

**BEYOND PESTICIDES
FINANCIAL STATEMENTS
DECEMBER 31, 2019**

KRONZEK, FISHER & LOPEZ, PLLC
Certified Public Accountants

BEYOND PESTICIDES

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KRONZEK, FISHER & LOPEZ, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
607 2ND STREET, NE
WASHINGTON, DC 20002-4909
TEL: (202) 547-CPAS (2727) FAX: (202) 547-2728
www.cpakfl.com

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, 2019, 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

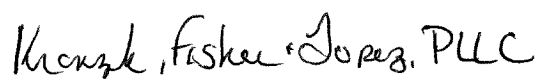
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2019, 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
Washington, DC
March 23, 2020

BEYOND PESTICIDES

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 1,172,438
Investments	618,251
Receivables	275,067
Prepaid expenses	<u>4,963</u>
TOTAL CURRENT ASSETS	2,070,719
PROPERTY AND EQUIPMENT	
Land, building & bldg improvements	1,078,830
Furniture & equipment	<u>130,026</u>
	1,208,856
Less: accumulated depreciation	<u>531,056</u>
NET PROPERTY AND EQUIPMENT	677,800
OTHER ASSETS	
Unamortized loan costs	<u>3,392</u>
TOTAL ASSETS	<u><u>\$ 2,751,911</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 83,484
Mortgages payable - current	<u>15,337</u>
TOTAL CURRENT LIABILITIES	98,821
LONG-TERM LIABILITIES	
Mortgages payable - long-term	<u>688,762</u>
TOTAL LIABILITIES	787,583
NET ASSETS	
Without donor restrictions	
Undesignated	\$ 1,369,693
Designated by the Board for operating reserve	154,128
Invested in property and equipment, net of related debt	<u>(26,299)</u>
	1,497,522
With donor restrictions	
Purpose restrictions	<u>466,806</u>
TOTAL NET ASSETS	<u>1,964,328</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,751,911</u></u>

See accompanying notes to financial statements.

BEYOND PESTICIDES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Grants & contributions	\$ 1,101,144	\$ 585,895	\$ 1,687,039
Membership dues	8,370	-	8,370
Publication sales	7,807	-	7,807
Registrations	6,550	-	6,550
Rental income	25,262	-	25,262
Investment income	18,916	-	18,916
Settlement payouts (See Note 12)	100,000	-	100,000
Other income	1,528	-	1,528
	<u>1,269,577</u>	<u>585,895</u>	<u>1,855,472</u>
Net assets released from:			
Satisfaction of program restrictions	413,290	(413,290)	-
Total revenue	<u>1,682,867</u>	<u>172,605</u>	<u>1,855,472</u>
EXPENSES			
Program Services			
Community P & A	502,184	-	502,184
Organic	717,073	-	717,073
Forum Funds	65,422	-	65,422
Total program expenses	<u>1,284,679</u>	<u>-</u>	<u>1,284,679</u>
Support Services			
General & Administrative	93,074	-	93,074
Fundraising	17,006	-	17,006
Total expenses	<u>1,394,759</u>	<u>-</u>	<u>1,394,759</u>
CHANGE IN NET ASSETS	288,108	172,605	460,713
Beginning net assets	<u>1,209,414</u>	<u>294,201</u>	<u>1,503,615</u>
Ending net assets	<u>\$ 1,497,522</u>	<u>\$ 466,806</u>	<u>\$ 1,964,328</u>

See accompanying notes to financial statements.

BEYOND PESTICIDES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Community P & A	Organic	Forum Funds	Total Program	General & Admin.	Fund- Raising	Total Expenses
Salaries, pyrl txs & benefits	\$ 189,951	\$ 338,098	\$ -	\$ 528,049	\$ 28,686	\$ 8,150	\$ 564,885
Printing & duplic.	19,881	25,319	883	46,083	-	-	46,083
Postage & shipping	4,282	5,787	-	10,069	-	24	10,093
Supplies	2,201	2,221	52	4,474	433	-	4,907
Travel & subsist.	88,023	7,121	21,271	116,415	-	413	116,828
Conferences/meetings	3,130	-	42,727	45,857	1,944	-	47,801
Consultants	118,663	248,223	489	367,375	3,665	6,630	377,670
Legal & accounting fees	24,383	25,062	-	49,445	5,330	-	54,775
Telephone	10,523	9,767	-	20,290	-	-	20,290
Utilities	1,668	2,108	-	3,776	2,947	67	6,790
Security	753	961	-	1,714	1,308	30	3,052
Interest expense	8,747	14,503	-	23,250	12,649	561	36,460
Real estate taxes	13,446	16,467	-	29,913	15,699	512	46,124
Repairs & maintenance	5,471	7,097	-	12,568	3,647	228	16,443
Insurance	1,239	1,749	-	2,988	6,396	50	9,434
Publications & sub.	1,144	1,192	-	2,336	-	-	2,336
License & reg.	-	-	-	-	126	35	161
Bank and c.c. fees	1,173	1,431	-	2,604	165	47	2,816
Depreciation & amort.	6,645	9,302	-	15,947	9,422	259	25,628
Miscellaneous	861	665	-	1,526	657	-	2,183
Totals	\$502,184	\$717,073	\$65,422	\$1,284,679	\$93,074	\$17,006	\$ 1,394,759

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See accompanying notes to financial statements.

BEYOND PESTICIDES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

Cash flows from operating activities:	
Cash received from grants & contributions	\$1,447,818
Cash received from tenant	14,818
Interest & dividends received	18,829
Cash received from other activities	114,912
Cash paid to employees and vendors	<u>(1,163,203)</u>
Net cash provided by operating activities	433,174
Cash flows from investing activities:	
Purchase of fixed assets	(3,215)
Cash received from redemption of certificate of deposits	3,439,000
Cash used to purchase certificates of deposits	<u>(3,185,000)</u>
Net cash provided by investing activities	250,785
Cash flows from financing activities:	
Mortgage principal payments	<u>(14,670)</u>
Net cash used by financing activities	<u>(14,670)</u>
Net increase/(decrease) in cash and cash equivalents	669,289
Cash and cash equivalents - January 1, 2019	<u>503,149</u>
Cash and cash equivalents - December 31, 2019	<u><u>\$1,172,438</u></u>

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

Increase/(decrease) in net assets	\$460,713
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation & amortization	25,628
Net realized & unrealized gain/(loss) on investments	(87)
Donated stock	(3,221)
Changes in assets and liabilities:	
Increase in receivables	(89,343)
Increase in prepaid expenses	(2,095)
Increase in accounts payable and accrued expenses	52,023
Decrease in deferred revenue	(4,404)
Decrease in tenant security deposit	<u>(6,040)</u>
Net cash provided by operating activities	<u><u>\$433,174</u></u>

See accompanying notes to financial statements.

BEYOND PESTICIDES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

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.

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 9 for a description of financial instruments carried at fair value.

BEYOND PESTICIDES

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among programs and supporting services benefited.

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, 2019 was \$12,801, 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	\$ 25,021
Pesticide Information/Network (P&A) - Fund for Independent Science	86,146
Pesticide Information/Network (P&A) – GMO Need to Know MD	200
Pesticide Information/Network (P&A) – SWAP Project	239,847
Pesticide Information/Network (P&A) – Pollinators	3,864
Pesticide Information/Network (P&A) – Hawaii	8,500
Pesticide Information/Network (P&A) – Beyond Pesticides Ohio	2,701
Pesticide Information/Network (P&A) – Beyond Pesticides Minnesota	39
Pesticide Information/Network (P&A) – Herbicide Free UC	50,903
Pesticide Information/Network (P&A) – Bee Safe Minneapolis	7,500
Organic Eye	<u>42,085</u>
Total	\$466,806

BEYOND PESTICIDES

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

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	\$ 14,675
Pesticide Information/Network (P&A) - A Sense of Wonder Film	329
Pesticide Information/Network (P&A) - Fund for Independent Science	35,935
Pesticide Information/Network (P&A) – SWAP Project	54,968
Pesticide Information/Network (P&A) – Pollinators	46,136
Pesticide Information/Network (P&A) – Other	42,000
Pesticide Information/Network (P&A) – Herbicide Free UC	16,152
Organic Eye	120,095
Organic - Other	<u>83,000</u>
Total	\$ 413,290

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 \$104,128 has been added to the fund, consisting of \$34,756 in donated securities and \$69,372 in net investment revenue.

NOTE 6 - 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:	
2020	\$ 15,337
2021	16,243
2022	17,095
2023	17,991
2024	18,841
Thereafter	<u>618,592</u>
Total	<u>\$ 704,099</u>

BEYOND PESTICIDES

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 7 – OTHER COMMITMENTS AND CONTINGENCIES

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 8 – 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 9 – 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, 2019:

BEYOND PESTICIDES

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 9 – 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	\$615,029	\$615,029
Equities	<u>3,222</u>	<u>3,222</u>
Total	\$618,251	\$618,251

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

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

NOTE 10 - 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, 2019. The income and related expense of these donated services are recognized on these financial statements respectively under contributions and consultants.

NOTE 11 - 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	\$2,065,756
Less those unavailable for general expenditures within one year due to:	
Restriction by donor for purpose	(466,806)
Board Designations:	
Primarily as an emergency fund	<u>(154,128)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,444,822</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.

BEYOND PESTICIDES

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2019

NOTE 12 – SETTLEMENT PAYOUTS

The organization received lump sum payouts from lawsuits, as plaintiffs, concerning deceptive advertising against the public.

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. 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, 2019 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, 2019, the statute of limitations for tax years 2016 through 2018 remains open with federal and DC authorities.

NOTE 14 – SUBSEQUENT EVENTS

The organization's management has evaluated subsequent events through March 23, 2020, the date the financial statements were available to be issued.

The COVID-19 outbreak in the United States has caused disruption through mandated and voluntary closings of businesses and organizations. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our funders, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent of which COVID-19 may impact our financial condition or results of operations is uncertain.