KEEP AMERICA BEAUTIFUL, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

KEEP AMERICA BEAUTIFUL, INC.
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Table of Contents

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Keep America Beautiful, Inc.
Stamford, Connecticut

Opinion

We have audited the accompanying financial statements of Keep America Beautiful, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, 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 Keep America Beautiful, Inc. as of December 31, 2023 and 2022, 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.

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 Keep America Beautiful, Inc. 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.

Corrections of an Error

As discussed in Note 3 to the financial statements, during the current year, management discovered an error in the Organization's 2022 financial statements. Accordingly, an adjustment has been made to contract revenue and accounts receivable, as of and for the year ended December 31, 2022, to correct the error. Our opinion is not modified with respect to that matter.

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 Keep America Beautiful, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility 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 Keep America Beautiful, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Keep America Beautiful, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Citrin Cooperman & Company, LLP

Braintree, Massachusetts
June 3, 2024

KEEP AMERICA BEAUTIFUL, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS

	2023	2022 (as restated)
Cash and cash equivalents	$ 1,632,619	$ 1,465,585
Contributions receivable	542,872	1,207,415
Employee Retention Tax Credit Receivable (Note 8)	236,372	-
Accounts receivable	454,389	373,688
Prepaid expenses and other assets	147,424	112,611
Investments	1,593,451	1,723,527
Property and equipment, net	23,389	33,680
Right-of-use asset	1,495,554	1,720,071
TOTAL ASSETS	$ 6,126,070	$ 6,636,577

LIABILITIES AND NET ASSETS

	2023	2022 (as restated)
Liabilities:		
Accounts payable and accrued expenses	$ 1,264,310	$ 250,970
Refundable advances	7,390	-
Operating lease liability	1,622,711	1,852,595
Total liabilities	2,894,411	2,103,565
Net assets:		
Without donor restrictions	1,615,729	1,667,449
With donor restrictions	1,615,930	2,865,563
Total net assets	3,231,659	4,533,012
TOTAL LIABILITIES AND NET ASSETS	$ 6,126,070	$ 6,636,577

See accompanying notes to financial statements.

KEEP AMERICA BEAUTIFUL, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022 (as restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:						
Contributions and grants	$ 1,461,470	$ 3,888,054	$ 5,349,524	$ 2,055,762	$ 3,560,090	$ 5,615,852
Contract income	617,867	-	617,867	352,378	-	352,378
In-kind contributions	5,228,907	-	5,228,907	6,976,718	-	6,976,718
Benefit dinner, net of direct benefits to donors	123,413	-	123,413	118,215	-	118,215
Conferences and fees	206,000	-	206,000	151,907	-	151,907
Employee Retention Tax Credit (Note 8)	236,372	-	236,372	-	-	-
Investment income, net	26,652	-	26,652	24,499	-	24,499
Realized and unrealized gains (losses) on investments	317,973	-	317,973	(838,924)	-	(838,924)
Net assets released from donor restrictions	5,137,687	(5,137,687)	-	4,460,911	(4,460,911)	-
Total revenues and support	13,356,341	(1,249,633)	12,106,708	13,301,466	(900,821)	12,400,645
Expenses:						
Program	11,124,649	-	11,124,649	11,619,848	-	11,619,848
Management and general	1,304,859	-	1,304,859	1,794,162	-	1,794,162
Fundraising	978,553	-	978,553	827,609	-	827,609
Total expenses	13,408,061	-	13,408,061	14,241,619	-	14,241,619
Changes in net assets	(51,720)	(1,249,633)	(1,301,353)	(940,153)	(900,821)	(1,840,974)
Net assets, beginning	1,667,449	2,865,563	4,533,012	2,607,602	3,766,384	6,373,986
NET ASSETS, ENDING	$ 1,615,729	$ 1,615,930	$ 3,231,659	$ 1,667,449	$ 2,865,563	$ 4,533,012

See accompanying notes to financial statements.

KEEP AMERICA BEAUTIFUL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program	Management and General	Fundraising	Direct Benefits to Donors	Total Expenses
Donated media	$ 5,228,907	$ -	$ -	$ -	$ 5,228,907
Employee compensation and related	1,866,751	605,047	820,501	-	3,292,299
Professional and consulting	1,210,762	324,715	77,273	-	1,612,750
Event supplies, production and support	1,315,712	139	1,023	-	1,316,874
Affiliate and other grants	931,325	-	-	-	931,325
Occupancy	208,739	47,859	27,832	-	284,430
Office and related	102,375	118,645	26,090	-	247,110
Travel and conferences	114,349	48,253	10,004	-	172,606
Technology	75,936	70,802	15,830	-	162,568
Insurance	-	89,399	-	-	89,399
Marketing and communications	59,502	-	-	-	59,502
Depreciation	10,291	-	-	-	10,291
TOTAL EXPENSES	$ 11,124,649	$ 1,304,859	$ 978,553	$ -	$ 13,408,061

See accompanying notes to financial statements.

KEEP AMERICA BEAUTIFUL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program	Management and General	Fundraising	Direct Benefits to Donors	Total Expenses
Donated media	$ 6,976,718	$ -	$ -	$ -	$ 6,976,718
Employee compensation and related	1,362,093	935,241	697,170	-	2,994,504
Event supplies, production and support	1,433,493	-	4,500	7,901	1,445,894
Professional and consulting	661,222	411,493	67,740	-	1,140,455
Affiliate and other grants	679,663	-	-	-	679,663
Occupancy	205,469	41,094	27,396	-	273,959
Office and related	95,855	157,675	160	-	253,690
Technology	59,731	84,800	9,320	-	153,851
Travel and conferences	95,662	10,000	21,323	-	126,985
Bad debt	-	103,825	-	-	103,825
Marketing and communications	49,942	-	-	-	49,942
Insurance	-	48,602	-	-	48,602
Depreciation	-	1,432	-	-	1,432
	11,619,848	1,794,162	827,609	7,901	14,249,520
Less, expenses included with revenues on the statements of activities and changes in net assets	-	-	-	(7,901)	(7,901)
TOTAL EXPENSES	$ 11,619,848	$ 1,794,162	$ 827,609	$ -	$ 14,241,619

See accompanying notes to financial statements.

KEEP AMERICA BEAUTIFUL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022 (as restated)
Cash flows from operating activities:		
Changes in net assets	$ (1,301,353)	$ (1,840,974)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	10,291	1,432
Noncash lease expense	(5,367)	(1,623)
Bad debt expense	-	103,825
Realized and unrealized (gains) losses on investments	(317,973)	838,924
Changes in operating assets and liabilities:		
Contributions receivable	664,543	(1,050,617)
Employee Retention Tax Credit Receivable	(236,372)	-
Accounts receivable	(80,701)	(373,688)
Prepaid expenses and other assets	(34,813)	(47,463)
Accounts payable and accrued expenses	1,013,340	(104,563)
Refundable advances	7,390	(3,786)
Net cash used in operating activities	(281,015)	(2,478,533)
Cash flows from investing activities:		
Purchases of investments	(730,455)	(55,269)
Proceeds from sales of investments	1,178,504	2,158,618
Purchases of fixed assets	-	(33,680)
Net cash provided by investing activities	448,049	2,069,669
Net increase (decrease) in cash and cash equivalents	167,034	(408,864)
Cash and cash equivalents - beginning	1,465,585	1,874,449
CASH AND CASH EQUIVALENTS - ENDING	$ 1,632,619	$ 1,465,585
Supplemental disclosure for noncash investing and financing activities:		
Operating lease liability and right-of-use asset recognized in connection with implementation of ASC 842 on January 1, 2022	$ -	$ 2,020,207

NOTE 1. ORGANIZATION

Keep America Beautiful, Inc. (the "Organization" or "KAB") is a nonprofit organization whose network of local, statewide, and international affiliate programs educates individuals about litter prevention and ways to reduce, reuse, recycle, and properly manage waste materials. KAB's mission is to engage individuals in taking greater responsibility for improving their community environments. Through partnerships and strategic alliances with citizens, businesses, and government, KAB programs involve millions of volunteers annually to clean up, beautify, and improve their neighborhoods, thereby creating healthier, safer, and more livable community environments.

The local affiliates are separate nonprofit entities and/or agencies of local governments that are not controlled by KAB and, therefore, their financial position, changes in net assets, and cash flows are not included in the accompanying financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Net Assets

The Organization follows the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic *Presentation of Financial Statements of Not-for-Profit Entities*. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

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 passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization did not have any net assets with donor restrictions that are perpetual in nature at December 31, 2023 and 2022.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America ("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 date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates (continued)

Significant estimates for the years ended December 31, 2023 and 2022 include the valuation of in-kind contributions (Note 13). In-kind contributions and expenses include donated media, which is recognized in the amount of $5,228,907 and $6,976,718, in the accompanying statements of activities and changes in net assets and statements of functional expenses for the years ended December 31, 2023 and 2022, respectively. Management uses third-party valuations and applies a discount to these values based on various factors and perceived value of the services received.

Concentration of Credit Risk

Cash and cash equivalents include cash on hand, demand deposits, and highly liquid investments with original maturities of three months or less. At times, deposits of cash may exceed federally insured limits. As of December 31, 2023 and 2022, cash balances in excess of federally insured limits totaled $1,285,576 and $965,585, respectively. The Organization has not experienced any losses in such accounts.

Contributions Receivable

Contributions receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of uncollectible amounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to contributions receivable. There was no allowance recorded at December 31, 2023 and 2022, as all balances were deemed collectible.

Accounts Receivable

Accounts receivable are stated at the amount that management expects to collect from outstanding balances. Accounts receivable are carried at original invoice amount less an estimate for doubtful accounts, and changes in the allowance are adjusted through bad debt expense, which is included in other expenses in the accompanying statements of functional expenses. The Organization assesses collectibility by reviewing accounts receivable on a collective basis where similar risk characteristics exist. In determining the amount of the allowance for doubtful accounts, management considers historical collectibility and make judgments about the creditworthiness of the pool of customers based on credit evaluations. Current market conditions and reasonable and supportable forecasts of future economic conditions adjust the historical losses to determine the appropriate allowance for doubtful accounts. Uncollectible accounts are written off when all collection efforts have been exhausted.

Under the prior accounting rules, the Organization evaluated the following factors when determining the collectibility of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms.

Accounts receivable totaled $454,389, $373,688 and $21,310 at December 31, 2023, 2022 and 2021, respectively. At December 31, 2023 and 2022, there was no allowance for doubtful accounts recorded.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values based on quoted prices in active markets in the statements of financial position. Investment income and investment gains and losses are reported as increases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

Fair Value Measurement

The Organization follows the provisions of the *Fair Value Measurements* Topic of the FASB ASC. This Topic clarifies that fair value is an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. This Topic establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. Determining where an asset or liability falls within that hierarchy depends on the lowest level input that is significant to the fair value measurement as a whole. The three levels of the fair value hierarchy are described below.

Level 1 - Quoted market prices that are available in active markets for identical assets or liabilities. The types of financial instruments included in Level 1 are marketable equity securities that are traded in an active exchange market.

Level 2 - Pricing inputs other than quoted prices in active markets, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 includes assets and liabilities whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The following is a description of the valuation methodologies used for asset investments measured at fair value, as well as the general classification pursuant to the valuation hierarchy. There have been no changes in the methodologies used at December 31, 2023 and 2022.

- *Money market funds, fixed income bond funds, mutual funds, and common stock* have been reported in the financial statements at fair value. The fair value of these securities is based upon quoted prices from an active market and are therefore categorized in level 1.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of the certain financial instruments could result in a different fair value measurement at the reporting date.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at fair value, on the date of the contribution. Expenditures for maintenance and repairs are expensed as incurred. Repairs which materially extend the life of the assets are capitalized. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful lives of three to five years.

Construction-in-Progress

Property and equipment includes construction in progress on certain projects which have not yet been completed or put in services (Note 5).

Valuation of Long-Lived Assets

The Organization accounts for the valuation of long-lived assets, including its right-of-use assets, in accordance with the FASB ASC Topic *Property, Plant and Equipment*. This Topic requires that long-lived assets, including the Organization's right-of-use assets, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. At December 31, 2023 and 2022, the Organization has determined that no long-lived assets are impaired.

Refundable Advances

Refundable advances as of December 31, 2023 represent advances from sponsors earmarked specifically and conditionally upon programs to be held during a future period. There were no refundable advances at December 31, 2022.

Leases

The Organization has two operating lease agreements for office space. One lease has a term of ten years and ten months and the other has a term of five years. The Organization determines if an arrangement is a lease at the inception of the contract. At the lease commencement date, a lease is evaluated to determine whether it will be classified as an operating or finance lease.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Lease terms include the noncancelable portion of underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options. If the Organization has a lease agreement with lease and non-lease components, the leases are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices. For the Organization's office lease, management accounts for the lease and non-lease components as a single lease. The Organization uses the risk-free discount rate when the rate implicit in the lease is not readily determinable at the commencement date in determining the present value of lease payments.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants. Leases with an initial term of 12 months or less are not recorded on the statement of financial position; the Organization recognizes lease expense for these leases on a straight-line basis over the lease term.

Revenue Recognition

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues without donor restrictions.

The Organization recognizes revenue in accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers* ("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. 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.

Revenues, including affiliate fees, contract income and conferences fees, are offered by the Organization throughout the course of the year. Revenues from fees are recognized over the calendar year. Publication sales are recorded at the time of sale whereas conference revenue is recorded at the time the conference is held.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is 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. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. All contributions receivable at December 31, 2023 and 2022, were due within one year, therefore, no discount was recorded.

Contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues without donor restrictions. Contributions of cash or other assets to be used to acquire land, buildings and equipment with donor stipulations are reported as revenues with donor restrictions; the restrictions are considered to be released at the time the long-lived assets are placed in service.

Contributions of services are reported as revenues and expenses without donor restrictions at the fair value of the services received only if the services create or enhance a non-financial asset or would typically need to be purchased by the Organization if they had not been provided by individuals with those skills. Contributions of goods are reported at fair value as revenues and expenses without donor restrictions at the time the goods are received (Note 13).

Disaggregation of Revenue

The Organization operates its programs from Stamford, Connecticut but coordinates and hosts events and programs across the country. The Organization's viability is dependent on the strength of the economy in the United States and its ability to generate revenues from donors, fundraising events and other sources, and its ability to collect these revenues.

Functional Expenses

The costs of providing various program and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited on a reasonable basis that is consistently applied. Employee compensation and related expenses are allocated on the basis of time and effort. Occupancy expense is allocated on a square footage basis. Other expenses are allocated based on actual usage or allocated based on time and effort, depending on the nature of the expense.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and accordingly, no provision for income taxes has been recorded in the accompanying financial statements. The Organization is subject to federal and state income taxes on unrelated business income, if any. The Organization files informational tax returns as required by the IRC.

The Organization accounts for uncertain tax positions in accordance with FASB ASC Topic *Income Taxes*. This Topic prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. This Topic also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. At December 31, 2023 and 2022, management believes that the Organization has no material uncertain tax positions.

Recently Adopted Accounting Standards

In June 2016, FASB issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments - Credit Losses* ("*Topic* 326") ("ASC 326"), along with subsequently issued related ASUs, which requires financial assets (or groups of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected, among other provisions. ASC 326 eliminates the probable initial threshold for recognition of credit losses for financial assets recorded at amortized cost, which could result in earlier recognition of credit losses. It utilizes a lifetime expected credit loss measurement model for the recognition of credit losses at the time the financial asset is originated or acquired.

The Organization's financial instruments include accounts receivable. The expected credit losses are adjusted each period for changes in expected lifetime credit losses.

The Organization adopted ASC 326 using the modified retrospective method at the beginning of the year or January 1, 2023, and it did not have a material impact on the financial statements.

Subsequent Events

The Organization has evaluated all events subsequent to the statement of financial position date of December 31, 2023, through the date on which the financial statements were available to be issued, June 3, 2024, and has determined that there are no subsequent events that require disclosure under FASB ASC Topic *Subsequent Events*.

NOTE 3. CORRECTION OF AN ERROR

During the year ended December 31, 2023, management of the Organization identified the following error in the Organization's 2022 financial statements:

During 2022, a fee for service contract was received that has a contract period of July 2022 through June 2025. The Organization provided services for this contract during 2022 totaling $352,378; however, no contract revenue was recognized in relation to those services provided for the year ended December 31, 2022. In accordance with GAAP, fee for service revenue is recognized when a performance obligation is satisfied by transferring control over a product or service to a customer. An adjustment to correct this error has been made to record contract revenue and related accounts receivable as of December 31, 2022.

The following financial statement line items for 2022 were affected by the correction of the error.

Statement of Financial Position, December 31, 2022:

	Before restatement	Adjustment	Restatement
Assets:			
Accounts receivable	$ 21,310	$ 352,378	$ 373,688
Net assets:			
Without donor restrictions	$ 1,315,071	$ 352,378	$ 1,667,449

Statement of Activities and Changes in Net Assets:

	Before restatement	Adjustment	Restatement
Revenues and support:			
Contract income	$ -	$ 352,378	$ 352,378
Total revenues and support	$ 12,949,088	$ 352,378	$ 13,301,466

Statement of Cash Flows:

	Before restatement	Adjustment	Restatement
Cash flows from operating activities:			
Change in net assets	$ (2,193,352)	$ 352,378	$ (1,840,974)
Adjustments to reconcile changes in net assets to net cash used in operating activities:			
Accounts receivable	$ (21,310)	$ (352,378)	$ (373,688)

NOTE 4. AVAILABILITY AND LIQUIDITY

The following reflects the Organization's financial assets as of December 31, 2023, reduced by amounts that are not available for general use within one year of the statement of financial position date because of donor-imposed restrictions that may not be released within one year through the normal course of business and board designations. As part of its liquidity management plan, the Organization operates its programs within a balanced budget and relies on grants and contributions, with and without donor restrictions, to fund its operations and program activities. Cash is maintained in checking, savings, and money market accounts and is readily available for use. Investments are available for liquidation upon approval by the board of directors.

The following represents the Organization's available financial assets as of December 31, 2023:

Cash and cash equivalents	$ 1,632,619
Contributions receivable, net	542,872
Employee Retention Tax Credit Receivable (Note 8)	236,372
Accounts receivable	454,389
Investments	1,593,451
Total financial assets	4,459,703
Less, amounts not available to be used within one year:	
Board-designated net assets (Note 6)	(1,593,451)
Donor-restricted contributions	(1,615,930)
Subtotal	1,250,322
Donor-restricted net assets expected to be available for release from donor restrictions within one year through conducting the normal activities of the Organization	1,615,930
Financial assets available to meet cash needs for general expenditures within one year	$ 2,866,252

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2023	2022
Digital assets	$ 58,766	$ 25,086
Property and equipment	5,715	5,715
Construction-in-progress	-	33,680
	64,481	64,481
Less, accumulated depreciation	(41,092)	(30,801)
	$ 23,389	$ 33,680

Construction in progress at December 31, 2022 represented development expenses related to a new affiliate hub. The total cost of the project was $33,680 and was put into service as a digital asset in February 2023.

NOTE 6. INVESTMENTS

The Organization's board of directors designated the Organization's investments as the KAB Sustainability Fund (the "Fund") to help ensure the long-term continuity of the Organization and its future ability to carry out its charitable mission. The Fund is administered by the executive committee of the board of directors in accordance with the board of director's adopted policies. As the Fund is board-designated, the balance of the investment account is included in net assets without donor restrictions. All interest and dividend earnings are reinvested into the Fund as they are earned. The Organization's total investment balance of $1,593,451 and $1,723,527 was held in the Fund at December 31, 2023 and 2022, respectively.

Investments are stated at fair value and are summarized as follows at December 31:

	2023	2022
Money market funds	$ 194,655	$ 8,566
Common stock	1,398,796	1,714,961
	$ 1,593,451	$ 1,723,527

The following schedule summarizes the investment return which is reported as investment income in the accompanying statements of activities and changes in net assets as of December 31:

	2023	2022
Investment income	$ 43,047	$ 55,649
Investment fees	(16,395)	(31,150)
	$ 26,652	$ 24,499

NOTE 7. FAIR VALUE MEASUREMENT

The following fair value hierarchy table represents information about the Organization's assets measured at fair value on a recurring basis as of December 31, 2023:

	Level 1	Level 2	Level 3	Fair Value
Money market funds	$ 194,655	$ -	$ -	$ 194,655
Common stock:				
Financial services	298,181	-	-	298,181
Consumer goods	257,322	-	-	257,322
Technology	253,116	-	-	253,116
Healthcare	242,940	-	-	242,940
Industrials	193,495	-	-	193,495
Basic materials	83,897	-	-	83,897
Communication services	69,845	-	-	69,845
Total common stock	1,398,796	-	-	1,398,796
Total	$ 1,593,451	$ -	$ -	$ 1,593,451

NOTE 7. FAIR VALUE MEASUREMENTS (CONTINUED)

The following fair value hierarchy table represents information about the Organization's assets measured at fair value on a recurring basis as of December 31, 2022:

	Level 1	Level 2	Level 3	Fair Value
Money market funds	$ 8,566	$ -	$ -	$ 8,566
Common stock:				
Consumer goods	372,500	-	-	372,500
Financial services	325,378	-	-	325,378
Healthcare	316,656	-	-	316,656
Industrials	291,162	-	-	291,162
Technology	215,833	-	-	215,833
Communication services	88,230	-	-	88,230
Real estate	54,256	-	-	54,256
Basic materials	50,946	-	-	50,946
Total common stock	1,714,961	-	-	1,714,961
Total	$ 1,723,527	$ -	$ -	$ 1,723,527

NOTE 8. GOVERNMENT ASSISTANCE

Paycheck Protection Program Second Draw Loan

In February 2021, the Organization received loan proceeds of $513,972 under the Paycheck Protection Program Second Draw Loans ("PPP SD"). The PPP SD, which was established as part of the Consolidated Appropriations Act, provides loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks so long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels. The PPP SD also requires that not more than 40% of the amount forgiven can be attributable to nonpayroll costs.

U.S. GAAP does not contain authoritative accounting standards for forgivable loans provided by governmental entities. Absent authoritative accounting standards, interpretative guidance issued and commonly applied by financial statement preparers allow for the selection of accounting policies amongst acceptable alternatives. Based on the facts and circumstances, the Organization determined it most appropriate to account for the PPP loan proceeds under the conditional contribution model within ASC 958-605. Under the conditional contribution model, the Organization recognizes the proceeds received as a refundable advance, and subsequently recognizes grant revenue as the conditions are met. Conditions are deemed to be met as the allowable expenses are incurred. The Organization deemed the conditional contribution model to be the most appropriate accounting policy for this arrangement based on the nature of the PPP loan program.

NOTE 8. GOVERNMENT ASSISTANCE (CONTINUED)

Paycheck Protection Program Second Draw Loan (continued)

The Organization applied for PPP SD loan forgiveness and received approval from the SBA in January 2022. If it is determined that the Organization was not eligible to receive the PPP or PPP SD, or that the Organization has not adequately complied with the rules, regulations and procedures applicable to the SBA's loan program, the Organization could be subject to penalties and could be required to repay the amounts previously forgiven.

Employee Retention Tax Credit

The Employee Retention Tax Credit ("ERTC"), as it existed under the Coronavirus Aid, Relief and Economic Security Act, was not available to taxpayers that received a PPP loan. Provisions in the Consolidated Appropriations act (the "CAA"), which was signed into law on December 27, 2020, removed this restriction and allowed organizations that qualify for the ERTC to retroactively apply for the ERTC so long as the same wages are not used for both PPP loan forgiveness and the ERTC.

U.S. GAAP does not contain authoritative guidance related to refundable tax credits. Absent authoritative accounting standards, interpretive guidance issued and commonly applied by financial statement preparers allows the analogy to alternative guidance. Management has determined that the ERTC is a type of government assistance (government grant). FASB ASC 958-605, *Not-for-Profit Entities: Revenue Recognition* ("ASC 958"), is utilized in accounting for government grants. Under ASC 958, grant revenue is recognized as revenue in the period received in the form of assets or decreases of liabilities (expenses) and when all conditions of the grant are met.

Management has determined that the Organization is eligible for and has met all the necessary conditions to qualify for the ERTC. During the year ended December 31, 2023, the Organization submitted amended quarterly payroll tax returns claiming to recover a total of $236,372. Of the total $236,372 ERTCs, $48,841 was for amounts paid during the second quarter of 2020 and $187,531 was for amounts paid during the first and second quarters of 2021. The total $236,372 ERTC amount remains outstanding as of December 31, 2023.

If it is determined that the Organization was not eligible to receive the ERTC or that the Organization has not adequately complied with the regulations of the program, the Organization could be subject to penalties and could be required to repay the ERTC.

NOTE 9. NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31:

	2023	2022
Cigarette litter prevention	$ 584,673	$ 820,752
Great American Clean-Up	-	602,939
Recycling projects	189,420	473,591
Retreat	91,280	373,192
Employee engagement	-	325,050
Other programs	532,650	189,015
Keep Newark Beautiful	133,300	81,024
Education	84,607	-
Total	$ 1,615,930	$ 2,865,563

Net assets released from donor restrictions are as follows for the years ended December 31:

	2023	2022
Satisfaction of purpose restrictions:		
Cigarette litter prevention	$ 1,923,698	$ 1,784,104
Great American Clean-Up	907,939	927,330
Recycling projects	284,171	603,599
Other programs	188,766	395,399
Retreat	442,947	354,986
Employee engagement	714,050	237,950
Keep Newark Beautiful	85,724	118,976
Clean CA	500,000	-
Affiliate development	-	38,567
Education	90,392	-
Total	$ 5,137,687	$ 4,460,911

NOTE 10. LEASE OBLIGATIONS

Operating Leases

The Organization has two operating leases for office space expiring April 2027 and May 2030. Total operating lease expense for the year ended December 31, 2023 and 2022, was $256,023 and $248,653, respectively.

NOTE 10. LEASE OBLIGATIONS (CONTINUED)

Operating Leases (continued)

Maturities of lease liabilities as of December 31, 2023 are as follows:

Year	
2024	$ 260,094
2025	264,175
2026	268,266
2027	264,252
2028	264,063
Thereafter	380,310
Total lease payments	1,701,160
Less: amount of lease payments representing interest	78,449
Present value of lease liabilities	1,622,711
Less, current portion	237,555
Operating lease liability, net of current portion	$ 1,385,156

Supplemental cash flow information related to leases was as follows:

	2023	2022
Cash paid for amount included in measurement of lease liabilities	$ 256,023	$ 248,653
Operating cash flows from operating leases	$ (5,367)	$ (1,623)
Weighted-average discount rate (%)	1.51	1.52

Average lease terms and discount rates were as follows:

	2023	2022
Weighted-average remaining lease terms (in years)		
Operating leases	6.34	7.33
Weighted-average discount rate (%)		
Operating leases	1.51	1.52

NOTE 11. LINE OF CREDIT

The Organization has a margin loan account that is secured by the Organization's investment balance. The funds available to withdraw are calculated as a percentage of the Organization's total investment balance. At December 31, 2023 and 2022, the amount available for the Organization to borrow against the account was $397,103 and $437,306, respectively. The margin loan interest rate varies by balance and ranges from 8.50% to 13.57% at December 31, 2023 and 2022. There was no outstanding balance at December 31, 2023 and 2022.

NOTE 12. EMPLOYEE BENEFIT PLANS

The Organization has a qualified 403(b) defined contribution pension plan for all employees. Participants may make voluntary contributions to the plan, not to exceed the limitations prescribed by the IRC. Under the plan, the Organization makes semi-monthly elections to match a portion of employees' contributions up to 5%. The Organization's contributions to the plan were $85,765 and $65,055 for the years ended December 31, 2023 and 2022, respectively.

NOTE 13. IN-KIND CONTRIBUTIONS

The Organization received in-kind contributions totaling $5,228,907 and $6,976,718 for the years ended December 31, 2023 and 2022, respectively. The value of donated goods and services for the years ended December 31, 2023 and 2022 recognized in the accompanying financial statements is as follows:

	2023	2022
Revenue:		
Donated media	$ 5,228,907	$ 6,976,718
Total in-kind revenue reported	$ 5,228,907	$ 6,976,718
Expenses:		
Donated media	$ 5,228,907	$ 6,976,718
Total in-kind expenses reported	$ 5,228,907	$ 6,976,718

Donated media is valued based on third-party valuations and application of a discount to these values, as further described in Note 2.