gain on investment	<u>5,984</u>
Total	<u>\$8,445</u>

PUBLIC EMPLOYEES FOR ENVIRONMENTAL RESPONSIBILITY, INC.

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 3 – Beneficial Interest in Donor Restricted Fund

PEER’s beneficial interest in a restricted account held by another not-for-profit organization is recognized as an asset, in accordance with subsections of FASB ASC 958-605, *Transfer to Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*.

Another not-for-profit organization has legal control over the account. However, upon written notification, PEER may request distributions in accordance with the agreement. The distributions will support litigation costs or provide stipends for law school graduates. The agreement also calls for PEER to reimburse the account from amounts recovered through the courts, and PEER may elect to contribute additional amounts to the fund.

PEER may request that all assets of the funds be distributed to it or to a not-for-profit organization of its choice if circumstances change that impair the ability for PEER to use the funds for their intended purpose. Amounts in the fund are currently held in a money market account and are recorded at their fair market value at September 30, 2023.

NOTE 4 – Right-Of-Use Asset

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Right-of Use Asset	\$ -	\$258,567	\$ -	\$258,567
Less: Accumulated Depreciation	<u> -</u>	<u> 57,417</u>	<u> -</u>	<u> 57,417</u>
Net	<u>\$ -</u>	<u>\$201,150</u>	<u>\$ -</u>	<u>\$201,150</u>

NOTE 5 – Net Assets with Donor Restrictions

As of September 30, 2023, the nature of PEER’s net assets with donor restrictions consists of the following:

Resource protection	\$288,209
Field operations	46,617
Legal	16,818
Technology	<u> 10,500</u>
Total	<u>\$362,144</u>

Net assets were released from donor restrictions by incurring expenses, satisfying the purpose or time restrictions specified by donors as follows for the year ended September 30, 2023:

Resource protection	\$305,427
Legal	72,679
Field operations	<u> 64,246</u>
Total	<u>\$442,352</u>

PUBLIC EMPLOYEES FOR ENVIRONMENTAL RESPONSIBILITY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 – Rental Income

PEER subleases a portion of its office space under a one-year operating lease agreement that commenced February 1, 2023. Rental income for the year ended September 30, 2023 was \$8,000. The following represents future minimum rentals under the leases in effect as of September 30, 2023:

For the year ending September 30, 2024	<u>\$4,000</u>
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NOTE 7 – Pension Plan

PEER has established an IRC Section 403(b) retirement plan, which covers substantially all employees. The employer's contribution, if any, is at the discretion of the Board. The Board has elected to match the employees' contributions up to a maximum of 5% of the employees' gross salary. For the year ended September 30, 2023, the total employer's contribution was \$19,205.

NOTE 8 – Lease Commitment

On October 26, 2015, PEER entered into a 130-month operating lease for office space in Silver Spring, MD, with a lease start date beginning February 1, 2016. The lease included a provision whereby PEER received 10 months of rent abatement. Monthly payments of \$6,284 are required, and are subject to an increase of 3% each year. Additional payments for common area payments are required.

The components of lease expense were as follows:

Operating lease cost	\$68,500
Common area payments	<u>14,820</u>
Total lease expense	<u>\$82,320</u>

Other Information:

Weighted-average remaining lease term in years for operating leases	3.17
Weighted-average discount rate for operating leases	4.06%

Future minimum lease payments required under the lease agreement is as follows:

Years Ending September 30,	
2024	\$ 79,225
2025	81,601
2026	84,049
2027	<u>14,146</u>
Total undiscounted cash flows	259,021
Less present value discount	<u>(15,768)</u>
Total lease liabilities	<u>\$259,021</u>

PUBLIC EMPLOYEES FOR ENVIRONMENTAL RESPONSIBILITY, INC.

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

NOTE 9 – Contributed Services

PEER receives donations of services from volunteers throughout the year that would have to be purchased from professionals if not donated. PEER recognizes revenue at the fair value of the services received and recognizes a similar expense in the appropriate category. The total amount of contributed services was \$21,925 for the year ended September 30, 2023.

NOTE 10 – Functional Allocation of Expenses

PEER's operating costs have been allocated between program, management and general, and fundraising expenses based on direct identification when possible, and allocation if a single expenditure benefits more than one program or function. Expenditures that require allocation are allocated on either a personnel-cost or square-footage basis, whichever is more reasonable for the expenditure.

NOTE 11 – Liquidity and Availability of Financial Assets

PEER has \$567,896 of financial assets available within one year of the statement of financial position date to meet cash needs for expenditures. Some of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the Statement of Financial Position date. PEER monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. PEER has a goal to maintain financial assets on hand for 90 days of normal operating expenses in case of revenue shortfalls. This amount is on average \$432,000. PEER has the following financial assets that could readily be made available within one year of the statement of financial position date to fund expenses without limitations:

Cash and cash equivalents	\$889,847
Investments	23,375
Beneficial interest in donor advised fund	16,818
Less: Amounts with donor restrictions	<u>(362,144)</u>
Net	<u>\$567,896</u>

NOTE 12 – Subsequent Events

In preparing these financial statements, PEER has evaluated events and transactions for potential recognition or disclosure through February 12, 2024, the date the financial statements were available for issue.