CLIMATE CENTRAL, INC.
(A Nonprofit Organization)

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Table of Contents

	Page
Independent Auditor's Report	1 - 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 20

CITRINCOOPERMAN®
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Climate Central, Inc.

We have audited the accompanying financial statements of Climate Central, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's 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.

CITRIN COOPERMAN & COMPANY, LLP
2 BETHESDA METRO CENTER, 11TH FLOOR BETHESDA, MD 20814 | TEL 301.654.9000 | FAX 301.656.3056 CITRINCOOPERMAN.COM
AN INDEPENDENT FIRM ASSOCIATED WITH MOORE STEPHENS

CITRINCOOPERMAN®
Accountants and Advisors

Adoption of New Accounting Pronouncements

As discussed in Note 2 to the financial statements, Climate Central, Inc. changed its method of accounting for conditional nonreciprocal transactions on the statements of operations and the classification and presentation of restricted cash on the statements of cash flows, respectively, for all periods presented, due to Climate Central, Inc.'s adoption of Accounting Standards Update ("ASU") No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958), and ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the Emerging Issues Task Force).* Additionally, Climate Central, Inc. adopted Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as of January 1, 2019, using the modified retrospective transition method. Our opinion is not modified with respect to this matter.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Climate Central, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Bethesda, Maryland
August 18, 2020

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Assets:		
Cash and cash equivalents	$ 4,688,079	$ 2,347,831
Restricted cash	63,379	62,749
Unconditional promises to give	1,075,000	1,275,000
Grants and contracts receivables	75,613	65,406
Unbilled contract receivables	214,838	119,428
Prepaid expenses	68,461	42,637
Property and equipment, net	181,464	214,440
Intangible assets, net	114,100	106,400
TOTAL ASSETS	$ 6,480,934	$ 4,233,891
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 398,876	$ 730,232
Accrued expenses	287,598	229,445
Deferred rent	56,710	53,539
Deferred revenue	-	74,847
Total liabilities	743,184	1,088,063
Commitments and contingencies (Notes 9, 10, 11 and 12)		
Net assets:		
Without donor restrictions	1,711,969	953,137
With donor restrictions	4,025,781	2,192,691
Total net assets	5,737,750	3,145,828
TOTAL LIABILITIES AND NET ASSETS	$ 6,480,934	$ 4,233,891

See accompanying notes to financial statements.

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without donor restrictions	With donor restrictions	Total
Support and revenues:			
Contributions:			
Foundation support	$ 344,000	$ -	$ 344,000
Individual support	3,032,846	2,750,777	5,783,623
Foundation grants	475,993	1,125,004	1,600,997
Government grants	609,714	-	609,714
Program fees	32,025	-	32,025
Other revenues	159,474	-	159,474
Interest income	594	-	594
	4,654,646	3,875,781	8,530,427
Net assets released from restrictions	2,042,691	(2,042,691)	-
Total support and revenues	6,697,337	1,833,090	8,530,427
Total program expenses	4,720,298	-	4,720,298
Supporting services:			
Management and general	390,555	-	390,555
Fundraising and development	827,652	-	827,652
Total supporting services	1,218,207	-	1,218,207
Total expenses	5,938,505	-	5,938,505
Change in net assets	758,832	1,833,090	2,591,922
Net assets - beginning	953,137	2,192,691	3,145,828
NET ASSETS - ENDING	$ 1,711,969	$ 4,025,781	$ 5,737,750

See accompanying notes to financial statements.

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Without donor restrictions	With donor restrictions	Total
Support and revenues:			
Contributions:			
Foundation support	$ 1,130,595	$ 750,000	$ 1,880,595
Individual support	4,909,570	-	4,909,570
Foundation grants	680,078	711,439	1,391,517
Government grants	479,256	-	479,256
Program fees	122,849	-	122,849
Other revenues	174,060	-	174,060
Interest income	1,314	-	1,314
	7,497,722	1,461,439	8,959,161
Net assets released from restrictions	1,554,909	(1,554,909)	-
Total support and revenues	9,052,631	(93,470)	8,479,905
Total program expenses	4,536,583	-	4,536,583
Supporting services			
Management and general	613,058	-	613,058
Fundraising and development	946,398	-	946,398
Total supporting services	1,559,456	-	1,559,456
Total expenses	6,096,039	-	6,096,039
Change in net assets	2,956,592	(93,470)	2,863,122
Net assets - beginning	(2,003,455)	2,286,161	282,706
NET ASSETS - ENDING	$ 953,137	$ 2,192,691	$ 3,145,828

See accompanying notes to financial statements.

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Programs	Management and General	Fundraising and Development	Total
Salaries and wages	$ 2,350,544	$ 516,849	$ 420,878	$ 3,288,271
Employee benefits	621,114	148,177	108,100	877,391
Payroll taxes	170,986	41,453	30,488	242,927
Professional fees	494,360	9,300	75,829	579,489
Accounting fees	-	40,777	-	40,777
Legal fees	10,821	3,513	-	14,334
Office expenses	22,363	7,005	7,602	36,970
Information technology	197,995	9,333	12,238	219,566
Occupancy	229,790	45,280	46,069	321,139
Travel	65,474	15,429	37,705	118,608
Conference, conventions and meetings	-	5,050	-	5,050
Interest expense	34,966	6,890	7,011	48,867
Insurance	6,227	3,068	2,068	11,363
Training and development	90,973	17,927	18,238	127,138
Depreciation and amortization	89	4,205	2,321	6,615
Other	-	-	-	-
Total expenses by function	4,295,702	874,256	768,547	5,938,505
Allocation of program-related management and general expenses	424,596	(483,701)	59,105	-
Total expenses	$ 4,720,298	$ 390,555	$ 827,652	$ 5,938,505

See accompanying notes to financial statements.

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Programs	Management and General	Fundraising and Development	Total
Salaries and wages	$ 2,234,138	$ 516,704	$ 439,982	$ 3,190,824
Employee benefits	596,550	163,038	115,410	874,998
Payroll taxes	161,039	37,199	31,714	229,952
Professional fees	663,706	102,691	108,227	874,624
Accounting fees	-	44,757	-	44,757
Legal fees	3,562	8,039	308	11,909
Office expenses	28,040	9,799	12,119	49,958
Information technology	134,847	11,646	14,331	160,824
Occupancy	180,628	158,352	40,356	379,336
Travel	48,397	9,798	15,756	73,951
Conference, conventions and meetings	6,413	9,783	6,052	22,248
Interest expense	-	4,986	-	4,986
Insurance	23,909	6,452	7,590	37,951
Training and development	3,778	(452)	1,884	5,210
Depreciation and amortization	75,398	20,345	23,936	119,679
Other	23	12,622	2,187	14,832
Total expenses by function	4,160,428	1,115,759	819,852	6,096,039
Allocation of program-related management and general expenses	376,155	(502,701)	126,546	-
Total expenses	$ 4,536,583	$ 613,058	$ 946,398	$ 6,096,039

See accompanying notes to financial statements.

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 2,591,922	$ 2,863,122
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	127,138	119,679
Deferred rent	3,171	(20,841)
Conversion of notes payable and accrued interest to contributions	-	(754,407)
Loss on disposal of property and equipment	1,426	8,046
Changes in operating assets and liabilities:		
Unconditional promises to give	200,000	(275,000)
Grants, contracts, and other receivables	(10,207)	123,389
Unbilled receivables	(95,410)	(54,798)
Prepaid expenses	(25,824)	(4,462)
Accounts payable	(331,356)	274,436
Accrued expenses	58,153	(364,207)
Deferred revenue	(74,847)	74,847
Net cash provided by operating activities	2,444,166	1,989,804
Cash flows from investing activities:		
Purchases of property and equipment	(80,888)	(27,995)
Purchases of intangible assets	(22,400)	(106,400)
Net cash used in investing activities	(103,288)	(134,395)
Net increase in cash and cash equivalents	2,340,878	1,855,409
Cash and cash equivalents - beginning	2,410,580	555,171
CASH AND CASH EQUIVALENTS - ENDING	$ 4,751,458	$ 2,410,580

Reconciliation of cash and restricted cash:

The following table provides a reconciliation of cash and restricted cash reported within the balance sheets that sum to the total of the same such amounts shown in the statements of cash flows.

	2019	2018
Cash	$ 4,688,079	$ 2,347,831
Restricted cash	63,379	62,749
Total cash and restricted cash shown in the statements of cash flows	$ 4,751,458	$ 2,410,580

See accompanying notes to financial statements.

NOTE 1. NATURE OF ORGANIZATION

Climate Central, Inc. (the "Organization") is an independent not-for-profit organization of leading scientists and journalists whose mission is to communicate the science and effects of climate change to the public and decision-makers internationally. The Organization surveys and conducts scientific research on climate change and informs the public of key findings. The Organization is not an advocacy organization and does not lobby or support any specific legislation, policy or bill regarding climate change.

The major programs of the Organization are Climate Matters, Sea Level Rise/Surging Seas, Partnerships Journalism and Enterprise.

Climate Matters
Climate Matters is a climate-reporting resource program grounded in the latest science that helps meteorologists and journalists report on climate impacts and solutions in ways that are local, immediate, and personal.

The Organization's team of scientists, data analysts and visual artists identify and interpret data and produce easy-to-understand text and visual materials, including graphics, interactives and videos, to help journalists build stories that will engage and enlighten their audience.

The Organization's reporting tools are available, free of charge, to anyone interested in telling engaging local, science-based stories about how global climate change is impacting their community, why it matters, and what can be done about it.

Sea Level Rise/Surging Seas
The Organization's Program on Sea Level Rise strives to provide accurate, clear and granular information about sea level rise and coastal flood hazards both locally and globally, today and tomorrow. Anchored in rigorous primary research, the Organization's work distinguishes itself by its user-friendly maps and tools, extensive datasets, and high-quality visual presentation. The program dedicates its efforts to helping citizens, communities, businesses, organizations, and governments at every level to understand the consequences of different carbon pathways and to navigate the shifting waters of our warming world.

Partnerships Journalism
The Organization brings a partnerships journalism initiative to the service of the two core programs, Climate Matters and Sea Level Rise, to add depth to the understanding of the human impacts of climate change and, when applicable, its promising solutions.

Partnering with local and national media organizations, the Organization produces and helps develop stories for a wide variety of print, digital, radio, and TV outlets.

Enterprise
In addition to these three programs, there is another program under development titled "Enterprise" which focuses on marketing and licensing organizational tools and data to domestic and foreign corporations such as insurance and real estate companies, rating agencies and national, state and local governmental entities.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization 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.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP 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 dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Income taxes

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes under Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code. The Organization is not a private foundation. Contributions to the Organization are deductible to the extent permitted by law. The Organization is also exempt from state income taxes.

Uncertain tax positions

The Organization follows accounting requirements associated with uncertainty in income taxes using the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not that the positions will not be sustained upon examination by the taxing authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

As of December 31, 2019 and 2018, the Organization had no uncertain tax positions that qualified for either recognition or disclosure in the financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

The Organization considers all highly liquid investments with maturities of three months or less from the date of purchase to be cash equivalents.

Grants, contracts and unbilled receivables

Grants and contracts receivable include amounts due from grants, program fees, and other miscellaneous sources. The amounts are stated at unpaid balances, less an allowance for doubtful accounts. The allowance is based on management's estimation of collectibility. It is the Organization's policy to charge off uncollected receivables when management determines that it has exhausted all collection efforts. There was no allowance for doubtful accounts as of December 31, 2019 and 2018. All accounts receivable are expected to be collected in one year or less.

Unbilled receivables include unreimbursed expenses not yet invoiced. The unbilled receivables are expected to be billed and collected within one year or less.

Promises to give

Contributions and pledges, including unconditional promises to give, are recognized as revenues when the Organization is formally informed of the contributions by the respective donors. Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases in liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Unconditional promises to give to be received after one year are discounted at an appropriate discount rate that is commensurate with the risks involved and are classified as with donor restrictions due to passage of time or purpose.

Contributions and Foundation grants

The Organization adopted FASB Accounting Standards Update ("ASU") No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"), which provides guidance for determining whether a transaction should be accounted for as a contribution or an exchange transaction, and whether a contribution is conditional or unconditional.

Contributions, Foundation, and Government grants are recognized as revenue when they are unconditionally promised from the Organization's foundations, governments, and individual donors. 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 as net assets released from restrictions.

A portion of the Organization’s revenue is derived from cost-reimbursable government grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenue is recognized in the amount invoiced, typically monthly, since the amount corresponds directly to the value of the

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (continued)

performance to date. Amounts received prior to incurring qualifying expenditures or providing the related services are reported as refundable advances in the statement of financial position.

Contributions and Foundation grants received with donor-imposed or grantor-imposed restrictions that are fulfilled in the same year as received are reported as support without donor restrictions.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. For the years ended December 31, 2019 and 2018, there were no contributed services meeting the requirements for recognition in the financial statements; however, many individuals volunteer their time and perform a variety of tasks that assist the Organization with its programs.

Donations of property and equipment are recorded as contributions at their estimated fair values at the dates of donation. Such donations are reported as increases in net assets without donor restrictions, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their uses and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated or acquired assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions at that time and reports them as "Net assets released from restrictions" on the statements of activities.

Program fees,and other revenues

Year ended December 31, 2019

The Organization adopted ASC Topic 606, *Revenue from Contracts with Customers* ("Topic 606") on January 1, 2019. With the adoption of Topic 606, revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Under Topic 606, the Organization recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The majority of the Organization's services represent a bundle of services that are not capable of being distinct and as such, are treated as a single performance obligation that is satisfied as the services are rendered. The Organization determines the transaction price based on contractually agreed upon rates, adjusted for any variable consideration, if any.

Program fees and other revenues are recognized over time as services are rendered, and content sales are recognized at the time the content is delivered.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Year Ended December 31, 2018

For the year ended December 31, 2018, the Organization recognized revenue when (1) the service was performed and the Organization had no significant obligations remaining to be performed; (2) a final understanding as to specific nature and terms of the agreed upon transaction had occurred; (3) price was fixed and determinable; and (4) collection was assured. Services generally met these criteria, and revenue was recognized, when services were rendered. Revenues from cost-reimbursement grants were recognized when the Organization had expended the program costs in accordance with the grant agreement.

Property and equipment

Property and equipment purchased are stated at cost. The Organization has a capitalization threshold of $1,000. Property and equipment contributed to the Organization are recorded at fair value on the date received. Depreciation is computed using the straight-line method based on estimated useful lives. Repairs and maintenance which do not extend the useful lives of the related assets are expensed as incurred. Property and equipment purchased under grant contracts, which become the property of the recipient, are expensed to the applicable program.

Depreciation is provided using the straight-line and various accelerated methods over the estimated useful lives of the assets, which are as follows:

Computer equipment	5 years
Furniture and fixtures	5 years
Leasehold improvements	Estimated life or term of the lease, whichever is shorter.

Intangible assets

Intangible assets are recorded at cost. Intangible assets with finite lives are amortized over their estimated useful lives and are reviewed for impairment if indicators of impairment arise. Website design costs are amortized on a straight-line basis over a five-year period. Intangible assets consisted of the following as of December 31, 2019 and 2018:

	2019	2018
Website design costs	$ 325,750	$ 303,350
Accumulated amortization	(211,650)	(196,950)
	$ 114,100	$ 106,400

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional allocation of expenses

The costs of providing the Organization's program services, management and general, and fundraising activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses represents the natural classification detail of expenses by function. The Organization incurs expenses that directly relate, and can be assigned, to a specific program or supporting activity. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting services.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and wages	Time and effort
Professional fees	Full Time Equivalent
Information technology	Time and effort, and Full Time Equivalent
Occupancy	Full Time Equivalent
Depreciation and other	Full Time Equivalent

Reclassifications

Approximately $1,870,000 of grants revenue in the prior year financial statements have been reclassified for comparative purpose to conform with the current year presentation, to be included with contribution revenue rather than separately presented. These reclassifications had no effect on previously reported change in net assets.

Recently implemented accounting pronouncements

Revenue Recognition
In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* ("Topic 606"), with several clarifying updates issued subsequently. In conjunction with Topic 606, a new subtopic, ASC 340-40*, Other Assets and Deferred Costs – Contracts with Customers*, was also issued. The updated standard replaces most existing revenue recognition and certain cost guidance under U.S. GAAP. Collectively, the Organization refers to Topic 606 and Subtopic 340-40 as "ASC 606". ASC 606 amends existing accounting standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services to customers based on the expected consideration to be received in exchange for those goods and services. The Organization adopted ASC 606 effective January 1, 2019, using the modified retrospective transition method. Use of the modified retrospective approach means the Organization's comparative periods prior to initial application are not restated. The Organization has determined that the adjustments using the modified retrospective approach did not have a material impact on the date of the initial application along with the disclosure of the effect on prior periods. The Organization did not apply any practical expedients in implementing ASC 606.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently implemented accounting pronouncements (continued)

Contributions

In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"), which provides guidance for determining whether a transaction should be accounted for as a contribution or an exchange transaction, and whether a contribution is conditional or unconditional. This ASU is effective for years beginning after December 15, 2018. The Organization adopted ASU 2018-08 effective January 1, 2019, using the modified prospective method. Under the modified prospective method, the amendments are applied to agreements that are either not completed as of the effective date or entered into after the effective date. The Organization has determined that the application of the amendments of ASU 2018-08 did not have a material impact on the Organization's financial statements and related disclosures.

Statement of Cash Flows

In August 2016, FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which provides guidance on several cash flow classification issues. This ASU is effective for years beginning after December 15, 2018, with early adoption permitted. The Organization adopted this ASU during the year ended December 31, 2019.

In November 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the Emerging Issues Task Force)*, which requires that restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU No. 2016-18 is effective for annual periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Organization adopted ASU No. 2016-18 during the year ended December 31, 2019, and accordingly, included restricted cash with its cash on the statements of cash flows for all periods presented.

Recently issued but not yet adopted accounting pronouncements

In February 2016, FASB issued ASU No. 2016-02, *Leases*. This update requires all leases with terms greater than 12 months to be recognized on the statement of financial position through a right-of-use assets and a lease liability and the disclosure of key information pertaining to lease arrangements. This new guidance is effective for years beginning after December 15, 2020, with early adoptions permitted. The Organization is currently evaluating the effect that ASU 2016-02 will have on its financial statements and related disclosures.

Reclassifications

In connection with the implementation of ASC 606 and ASU No. 2018-08, the Organization has clarified its position on the presentation of certain items of revenues and support by including grants of approximately $1,870,000 under contributions rather than separately presented. These reclassifications had no effect on previously reported change in net assets.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through August 18, 2020, the date on which these financial statements were available to be issued. Except as disclosed in Note 12, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 3. LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets available for general expenditures within one year as of as of December 31, 2019 and 2018:

	2019	2018
Financial assets at year end:		
Cash and cash equivalents	$ 4,688,079	$ 2,347,831
Unconditional promises to give	1,075,000	1,275,000
Grants and contracts receivable	75,613	65,406
Unbilled receivables	214,838	119,428
Total financial assets at year-end	6,053,530	3,807,665
Less amounts not available to be used within one year:		
Net assets with donor restrictions	4,025,781	2,192,691
Less: net assets with purpose restrictions to be met in less than one year	(4,025,781)	(2,192,691)
Financial assets available to meet general expenditures over the next 12 months	$ 6,053,530	$ 3,807,665

The Organization has $6,053,530 and $3,807,665 of financial assets available within one year of the statement of financial position date to meet cash needs for general and program expenditures consisting of cash in the amount of $4,688,079 and $2,347,831 for the years ended December 31, 2019 and 2018, respectively. The unconditional promises to give are subject to implied time restrictions but are expected to be collected within one year.

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 120 days of normal operating expenses, which are on average, approximately $2,000,000. The Organization structures its financial assets to be available to meet general expenditure obligations as they come due. Cash balances in excess of near-term obligations are held as compensating balances with the Organization's bank to generate balance credits to meet the costs of banking services on a monthly basis. Balances in excess of the needed compensating balances are invested in short-term investments.

The Organization has a governance and management process in place related to liquidity management. Balances of financial assets are monitored on a daily basis and are reported to the Organization's chief executive officer on a weekly basis. The balances of financial assets are reported to the Board of Trustees (the "Board") and the Finance Committee of the Board during regularly scheduled Board and committee meetings (three times per year), and to the Executive Committee of the Board at regularly

NOTE 3. LIQUIDITY AND AVAILABILITY (CONTINUED)

scheduled meetings or at any time that the balances of financial assets drop below the balance goal defined above.

In addition to the monitoring of financial assets on hand, the Board, the Finance Committee of the Board and the Executive Committee of the Board are advised of the fundraising activities of the Organization on the schedule noted above. The prospect pipeline is quantified and supported with qualitative information to allow for an assessment of the fundraising activities of the Organization.

NOTE 4. CONCENTRATIONS

Credit risk

At December 31, 2019 and 2018, the Organization maintained cash with a financial institution in amounts in excess of the coverage provided by federal insurance limits. The Organization maintains these accounts with a high credit quality financial institution, and, therefore, management does not believe the Organization faces a significant risk of loss on these accounts.

Promises to give

As of December 31, 2019, the Organization's unconditional promises to give were from two donors. As of December 31, 2018, unconditional promises to give were from four donors.

Support and revenues

During the year ended December 31, 2019, approximately 53% of the Organization's total support and revenue was derived from three donors. During the year ended December 31, 2018, approximately 39% of the Organization's total support and revenue was derived from two donors.

NOTE 5. RESTRICTED CASH

As part of its lease agreement for an office facility, the Organization delivered an irrevocable standby letter of credit secured by a certificate of deposit. The certificate of deposit bears interest at the rate of 1.00% per annum and matures on April 28, 2023. In December 2018 the lease was modified to call for a letter of credit of $41,802. The letter of credit automatically extends each year.

The certificate of deposit had a balance of $63,379 and $62,749 as of December 31, 2019 and 2018, respectively, which includes interest income earned that is included within "Interest income" in the accompanying statements of activities.

NOTE 6. PROMISES TO GIVE

Unconditional promises to give amounted to $1,075,000 and $1,275,000 as of December 31, 2019 and 2018, respectively. The entire balance is expected to be collected in less than one year.

At December 31, 2019, there were $1,000,000 in outstanding conditional promises to give. There were no outstanding conditional promises to give at December 31, 2018.

NOTE 7. PROPERTY AND EQUIPMENT

The Organization's property and equipment consisted of the following at December 31, 2019 and 2018:

	2019	2018
Computer equipment	$ 589,853	$ 612,351
Leasehold improvements	250,938	250,938
Furniture and fixtures	137,285	70,362
	978,076	933,651
Accumulated depreciation	(796,612)	(719,211)
Property and equipment, net	$ 181,464	$ 214,440

Depreciation expense was $127,138 and $119,679 for the years ended December 31, 2019 and 2018, respectively.

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the years ended December 31, 2019 and 2018, as follows:

	2019	2018
Programs:		
Sea Level Rise/Surging Seas	$ 862,502	$ 1,080,190
Climate Matters	2,149,960	262,501
Total programs	3,012,462	1,342,691
General operations/time restricted	1,013,319	850,000
Total	$ 4,025,781	$ 2,192,691

During the years ended December 31, 2019 and 2018, net assets were released from donor restrictions by incurring expenses satisfying purpose restrictions or by the passage of time.

	2019	2018
Programs:		
Sea Level Rise/Surging Seas	$ 930,190	$ 797,500
Climate Matters	262,501	546,669
Assessment	-	110,740
Total programs	1,192,691	1,454,909
General operations/time restricted	850,000	100,000
	$ 2,042,691	$ 1,554,909

NOTE 9. RETIREMENT PLAN

The Organization has a defined contribution 401(k) plan. Substantially all employees are eligible to participate. Contributions to the plan are based on participant compensation but not more than statutory limits. The Organization made contributions of $354,801 and $353,583 for the years ended December 31, 2019 and 2018, respectively.

NOTE 10. RELATED-PARTY TRANSACTIONS

The Organization received contribution support from organizations connected with a founding board member of the Organization. Contributions to the Organization from these related parties totaled $2,550,000 and $2,000,000 for the years ended December 31, 2019 and 2018, respectively.

The Organization had a promissory note payable agreement with a foundation connected with a founding board member. The note payable was entered on May 25, 2017, for the total amount of $750,000. During the year ended December 31, 2018, the foundation fully forgave this debt including its interest payable of $754,407 as a grant to the Organization and is recorded in "Foundation support" in the accompanying statements of activities.

During 2019 and 2018, the Organization received support from other organizations totaling $2,550,000 and $1,725,000, respectively, that are associated with certain board members.

During 2019 and 2018, the Organization received support from certain board members totaling $70,398 and $42,545, respectively.

NOTE 11. LEASES

The Organization has a non-cancelable operating lease for an office facility in New Jersey which expires in September 2023. The lease was last modified in 2019 to increase the office space rented. Rental expense for the operating lease was $268,092 and $328,751 for the years ended December 31, 2019 and 2018, respectively.

At December 31, 2019, future minimum rental payments due under the prior and modified lease over the revised term are as follows:

Year ending December 31:	Amount
2020	$ 272,848
2021	281,033
2022	289,464
2023	221,946
	$ 1,065,291

The Organization's operating lease agreement contains provisions for future rent increases. In accordance with U.S. GAAP, the Organization records monthly rent expense equal to the total of the payments due over the lease term, divided by the number of months of the lease term (straight-line basis). The difference between rent expense recorded and the amount paid is credited or charged to "Deferred rent," which is reflected as a separate line item in the accompanying statements of financial position.

NOTE 12. SUBSEQUENT EVENT - ECONOMIC UNCERTAINTY DUE TO COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a strain of coronavirus ("COVID-19") a pandemic. As a result, economic uncertainties have arisen which may negatively impact the Organization's operations. Other financial and operational impacts could occur, though such potential impact is unknown at this time. No adjustments or provisions were made in these financial statements related to uncertainties which have arisen or which may arise in the future due to COVID-19.