

**BEYOND PESTICIDES  
FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

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BEYOND PESTICIDES

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of Beyond Pesticides  
Washington, DC

We have audited the accompanying financial statements of Beyond Pesticides (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, 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**

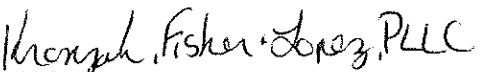
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2016, 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 27, 2017

BEYOND PESTICIDES  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2016

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 729,942
Investments	656,986
Prepaid expenses	<u>5,234</u>
	1,392,162
PROPERTY AND EQUIPMENT	
Land, building & bldg improvements	1,078,830
Unamortized loan costs	639
Furniture & equipment	<u>120,567</u>
	1,200,036
Less: accumulated depreciation & amortization	<u>451,787</u>
	<u>748,249</u>
 TOTAL ASSETS	 <u><u>\$ 2,140,411</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 32,624
Deferred revenue	34,225
Tenant security deposit	6,040
Mortgages payable - current	<u>21,461</u>
	94,350
LONG-TERM LIABILITIES	
Mortgages payable - long-term	<u>726,147</u>
 TOTAL LIABILITIES	 820,497
NET ASSETS	
Unrestricted - Non designated	\$ 1,028,240
- Board designated	<u>150,197</u>
Temporarily restricted	<u>141,477</u>
	1,319,914
 TOTAL NET ASSETS	 <u>1,319,914</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 2,140,411</u></u>

See accompanying notes to financial statements.

BEYOND PESTICIDES  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE</b>			
Grants & contributions	\$ 567,404	\$ 413,730	\$ 981,134
Membership dues	9,540	-	9,540
Publication sales	7,495	-	7,495
Registrations	6,643	-	6,643
Rental income	66,210	-	66,210
Interest & dividends	4,254	-	4,254
Net realized & unrealized gain/(loss)	315	-	315
Other income	3,503	-	3,503
	<u>665,364</u>	<u>413,730</u>	<u>1,079,094</u>
Net assets released from:			
Satisfaction of program restrictions	474,553	(474,553)	-
Total revenue	<u>1,139,917</u>	<u>(60,823)</u>	<u>1,079,094</u>
<b>EXPENSES</b>			
Program Services			
Community P & A	659,864	-	659,864
Organic	497,576	-	497,576
Forum Funds	51,720	-	51,720
Total program expenses	<u>1,209,160</u>	<u>-</u>	<u>1,209,160</u>
Support Services			
General & Administrative	123,941	-	123,941
Fundraising	5,938	-	5,938
Total expenses	<u>1,339,039</u>	<u>-</u>	<u>1,339,039</u>
CHANGE IN NET ASSETS (DEFICIT)	(199,122)	(60,823)	(259,945)
Beginning net assets	<u>1,377,559</u>	<u>202,300</u>	<u>1,579,859</u>
Ending net assets	<u>\$ 1,178,437</u>	<u>\$ 141,477</u>	<u>\$ 1,319,914</u>

See accompanying notes to financial statements.

BEYOND PESTICIDES  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Community P & A	Organic	Forum Funds	Total Program	General & Admin.	Fund- Raising	Total Expenses
Salaries, pyrl txs & benefits	\$ 285,836	\$ 230,269	-	\$ 516,105	\$ 48,103	\$ -	\$ 564,208
Printing & duplic.	23,531	10,042	1,214	34,787	11	-	34,798
Postage & shipping	6,625	3,165	866	10,656	319	92	11,067
Supplies	5,022	3,430	16	8,468	82	-	8,550
Travel & subsist.	56,748	6,324	24,667	87,739	992	7	88,738
Conferences/meetings	3,475	1,944	23,072	28,491	-	-	28,491
Consultants	193,200	175,612	1,660	370,472	11,101	4,321	385,894
Legal & accounting fees	24,595	22,835	-	47,430	5,270	-	52,700
Telephone	9,943	4,123	-	14,066	800	-	14,866
Utilities	2,793	2,235	-	5,028	3,695	-	8,723
Security	1,278	1,037	-	2,315	1,755	-	4,070
Interest expense	13,335	10,233	-	23,568	14,610	-	38,178
Real estate taxes	10,151	8,187	-	18,338	11,089	-	29,427
Repairs & maintenance	7,420	5,901	-	13,321	12,109	-	25,430
Insurance	3,184	2,762	-	5,946	970	-	6,916
Publications & sub.	888	859	225	1,972	-	-	1,972
License & reg.	778	641	-	1,419	1,339	1,518	4,276
Bank and c.c. fees	1,259	991	-	2,250	207	-	2,457
Depreciation & amort.	9,103	6,986	-	16,089	10,293	-	26,382
UBIT tax	-	-	-	-	250	-	250
Miscellaneous	700	-	-	700	946	-	1,646
<b>Totals</b>	<b>\$ 659,864</b>	<b>\$ 497,576</b>	<b>\$ 51,720</b>	<b>\$ 1,209,160</b>	<b>\$ 123,941</b>	<b>\$ 5,938</b>	<b>\$ 1,339,039</b>

BEYOND PESTICIDES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

Cash flows from operating activities:	
Cash received from grants & contributions	\$829,419
Cash received from tenant	106,475
Interest & dividends received	4,254
Cash received from other activities	27,181
Cash paid to employees and vendors	(1,167,931)
Net cash used by operating activities	<u>(200,602)</u>
Cash flows from investing activities:	
Cash received from sale of securities	1,704,995
Cash used to purchase certificates of deposits	(1,961,000)
Cash used to purchase furniture	(2,982)
Net cash used by investing activities	<u>(258,987)</u>
Cash flows from financing activities:	
Mortgage principal payments	<u>(20,114)</u>
Net increase/(decrease) in cash and cash equivalents	(479,703)
Cash and cash equivalents - January 1, 2016	<u>1,209,645</u>
Cash and cash equivalents - December 31, 2016	<u><u>\$729,942</u></u>

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

Increase/(decrease) in net assets	(\$259,945)
Adjustments to reconcile increase in net assets to net cash used by operating activities:	
Depreciation & amortization	26,382
Net change in investments	(329)
Donated stock	(1,715)
Changes in assets and liabilities:	
Decrease in receivables	6,000
Increase in prepaid expenses	(2,120)
Decrease in accounts payable and accrued expenses	(9,140)
Increase in deferred revenue	34,225
Increase in tenant security deposit	<u>6,040</u>
Net cash used by operating activities	<u><u>(\$200,602)</u></u>

See accompanying notes to financial statements.



## BEYOND PESTICIDES

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

#### **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.

Basis of Presentation – The financial statement presentation follows the provisions of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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 as unrestricted, temporarily restricted, or permanently restricted depending on the existence of any donor restrictions.

Unrestricted grants & contributions are recognized in the unrestricted fund when awarded. Grants and contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets. When the provisions of the restriction have been met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The organization had no permanently restricted grants.

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.

Property and equipment - Property and equipment 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 10-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 10 for a description of financial instruments carried at fair value.

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

BEYOND PESTICIDES

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

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

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

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

**NOTE 3 - RETIREMENT PLAN**

The organization began a 403 (b) plan effective July 1, 1992, amended effective January 1, 2009. In this plan, the organization contributes 3% of all eligible employee's compensation with vesting at 33.33% first year, 66.66% the second year, and 100% the third year. The retirement expense for the year ending December 31, 2016 was \$14,507, which is comprised of employer contributions, administrative fees and the net change in the plan forfeiture account (as a result of administrative fees paid from account less funds transferred to account from unvested contributions).

**NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

Pesticide Information/Network (P&A) - A Sense of Wonder Film	\$ 25,641
Pesticide Information/Network (P&A) - Fund for Independent Science	31,732
Pesticide Information/Network (P&A) – GMO Need to Know MD	200
Pesticide Information/Network (P&A) – SWAT Project	83,799
Pesticide Information/Network (P&A) – Beyond Pesticides Minnesota	<u>105</u>
Total	\$141,477

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

Pesticide Information/Network (P&A) - Beyond Pesticides Ohio	\$ 41,865
Pesticide Information/Network (P&A) - A Sense of Wonder Film	6,369
Pesticide Information/Network (P&A) - Fund for Independent Science	24,188
Pesticide Information/Network (P&A) – SWAT Project	113,798
Pesticide Information/Network (P&A) – Pollinators	133,333
Pesticide Information/Network (P&A) - Other	35,000
Organic	<u>120,000</u>
Total	\$ 474,553

BEYOND PESTICIDES

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

**NOTE 5 - BOARD DESIGNATED FUNDS**

The Board of Directors designated \$50,000 in May 2001 to be set aside into an endowment fund, 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 \$100,197 has been added to the fund, consisting of \$34,756 in donated securities and \$65,441 in net investment revenue.

**NOTE 6 - RELATED PARTY**

During the year a Board Member was compensated as a contractor for services performed on programs of the organization. The payments totaling \$35,737 made to the board member were at arms-length, and are recognized as an expense on these financial statements as consultants.

**NOTE 7 - MORTGAGE PAYABLE**

The organization purchased the building, which it had been leasing, on June 28, 2002 for \$1,000,000. The total cost, including closing costs, to purchase the building was \$1,020,168, and is included in Land, building & bldg improvements in the Statement of Financial Position. The organization adjusted its mortgage on July 16, 2012 as follows:

Promissory note of \$830,803 due to First National Bank (formerly OBA) at an interest rate of 4.950% (computed on a 365/360 basis) with monthly payments of \$4,858 and ballooning on December 1, 2018.

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

Years ending December 31:

2017	\$ 21,461
2018	<u>726,147</u>
Total	\$ 747,608

**NOTE 8 - OTHER COMMITMENTS AND CONTINGENCIES**

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

**NOTE 9 - PROGRAM SERVICES**

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

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

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

BEYOND PESTICIDES

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

**NOTE 9 – PROGRAM SERVICES (CONTINUED)**

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

**NOTE 10 – FAIR VALUE MEASUREMENTS**

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

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

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

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

The following table summarizes the Organization's assets and liabilities measured at fair value on a recurring basis as of December 31, 2016:

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	\$656,986	\$656,986

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

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

BEYOND PESTICIDES

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

**NOTE 11 - DONATED SERVICES**

The organization received donated services from a Board member during the year. The value of these services totaled \$156,000 for the year ended December 31, 2016. The income and related expense of these donated services are recognized on these financial statements respectively under contributions and consultants.

**NOTE 12 - 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 derecognition 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, 2016, 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, 2016, the statute of limitations for tax years 2013 through 2015 remains open with federal and DC authorities.

**NOTE 13 - SUBSEQUENT EVENTS**

The organization's management has evaluated subsequent events through March 27, 2017, the date the financial statements were available to be issued. There were no subsequent events identified through March 27, 2017.