

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Climate Central, Inc.

Opinion

We have audited the accompanying financial statements of Climate Central, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Climate Central, Inc. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Climate Central, 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.

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 Climate Central, 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Climate Central, 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 Climate Central, 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.



CERTIFIED PUBLIC ACCOUNTANTS

Bethesda, Maryland
June 22, 2022

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Assets:		
Cash and cash equivalents	\$ 4,771,009	\$ 5,367,780
Restricted cash	64,659	64,016
Unconditional promises to give	200,000	-
Grants and contracts receivables	52,643	69,775
Unbilled contract receivables	40,062	59,216
Prepaid expenses	68,717	74,569
Property and equipment, net	248,008	239,317
Intangible assets, net	<u>198,451</u>	<u>105,202</u>
TOTAL ASSETS	\$ <u>5,643,549</u>	\$ <u>5,979,875</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 103,066	\$ 214,247
Accrued expenses	395,749	285,276
Deferred rent	<u>47,628</u>	<u>52,516</u>
Total liabilities	<u>546,443</u>	<u>552,039</u>
Commitments and contingencies (Notes 9, 11 and 12)		
Net assets:		
Without donor restrictions	2,721,609	2,283,818
With donor restrictions	<u>2,375,497</u>	<u>3,144,018</u>
Total net assets	<u>5,097,106</u>	<u>5,427,836</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>5,643,549</u>	\$ <u>5,979,875</u>

See accompanying notes to financial statements.

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Support and revenues:			
Contributions:			
Foundation support	\$ 1,715,500	\$ -	\$ 1,715,500
Individual support	2,428,709	1,929,072	4,357,781
Foundation grants	583,197	376,303	959,500
Government grants	100,285	-	100,285
Program fees	125,887	-	125,887
Other revenues	174,570	-	174,570
Interest income	<u>644</u>	<u>-</u>	<u>644</u>
	5,128,792	2,305,375	7,434,167
Net assets released from restrictions	<u>3,073,896</u>	<u>(3,073,896)</u>	<u>-</u>
Total support and revenues	<u>8,202,688</u>	<u>(768,521)</u>	<u>7,434,167</u>
Total program expenses	<u>6,263,230</u>	<u>-</u>	<u>6,263,230</u>
Supporting services:			
Management and general	800,951	-	800,951
Fundraising and development	<u>700,716</u>	<u>-</u>	<u>700,716</u>
Total supporting services	<u>1,501,667</u>	<u>-</u>	<u>1,501,667</u>
Total expenses	<u>7,764,897</u>	<u>-</u>	<u>7,764,897</u>
Change in net assets	437,791	(768,521)	(330,730)
Net assets - beginning	<u>2,283,818</u>	<u>3,144,018</u>	<u>5,427,836</u>
NET ASSETS - ENDING	<u><u>\$ 2,721,609</u></u>	<u><u>\$ 2,375,497</u></u>	<u><u>\$ 5,097,106</u></u>

See accompanying notes to financial statements.

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Support and revenues:			
Contributions:			
Foundation support	\$ 368,000	\$ -	\$ 368,000
Individual support	2,022,113	1,153,408	3,175,521
Foundation grants	307,708	1,416,792	1,724,500
Government grants	505,449	-	505,449
Program fees	268,883	-	268,883
Other revenues	167,397	-	167,397
Interest income	<u>677</u>	<u>-</u>	<u>677</u>
	3,640,227	2,570,200	6,210,427
Net assets released from restrictions	<u>3,451,963</u>	<u>(3,451,963)</u>	<u>-</u>
Total support and revenues	<u>7,092,190</u>	<u>(881,763)</u>	<u>6,210,427</u>
Total program expenses	<u>5,185,388</u>	<u>-</u>	<u>5,185,388</u>
Supporting services:			
Management and general	626,443	-	626,443
Fundraising and development	<u>708,510</u>	<u>-</u>	<u>708,510</u>
Total supporting services	<u>1,334,953</u>	<u>-</u>	<u>1,334,953</u>
Total expenses	<u>6,520,341</u>	<u>-</u>	<u>6,520,341</u>
Change in net assets	571,849	(881,763)	(309,914)
Net assets - beginning	<u>1,711,969</u>	<u>4,025,781</u>	<u>5,737,750</u>
NET ASSETS - ENDING	<u>\$ 2,283,818</u>	<u>\$ 3,144,018</u>	<u>\$ 5,427,836</u>

See accompanying notes to financial statements.

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salaries and wages	\$ 3,296,024	\$ 604,635	\$ 364,451	\$ 4,265,110
Employee benefits	761,694	135,825	81,870	979,389
Payroll taxes	262,885	48,225	29,068	340,178
Professional fees	1,068,168	89,319	134,626	1,292,113
Occupancy	240,565	40,560	27,917	309,042
Information technology	214,179	9,983	8,827	232,989
Depreciation and amortization	85,021	14,334	9,867	109,222
Insurance	55,887	9,422	6,486	71,795
Office expenses	31,574	4,549	12,643	48,766
Travel	38,565	7,220	1,547	47,332
Accounting fees	-	28,546	-	28,546
Legal fees	281	11,107	-	11,388
Other	2,059	12,065	3,884	18,008
Training and development	<u>8,616</u>	<u>1,372</u>	<u>1,031</u>	<u>11,019</u>
Total expenses by function	6,065,518	1,017,162	682,217	7,764,897
Allocation of program-related management and general expenses	<u>197,712</u>	<u>(216,211)</u>	<u>18,499</u>	<u>-</u>
Total expenses	<u>\$ 6,263,230</u>	<u>\$ 800,951</u>	<u>\$ 700,716</u>	<u>\$ 7,764,897</u>

See accompanying notes to financial statements.

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salaries and wages	\$ 2,497,250	\$ 610,383	\$ 355,766	\$ 3,463,399
Employee benefits	669,900	152,667	89,161	911,728
Payroll taxes	179,714	43,988	25,603	249,305
Professional fees	952,530	10,358	116,293	1,079,181
Occupancy	218,454	50,044	31,165	299,663
Information technology	158,488	11,728	10,063	180,279
Depreciation and amortization	99,637	22,824	14,214	136,675
Insurance	38,948	8,924	5,575	53,447
Accounting fees	-	41,957	-	41,957
Office expenses	15,936	4,024	17,957	37,917
Legal fees	15,794	8,303	-	24,097
Travel	10,691	6,265	3,817	20,773
Other	728	8,304	3,932	12,964
Training and development	4,506	654	492	5,652
Conference, conventions and meetings	-	3,304	-	3,304
	<u>4,862,576</u>	<u>983,727</u>	<u>674,038</u>	<u>6,520,341</u>
Total expenses by function				
Allocation of program-related management and general expenses	<u>322,812</u>	<u>(357,284)</u>	<u>34,472</u>	<u>-</u>
Total expenses	<u>\$ 5,185,388</u>	<u>\$ 626,443</u>	<u>\$ 708,510</u>	<u>\$ 6,520,341</u>

See accompanying notes to financial statements.

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ (330,730)	\$ (309,914)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	109,222	136,675
Deferred rent	(4,888)	(4,194)
Loss on disposal of property and equipment	4,843	-
Changes in operating assets and liabilities:		
Unconditional promises to give	(200,000)	1,075,000
Grants and contracts receivable	17,132	5,838
Unbilled contract receivables	19,154	155,622
Prepaid expenses	5,851	(6,108)
Accounts payable	(111,180)	(184,630)
Accrued expenses	<u>110,473</u>	<u>(2,322)</u>
Net cash provided by (used in) operating activities	<u>(380,123)</u>	<u>865,967</u>
Cash flows from investing activities:		
Purchases of property and equipment	(97,462)	(169,327)
Purchases of intangible assets	<u>(118,543)</u>	<u>(16,302)</u>
Net cash used in investing activities	<u>(216,005)</u>	<u>(185,629)</u>
Net increase (decrease) in cash and cash equivalents	(596,128)	680,338
Cash and cash equivalents - beginning	<u>5,431,796</u>	<u>4,751,458</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 4,835,668</u>	<u>\$ 5,431,796</u>

Reconciliation of cash and restricted cash:

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position that sums to the total of the same such amounts shown in the statements of cash flows:

	<u>2021</u>	<u>2020</u>
Cash	\$ 4,771,009	\$ 5,367,780
Restricted cash	<u>64,659</u>	<u>64,016</u>
Total cash and restricted cash shown in the statements of cash flows	<u>\$ 4,835,668</u>	<u>\$ 5,431,796</u>

See accompanying notes to financial statements.

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1. NATURE OF ORGANIZATION

Climate Central, Inc. (the "Organization") is an independent not for profit organization of leading scientists, tech experts and communication professionals that are dedicated to researching and reporting on climate change and its impacts and solutions to the public and decision makers locally, nationally and internationally. The Organization surveys and conducts scientific research on climate change and informs the public of key findings. The Organization is not an advocacy organization and does not lobby or support any specific legislation, policy or bill regarding climate change.

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

Climate Matters

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

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

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

Sea Level Rise

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

Realtime Climate

Realtime Climate is an initiative to dispatch timely alerts and related content to meteorologists, other journalists, and other subscribers when current local conditions present a notable opportunity to communicate about climate change, its impacts, or its solutions. At Realtime Climate's core is a continually updated software system that monitors a growing range of data streams from local weather forecasts to coastal water levels to local renewable energy generation. When key thresholds are met, the system assembles related content, largely leveraging research and materials from the Climate Matters and Sea Level Rise programs, and sends alerts to subscribers in the areas experiencing threshold conditions. Subscribers include participants in the Climate Matters program and many stakeholders of the Sea Level Rise program, as well as anyone who opts in using an online form on Climate Central's website.

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1. NATURE OF ORGANIZATION (CONTINUED)

Partnerships Journalism

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

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

Enterprise

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

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

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors or grantors. Some restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other such restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

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

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Income taxes

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

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Uncertain tax positions

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

As of December 31, 2021 and 2020, the Organization had no uncertain tax positions that qualified for either recognition or disclosure in the financial statements.

Cash and cash equivalents

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

Grants, contracts and unbilled contract receivables

Grants and contracts receivable include amounts due from grants, program fees, and other miscellaneous sources. The amounts are stated at unpaid balances, less an allowance for doubtful accounts. The allowance is based on management's estimation of collectibility. It is the Organization's policy to charge off uncollected receivables when management determines that it has exhausted all collection efforts. There was no allowance for doubtful accounts as of December 31, 2021 and 2020. All accounts receivable are expected to be collected in one year or less.

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

Promises to give

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

Contributions, grants, and other income

Contributions and foundation and government grants are recognized as revenue when they are unconditionally promised from the Organization's individual donors, foundations, and governments, respectively. Contributions and grants received that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions are fulfilled in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose

CLIMATE CENTRAL, INC.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions, grants and other income (continued)

restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

A portion of the Organization's revenue is derived from cost-reimbursable government grants, which are conditioned upon certain measurable performance barriers and/or the incurrence of allowable qualifying expenses. Revenue is recognized in the amount invoiced, typically monthly, since the amount corresponds directly to the value of the performance to date. Amounts received prior to incurring qualifying expenditures or providing the related services are reported as refundable advances in the statements of financial position.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. For the years ended December 31, 2021 and 2020, there were no contributed services meeting the requirements for recognition in the financial statements; however, many individuals volunteer their time and perform a variety of tasks that assist the Organization with its programs.

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

Program fees

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

Program fees from licensing agreements and content sales are recognized at the time the content is delivered.

CLIMATE CENTRAL, INC.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

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

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

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

Intangible assets

Intangible assets are recorded at cost, less accumulated amortization. Intangible assets with finite lives are amortized over their estimated useful lives and are reviewed for impairment if indicators of impairment arise. Website design costs are amortized on a straight-line basis over a five-year period. Intangible assets consisted of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Website design costs	\$ 460,595	\$ 342,052
Accumulated amortization	<u>(262,144)</u>	<u>(236,850)</u>
	<u>\$ 198,451</u>	<u>\$ 105,202</u>

Functional allocation of expenses

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

CLIMATE CENTRAL, INC.
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NOTES TO FINANCIAL STATEMENTS
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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional allocation of expenses (continued)

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and wages and related costs	Time and effort
Professional fees	If not directly charged, allocated based on Full Time Equivalents per department
Information technology	Time and effort, and Full Time Equivalents per department
Occupancy	Full Time Equivalents per department
Depreciation and other	Full Time Equivalents per department

Recently issued but not yet adopted accounting pronouncements

In February 2016, FASB issued ASU No. 2016-02, *Leases*. This update requires all leases with terms greater than 12 months to be recognized on the statement of financial position through a right-of-use asset and a lease liability and the disclosure of key information pertaining to lease arrangements. This new guidance was amended in June 2020 by ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, deferring the effective date of ASU No. 2016-02 to years beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the effect that ASU 2016-02 will have on its financial statements and related disclosures.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"), which is intended to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. This ASU is effective for annual periods beginning after June 15, 2021, with early adoption permitted. The Organization is evaluating the effect that ASU 2020-07 will have on its financial statements and related disclosures.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through June 22, 2022, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

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NOTE 3. LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets available for general expenditures within one year as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 4,771,009	\$ 5,367,780
Unconditional promises to give	200,000	-
Grants and contracts receivable	52,643	69,775
Unbilled receivables	<u>40,062</u>	<u>59,216</u>
Total financial assets at year-end	5,063,714	5,496,771
Less amounts not available to be used within one year:		
Net assets with donor restrictions	2,375,497	3,144,018
Less: net assets with purpose restrictions to be met in less than one year	<u>(2,375,497)</u>	<u>(3,144,018)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 5,063,714</u>	<u>\$ 5,496,771</u>

The Organization has \$5,063,714 and \$5,496,771 of financial assets available within one year of the statements of financial position date to meet cash needs for general and program expenditures including of cash in the amount of \$4,771,009 and \$5,367,780 for the years ended December 31, 2021 and 2020, respectively. The unconditional promises to give are subject to implied time restrictions but are expected to be collected within one year.

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 180 days of normal operating expenses, which management estimates to be approximately \$4,600,000 in 2022. The Organization structures its financial assets to be available to meet general expenditure obligations as they come due. Cash balances in excess of near-term obligations are held with the Organization's bank to generate balance credits to meet the costs of banking services on a monthly basis. Any balances considered to be in excess of such needs are invested in short-term investments.

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

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

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NOTE 4. CONCENTRATIONS

Credit risk

At December 31, 2021 and 2020, the Organization maintained cash with a financial institution in amounts in excess of the coverage provided by federal insurance limits. The Organization maintains these accounts with a high credit quality financial institution, and, therefore, management does not believe the Organization faces a significant risk of loss on these accounts.

Promises to give

As of December 31, 2021, the Organization had unconditional promises to give from one donor. As of December 31, 2020, the Organization did not have any unconditional promises to give.

Support and revenues

During the year ended December 31, 2021, approximately 54% of the Organization's total support and revenue was derived from three donors. During the year ended December 31, 2020, approximately 33% of the Organization's total support and revenue was derived from one donor.

NOTE 5. RESTRICTED CASH

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

The certificate of deposit had a balance of \$64,659 and \$64,016 as of December 31, 2021 and 2020, respectively, which includes interest income earned that is included within "Interest income" in the accompanying statements of activities.

NOTE 6. PROMISES TO GIVE

Unconditional promises to give amounted to \$200,000 as of December 31, 2021. The entire balance is expected to be collected in less than one year. There were no unconditional promises to give at December 31, 2020.

At December 31, 2021 and 2020, there were \$1,500,000 and \$350,000, respectively, in outstanding conditional promises to give.

NOTE 7. PROPERTY AND EQUIPMENT

The Organization's property and equipment consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Computer equipment	\$ 720,227	\$ 627,607
Leasehold improvements	383,687	383,687
Furniture and fixtures	<u>136,110</u>	<u>136,110</u>
	1,240,024	1,147,404
Accumulated depreciation	<u>(992,016)</u>	<u>(908,087)</u>
Property and equipment, net	<u>\$ 248,008</u>	<u>\$ 239,317</u>

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NOTE 7. PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense was \$109,222 and \$136,675 for the years ended December 31, 2021 and 2020, respectively.

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the years ended December 31, 2021 and 2020, as follows:

	<u>2021</u>	<u>2020</u>
Programs:		
Sea Level Rise	\$ 570,801	\$ 287,048
Climate Matters	1,289,797	953,562
Realtime Climate	<u>514,899</u>	<u>1,903,408</u>
Total	<u>\$ 2,375,497</u>	<u>\$ 3,144,018</u>

During the years ended December 31, 2021 and 2020, net assets were released from donor restrictions by incurring expenses satisfying purpose restrictions or by the passage of time.

	<u>2021</u>	<u>2020</u>
Programs:		
Sea Level Rise	\$ 287,048	\$ 1,059,354
Climate Matters	883,440	604,170
Realtime Climate	<u>1,903,408</u>	<u>775,120</u>
Total programs	3,073,896	2,438,644
General operations/time restricted	<u>-</u>	<u>1,013,319</u>
	<u>\$ 3,073,896</u>	<u>\$ 3,451,963</u>

NOTE 9. RETIREMENT PLAN

The Organization has a defined contribution 401(k) plan. Substantially all employees are eligible to participate. Contributions to the plan are based on participant compensation but not more than statutory limits. The Organization made contributions of \$461,101 and \$382,896 for the years ended December 31, 2021 and 2020, respectively.

NOTE 10. RELATED-PARTY TRANSACTIONS

The Organization received contribution support from organizations connected with a founding board member of the Organization. Contributions to the Organization from these related parties totaled \$2,025,000 and \$2,025,000 for the years ended December 31, 2021 and 2020, respectively.

During 2021 and 2020, the Organization received support from other organizations totaling \$1,500,000 and \$500,000, respectively, that are associated with certain board members.

During 2021 and 2020, the Organization received support from certain board members totaling \$115,075 and \$14,500, respectively.

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NOTE 11. LEASES

The Organization has a non-cancelable operating lease for an office facility in New Jersey which expires in September 2023. The lease was last modified in 2019 to increase the office space rented. Rental expense for the operating lease was \$281,001 and \$273,403 for the years ended December 31, 2021 and 2020, respectively.

At December 31, 2021, future minimum rental payments due under the prior and modified lease over the revised term are as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2022	\$ 289,464
2023	<u>221,946</u>
	<u>\$ 511,410</u>

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

NOTE 12. RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization recognized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy, including industries in which the Organization operates.

The extent of the impact of COVID-19 on the Organization's business and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which it operates and the related impact on consumer confidence and spending, all of which are highly uncertain. No adjustments or provisions were made in these financial statements related to uncertainties which have arisen or which may arise in the future due to COVID-19.