

**BEYOND PESTICIDES**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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**KRONZEK, FISHER & LOPEZ, PLLC**  
*Certified Public Accountants*

BEYOND PESTICIDES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of Beyond Pesticides  
Washington, DC

We have audited the accompanying financial statements of Beyond Pesticides (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

The Organization's 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

**Opinion**

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

*Kronzek, Fisher & Lopez, PLLC*  
KRONZEK, FISHER & LOPEZ, PLLC  
Washington, DC  
March 17, 2019

BEYOND PESTICIDES

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 503,149
Investments	868,943
Receivables	185,724
Prepaid expenses	<u>2,868</u>

TOTAL CURRENT ASSETS 1,560,684

PROPERTY AND EQUIPMENT

Land, building & bldg improvements	1,078,830
Furniture & equipment	<u>126,811</u>
	1,205,641
Less: accumulated depreciation	<u>505,809</u>

NET PROPERTY AND EQUIPMENT 699,832

OTHER ASSETS

Unamortized loan costs	<u>3,773</u>
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TOTAL ASSETS \$ 2,264,289

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 31,461
Deferred revenue	4,404
Tenant security deposit	6,040
Mortgages payable - current	<u>14,670</u>

TOTAL CURRENT LIABILITIES 56,575

LONG-TERM LIABILITIES

Mortgages payable - long-term	<u>704,099</u>
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TOTAL LIABILITIES 760,674

NET ASSETS

Without donor restrictions	
Undesignated	\$ 1,076,231
Designated by the Board for operating reserve	152,120
Invested in property and equipment, net of related debt	<u>(18,937)</u>
	1,209,414

With donor restrictions	
Purpose restrictions	<u>294,201</u>

TOTAL NET ASSETS 1,503,615

TOTAL LIABILITIES AND NET ASSETS \$ 2,264,289

See accompanying notes to financial statements.

BEYOND PESTICIDES  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE</b>			
Grants & contributions	\$ 797,467	\$ 319,345	\$ 1,116,812
Membership dues	7,422	-	7,422
Publication sales	7,099	-	7,099
Registrations	8,165	-	8,165
Contract revenue	15,000	-	15,000
Rental income	80,515	-	80,515
Investment income	10,878	-	10,878
Other income	33,197	-	33,197
	<u>959,743</u>	<u>319,345</u>	<u>1,279,088</u>
Net assets released from: Satisfaction of program restrictions	225,813	(225,813)	-
Total revenue	<u>1,185,556</u>	<u>93,532</u>	<u>1,279,088</u>
<b>EXPENSES</b>			
Program Services			
Community P & A	492,112	-	492,112
Organic	539,400	-	539,400
Forum Funds	88,275	-	88,275
Total program expenses	<u>1,119,787</u>	<u>-</u>	<u>1,119,787</u>
Support Services			
General & Administrative	110,097	-	110,097
Fundraising	13,110	-	13,110
Total expenses	<u>1,242,994</u>	<u>-</u>	<u>1,242,994</u>
CHANGE IN NET ASSETS (DEFICIT)	(57,438)	93,532	36,094
Beginning net assets	<u>1,266,852</u>	<u>200,669</u>	<u>1,467,521</u>
Ending net assets	<u>\$ 1,209,414</u>	<u>\$ 294,201</u>	<u>\$ 1,503,615</u>

See accompanying notes to financial statements.

BEYOND PESTICIDES  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Community P & A	Organic	Forum Funds	Total Program	General & Admin.	Fund- Raising	Total Expenses
Salaries, payroll taxes & benefits	\$ 228,654	\$ 208,301	-	\$ 436,955	\$ 29,909	\$ 7,242	\$ 474,106
Printing & duplic.	18,688	21,243	1,229	41,160	-	-	41,160
Postage & shipping	4,319	4,319	-	8,638	-	-	8,638
Supplies	1,654	1,654	-	3,308	244	-	3,552
Travel & subsist.	45,782	4,592	11,158	61,532	507	-	62,039
Conferences/meetings	-	-	64,418	64,418	-	-	64,418
Consultants	103,855	217,015	10,167	331,037	16,246	4	347,287
Legal & accounting fees	25,145	24,535	-	49,680	5,520	140	55,340
Telephone	8,806	8,540	-	17,346	-	-	17,346
Utilities	2,793	2,596	-	5,389	3,455	89	8,933
Security	1,278	1,136	-	2,414	876	30	3,320
Interest expense	12,553	11,069	-	23,622	13,061	572	37,255
Real estate taxes	15,451	13,811	-	29,262	15,761	566	45,589
Repairs & maintenance	9,210	8,345	-	17,555	8,910	290	26,755
Insurance	3,171	2,639	-	5,810	2,071	90	7,971
Publications & sub.	602	602	1,303	2,507	307	-	2,814
License & reg.	-	-	-	-	3,265	3,773	7,038
Bank and c.c. fees	1,164	1,077	-	2,241	67	38	2,346
Depreciation & amort.	8,987	7,926	-	16,913	9,060	276	26,249
UBIT tax	-	-	-	-	250	-	250
Miscellaneous	-	-	-	-	588	-	588
<b>Totals</b>	<b>\$492,112</b>	<b>\$539,400</b>	<b>\$88,275</b>	<b>\$1,119,787</b>	<b>\$110,097</b>	<b>\$13,110</b>	<b>\$ 1,242,994</b>

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See accompanying notes to financial statements.

BEYOND PESTICIDES  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018

Cash flows from operating activities:	
Cash received from grants & contributions	\$794,606
Cash received from tenant	48,671
Interest & dividends received	10,946
Cash received from other activities	55,883
Cash paid to employees and vendors	<u>(1,065,036)</u>
Net cash used by operating activities	(154,930)
Cash flows from investing activities:	
Purchase of fixed assets	(6,244)
Cash received from redemption of certificate of deposits	1,766,206
Cash used to purchase certificates of deposits	<u>(1,974,000)</u>
Net cash used by investing activities	(214,038)
Cash flows from financing activities:	
Loan costs to refinance property	(3,805)
Mortgage principal payments	<u>(7,581)</u>
Net cash used by financing activities	<u>(11,386)</u>
Net increase/(decrease) in cash and cash equivalents	(380,354)
Cash and cash equivalents - January 1, 2018	<u>883,503</u>
Cash and cash equivalents - December 31, 2018	<u><u>\$503,149</u></u>

Reconciliation of increase/(decrease) in net assets to net cash used by operating activities:

Increase/(decrease) in net assets	\$36,094
Adjustments to reconcile increase in net assets to net cash used by operating activities:	
Depreciation & amortization	26,249
Net realized & unrealized gain/(loss) on investments	68
Donated stock	(1,206)
Changes in assets and liabilities:	
Increase in receivables	(180,724)
Increase in prepaid expenses	(920)
Decrease in accounts payable and accrued expenses	(2,647)
Decrease in deferred revenue	<u>(31,844)</u>
Net cash used by operating activities	<u><u>(\$154,930)</u></u>

See accompanying notes to financial statements.

BEYOND PESTICIDES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

**NOTE 1 - ORGANIZATION**

Beyond Pesticides is a non-profit organization, incorporated in the District of Columbia in 1985 and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, but is subject to unrelated business income tax. The organization is a publicly supported organization under Section 509(a)(1) of the Internal Revenue Code and Subsection 170(b)(A)(vi).

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Change in Accounting Principle – In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statements for Not-For-Profit Entities, which requires not-for-profit entities to revise the financial presentation to include: net asset classifications, provide quantitative and qualitative information as to available resources and management of liquidity and liquidity risk, information on investment expenses and returns, and the presentation of operating cash flows. The standard aims to help the reader of the financial statements to better understand the financial position of the organization and enhance consistency among similar organization. The organization adopted the new standard as of December 31, 2018, and there were no material changes to the statement of financial position, activities or cash flows as a result of the adoption.

Basis of accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America for not-for-profit organizations.

Revenue Recognition – Grants and contributions are recognized when an unconditional grant or contribution has been awarded, or when the organization has satisfied the requirements of the condition. Grants and contributions received are recorded with donor restrictions or without donor restrictions depending on the existence of any donor restrictions.

Memberships are effectively contributions and there is no liability for future services associated with received membership dues, therefore all dues are recognized as revenue as received. All other program service revenue is recognized as earned.

Net Assets – Net assets, revenues, gains and losses are classified based on the existence of absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantors) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

*Net Asset With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Property and equipment - Property and equipment over \$1,000 are recorded at cost. Depreciation on office furnishings and equipment is determined by the straight-line method based on estimated useful lives of three to seven years. Depreciation on building and improvements is determined by the straight-line method based on estimated useful lives of thirty nine years. Loan costs incurred to refinance the building are being amortized over the 15-year life of the loan.



BEYOND PESTICIDES

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Cash and Cash Equivalents – The organization considers cash and cash equivalents to be highly liquid investments with original maturities at time of purchase of less than 90 days.

Fair Value of Financial Instruments - The financial instruments of the organization are reported on the statement of financial position at market or fair values, or at carrying amounts that approximate fair values because of the short maturity of the instruments. See Note 10 for a description of financial instruments carried at fair value.

Investments – The organization reports under ASC 320 Investments Debt & Equity Securities Under ASC 320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Functional expenses – The organization accounts for its expenses on a functional basis. Functional expenses include certain allocated overhead costs (rent, telephone, insurance, etc).

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 3 - RETIREMENT PLAN**

The organization began a 403 (b) plan effective July 1, 1992, amended effective January 1, 2009. In this plan, the organization contributes 3% of all eligible employee's compensation with vesting at 33.33% first year, 66.66% the second year, and 100% the third year. The retirement expense for the year ending December 31, 2018 was \$13,905, which is comprised of employer contributions.

**NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS**

Net Assets With Donor Restrictions are available for the following purposes:

Pesticide Information/Network (P&A) - A Sense of Wonder Film	\$ 25,350
Pesticide Information/Network (P&A) - Fund for Independent Science	72,081
Pesticide Information/Network (P&A) – GMO Need to Know MD	200
Pesticide Information/Network (P&A) – SWAT Project	184,815
Pesticide Information/Network (P&A) – Hawaii	8,500
Pesticide Information/Network (P&A) – Beyond Pesticides Ohio	3,216
Pesticide Information/Network (P&A) – Beyond Pesticides Minnesota	<u>39</u>
Total	\$294,201

BEYOND PESTICIDES

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

**NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

Net assets were released from donor restrictions by incurring expenses or satisfying the purpose of the restrictions specified by donors as follows:

Pesticide Information/Network (P&A) - Beyond Pesticides Ohio	\$ 6,130
Pesticide Information/Network (P&A) - A Sense of Wonder Film	173
Pesticide Information/Network (P&A) - Fund for Independent Science	37,185
Pesticide Information/Network (P&A) – SWAT Project	22,825
Pesticide Information/Network (P&A) – Pollinators	50,000
Pesticide Information/Network (P&A) – Other	35,000
Pesticide Information/Network (P&A) – Hawaii	9,500
Organic	<u>65,000</u>
Total	\$ 225,813

**NOTE 5 - BOARD DESIGNATED FUNDS**

The Board of Directors designated \$50,000 in May 2001 to be set aside into an operating reserve, which is to be invested by an investment committee appointed by the Board of Directors. It is to serve as an emergency fund, with funds to be disbursed only if it is to assure the survival of the organization. However, the Board does have the legal right to authorize the spending of these funds at any time. Since May 2001, an additional \$102,120 has been added to the fund, consisting of \$34,756 in donated securities and \$67,364 in net investment revenue.

**NOTE 6 - RELATED PARTY**

During the year a Board Member was compensated as a contractor for services performed on programs of the organization. The payments totaling \$15,036 made to the board member were at arms-length and are recognized as an expense on these financial statements as consultants.

**NOTE 7 - MORTGAGE PAYABLE**

The organization purchased the building, which it had been leasing, on June 28, 2002 for \$1,000,000. The total cost, including closing costs, to purchase the building was \$1,020,168, and is included in Land, building & bldg improvements in the Statement of Financial Position. The organization refinanced its mortgage on November 14, 2018 as follows:

Promissory note of \$720,000 due to Branch Banking and Trust Company at an interest rate of 5.050% (computed on a 365/360 basis) with monthly payments of \$4,261. The balloon date is November 14, 2033 and is based on a 180-month balloon with a 300-month amortization.

Future scheduled maturities of long-term debt approximate to be as follows:

Years ending December 31:

2019	\$ 14,670
2020	15,337
2021	16,243
2022	17,095
2023	17,991
Thereafter	<u>637,433</u>
Total	\$ <u>718,769</u>

BEYOND PESTICIDES

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

**NOTE 8 – OTHER COMMITMENTS AND CONTINGENCIES**

Copier lease – The organization leases a copier under a 5-year, non-cancelable lease as of July 2014. Monthly payments are \$647.

Postage machine lease – The organization leases a postage machine under a 63-month, non-cancelable lease as of December 2018. Quarterly payments are \$242.

**NOTE 9 – PROGRAM SERVICES**

The following program services are included in the accompanying statements of activities.

Community P&A – provides information on request from the public & media for assistance on pesticides and available alternative methods.

Organic – educate on the organic model in local, state and federal programs that manage land and buildings and advance a "green" or sustainable economy that embraces the precautionary principle.

National Pesticide Forum – organization holds an annual conference where members, the public and advocates are educated concerning pesticide law, information, protection & alternatives.

**NOTE 10 – FAIR VALUE MEASUREMENTS**

The organization follows FASB ASC 820-10 for financial assets (and liabilities) measured on a recurring basis, as amended. FASB ASC 820-10 clarifies fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. FASB ASC 820-10 emphasizes that fair value is a market based measurement, not an entity-specific measurement, and therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, FASB ASC 820-10 established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby the market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances. The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1 – inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset and liability, either directly or indirectly, through corroboration with observable market data (market corroborated inputs).

Level 3 – unobservable inputs for the asset or liability including inputs that reflect the reporting entity's own assumptions in determining the fair value measurements.

The following table summarizes the Organization's assets and liabilities measured at fair value on a recurring basis as of December 31, 2018:

BEYOND PESTICIDES  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2018

**NOTE 10 – FAIR VALUE MEASUREMENTS (CONTINUED)**

Assets Measured at Fair Value

<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical (Level 1)</u>
Certificate of Deposits	\$868,943	\$868,943

The Organization used the following methods and significant assumptions to estimate fair value for assets and liabilities recorded at fair value.

Certificate of Deposits are measured using quoted market prices for identical assets in active markets.

**NOTE 11 - DONATED SERVICES**

The organization received donated services from a Board member during the year. The value of these services totaled \$156,000 for the year ended December 31, 2018. The income and related expense of these donated services are recognized on these financial statements respectively under contributions and consultants.

**NOTE 12 - LIQUIDITY**

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside for as an emergency fund in the board designated fund, that could be drawn upon if the governing board approves of the action.

Financial assets, at year end	\$1,557,816
Less those unavailable for general expenditures within one year due to:	
Restriction by donor for purpose	(294,201)
Board Designations:	
Primarily as an emergency fund	<u>(152,120)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,111,495</u>

As part of its liquidity management plan, the organization invests cash in excess of daily requirements in CDs and savings accounts. Occasionally, the Board designates a portion of any operating surplus to its operating reserve.

**NOTE 13 – INCOME TAXES**

The organization is exempt from income taxes on exempt activities under Internal Revenue Code 501 (c) (3) and applicable DC statutes. The organization does have tax liability on unrelated business activity.

BEYOND PESTICIDES

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

**NOTE 13 – INCOME TAXES (CONTINUED)**

The Organization follows FASB ASC 740 Income Taxes the authoritative guidance relating to accounting for uncertainty in income taxes. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and de-recognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertain tax positions for the year ended December 31, 2018, and determined that there were no matters that would require recognition in the financial statements or which may have any effect on its tax-exempt status. As of December 31, 2018, the statute of limitations for tax years 2015 through 2017 remains open with federal and DC authorities.

**NOTE 14 – SUBSEQUENT EVENTS**

The organization's management has evaluated subsequent events through March 17, 2019, the date the financial statements were available to be issued. There were no subsequent events identified through March 17, 2019.