



**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2023 AND 2022**

ENVIRONMENTAL PROTECTION NETWORK  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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## Independent Auditor's Report

To the Board of Directors of  
Environmental Protection Network

### **Opinion**

We have audited the accompanying financial statements of Environmental Protection Network (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 Environmental Protection Network as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits 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 Environmental Protection Network and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Environmental Protection Network'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 Environmental Protection Network'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 Environmental Protection Network'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.

*Alta CPA Group, LLC*

April 26, 2024

ENVIRONMENTAL PROTECTION NETWORK  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2023 AND 2022

	<u>ASSETS</u>	
	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,702,283	\$ 926,030
Accounts Receivable	1,600	-
Contributions Receivable, Current Portion	<u>621,892</u>	<u>389,574</u>
Total Current Assets	<u>2,325,775</u>	<u>1,315,604</u>
Contributions Receivable, Net of Current Portion	<u>150,000</u>	<u>300,000</u>
Total Assets	<u>\$ 2,475,775</u>	<u>\$ 1,615,604</u>
	<u>LIABILITIES AND EQUITY</u>	
CURRENT LIABILITIES		
Accounts Payable	\$ 26,599	\$ 12,098
Accrued Expenses	<u>61,912</u>	<u>59,013</u>
Total Current Liabilities	<u>88,511</u>	<u>71,111</u>
Total Liabilities	88,511	71,111
NET ASSETS		
Without Donor Restrictions	1,510,828	854,919
With Donor Restrictions	<u>876,436</u>	<u>689,574</u>
Total Net Assets	<u>2,387,264</u>	<u>1,544,493</u>
Total Liabilities and Net Assets	<u>\$ 2,475,775</u>	<u>\$ 1,615,604</u>

See auditor's report and accompanying notes to consolidated financial statements.

ENVIRONMENTAL PROTECTION NETWORK  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Contribution Income	\$ 382,814	\$ 1,470,000	\$ 1,852,814	\$ 767,426	\$ 989,574	\$ 1,757,000
Donations	413,160	-	413,160	126,296	-	126,296
Consulting Income	60,000	-	60,000	57,000	-	57,000
Interest Income	39,575	-	39,575	420	-	420
Net Assets Released from Restriction	1,283,138	(1,283,138)	-	300,000	(300,000)	-
Total Revenue	2,178,687	186,862	2,365,549	1,251,142	689,574	1,940,716
EXPENSES						
Program Services	1,082,824	-	1,082,824	568,643	-	568,643
Supporting Services:						
Management and General	299,895	-	299,895	72,841	-	72,841
Fundraising	140,059	-	140,059	121,340	-	121,340
Total Expenses	1,522,778	-	1,522,778	762,824	-	762,824
Change in Net Assets	655,909	186,862	842,771	488,318	689,574	1,177,892
NET ASSETS, BEGINNING OF YEAR	854,919	689,574	1,544,493	366,601	-	366,601
NET ASSETS, END OF YEAR	\$ 1,510,828	\$ 876,436	\$ 2,387,264	\$ 854,919	\$ 689,574	\$ 1,544,493

See auditor's report and accompanying notes to consolidated financial statements.

ENVIRONMENTAL PROTECTION NETWORK  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023				2022			
	Program Expenses	Management & General	Fund Raising	Total Expenses	Program Expenses	Management & General	Fund Raising	Total Expenses
Contractors	\$ 103,289	\$ 42,422	\$ 19,500	\$ 165,211	\$ -	\$ -	\$ -	\$ -
Dues and Subscriptions	12,415	153	-	12,568	29,299	-	-	29,299
Employee Benefits	40,042	47,424	8,695	96,161	10,490	1,205	2,277	13,972
Event Expenses	2,855	10,156	-	13,011	-	-	-	-
Insurance	-	2,988	-	2,988	-	2,928	-	2,928
Office Expense	-	18,849	-	18,849	16,841	1,773	3,351	21,965
Payroll Taxes	65,955	9,969	8,268	84,192	34,462	3,958	7,481	45,901
Professional Fees	83,580	45,087	-	128,667	66,880	16,832	21,014	104,726
Retirement Contributions	-	22,740	-	22,740	9,898	1,137	2,149	13,184
Salaries and Wages	756,626	72,654	103,596	932,876	391,857	45,008	85,068	521,933
Travel	18,062	27,453	-	45,515	8,916	-	-	8,916
Total expenses	<u>\$ 1,082,824</u>	<u>\$ 299,895</u>	<u>\$ 140,059</u>	<u>\$ 1,522,778</u>	<u>\$ 568,643</u>	<u>\$ 72,841</u>	<u>\$ 121,340</u>	<u>\$ 762,824</u>

See auditor's report and accompanying notes to consolidated financial statements.

ENVIRONMENTAL PROTECTION NETWORK  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 842,771	\$ 1,177,892
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Increase in Accounts Receivable	(1,600)	-
Increase in Contributions Receivable	(82,318)	(604,574)
Increase in Accounts Payable	14,501	12,098
Increase in Accrued Expenses	<u>2,899</u>	<u>31,106</u>
Net Cash Provided by Operating Activities	776,253	616,522
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	776,253	616,522
Cash and Cash Equivalents, Beginning of Year	<u>926,030</u>	<u>309,508</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,702,283</u></u>	<u><u>\$ 926,030</u></u>

See auditor's report and accompanying notes to consolidated financial statements.



ENVIRONMENTAL PROTECTION NETWORK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Environmental Protection Network (EPN, the Organization) was founded in January 2017 and now has over 550 EPA alumni across the country volunteering their time to protect the integrity of EPA, human health, and the environment. They harness the expertise of former EPA career staff and confirmation-level appointees from Democratic and Republican administrations to provide the unique perspective of former regulators with decades of historical knowledge and subject matter expertise.

Basis of Accounting

The financial statements of the Organization have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") on the accrual basis of accounting. Under this basis, support revenue is recognized when earned, and expenses are recognized as incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of financial reporting, the Organization considers all checking and savings accounts to be cash and cash equivalents. The Organization maintains certain cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. Management does not believe this results in any significant credit risk.

ENVIRONMENTAL PROTECTION NETWORK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable

Contributions receivable are recorded when the donor makes an unconditional promise to give. Contribution receivables are primarily related to the Organization's capital fundraising efforts. Conditional grant revenues are recorded as revenue and expense in the year the conditions are met. No adjustment for present value is presented as the adjustment is immaterial. The Organization uses the allowance method based on management's analysis of specific receivables to determine uncollectible amounts. Receivables are written off when management deems them uncollectible. The allowance is based on prior years' experience and management's analysis of individual receivable balances. At December 31, 2023 and 2022, all amounts are considered fully collectible.

Net Assets

Net assets without donor restrictions are the part of net assets that are not subject to donor-imposed stipulations. They are available for support of all organizational operations and services.

Net assets with donor restrictions are subject to donor-imposed stipulations. These restrictions may expire by the passage of time, by fulfillment of certain actions pursuant to those stipulation, or require that the original gift be held in perpetuity and only the earnings, if any, be used for the purposes designated by the donor.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

ENVIRONMENTAL PROTECTION NETWORK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue from contracts with customers primarily consists of consulting and analysis services. Revenues are recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. These revenues are recognized net of discounts, waivers, and refunds.

The Organization determines revenue recognition through the five-step model prescribed by Topic 606 as follows:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract;
- Recognition of revenue when, or as, performance obligations are satisfied.

*Performance Obligations*

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each performance obligation identified in the arrangement based on the relative standalone selling price of each distinct good or service in the contract and recognized as revenue when, or as, the performance obligation is satisfied. The primary method used to estimate the standalone selling price is the adjusted market assessment approach, under which the Organization evaluates the market and estimates a price that a customer would be willing to pay for the goods and services the Organization provides.

The Organization has elected the optional exemption to not disclose amounts where the performance obligation is part of a contract which has an original expected duration of one year or less. The Organization expects to recognize substantially all revenue on these remaining performance obligations over the next 12 months.

*Costs to Obtain a Contract*

The Organization has elected the practical expedient available in ASC 340-40, in which any incremental costs of obtaining a contract are recognized as an expense when incurred if the amortization period of the asset that would have been recognized is one year or less.

ENVIRONMENTAL PROTECTION NETWORK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in statements of activities. The statements present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

When possible, expenses are coded directly to the benefitting function. The financial statements also report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include, which are allocated on the basis of estimates of time and effort.

Income Tax Status

The Organization is a Section 501(c)(3) not-for-profit organization exempt from federal income taxes as provided under 501(a) of the Internal Revenue Code and applicable regulations of the District of Columbia. The Organization's information return are subject to examination by the IRS, generally for three years after filing.

Subsequent Events

The Organization evaluated subsequent events through the date that the financial statements were available to be issued. The Organization is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to April 26, 2024 that would have a material impact on the financial statements.

ENVIRONMENTAL PROTECTION NETWORK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Financial assets are available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise of the following:

	<u>2023</u>	<u>2022</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 1,702,283	\$ 926,030
Accounts Receivable	1,600	---
Contributions Receivable	<u>771,892</u>	<u>689,574</u>
 Total Financial Assets Available	 2,475,775	 1,615,604
Less Amounts Not Available Within One Year, Due to:		
Net Assets with Donor Restrictions	<u>(876,436)</u>	<u>(689,574)</u>
 Total Financial Assets Available to Meet General Expenditure Over the Next Twelve Months	 \$ <u>1,599,339</u>	 \$ <u>926,030</u>

NOTE 3 - CONCENTRATIONS

The Organization maintains its cash and cash equivalents on deposit with financial institutions in the United States of America. Funds at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization had cash balances on deposit at December 31, 2023 that exceeded the balance insured by the FDIC by approximately \$1,200,000. The Organization has not experience any losses in such accounts and believe it is not exposed to any significant financial risk on cash.

NOTE 4 - RETIREMENT PLAN

Employees of the Organization participate in a defined contribution plan under section 401(k) of the Internal Revenue Code, which covers all full-time employees. Employees may defer any portion of their salary up to the maximum allowed by law. The Organization matches the employees contribution up to 4%. Retirement plan expense was \$22,740 and \$13,183 for the years ended December 31, 2023 and 2022, respectively.

ENVIRONMENTAL PROTECTION NETWORK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for future periods at December 31:

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specific Purpose:		
Technical Assistance	\$ <u>246,436</u>	\$ <u>---</u>
Total Purpose Restricted	246,436	---
Subject to Passage of Time:		
Promises to Give that are Not Restricted		
By Donors, but which are Unavailable		
Until Due	<u>630,000</u>	<u>689,574</u>
Total	\$ <u>876,436</u>	\$ <u>689,574</u>