

**FOREST SERVICE EMPLOYEES FOR  
ENVIRONMENTAL ETHICS, INC.**

**FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2020 and 2019**



FOREST SERVICE EMPLOYEES FOR ENVIRONMENTAL ETHICS, INC.  
FINANCIAL STATEMENTS  
For the Years Ended December 31, 2020 and 2019

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statements of Financial Position	3 - 4
Statements of Activities	5 - 6
Statements of Functional Expenses	7 - 8
Statements of Cash Flows	9
Notes to Financial Statements	10 - 14

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Forest Service Employees for Environmental Ethics, Inc.  
Eugene, Oregon

We have audited the accompanying financial statements of Forest Service Employees for Environmental Ethics, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Forest Service Employees for Environmental Ethics, Inc. as of December 31, 2020 and 2019, 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.

A handwritten signature in black ink that reads "Jones & Roth P.C." in a cursive, stylized font.

Jones & Roth, P.C.  
Eugene, Oregon  
February 1, 2022

## FINANCIAL STATEMENTS

FOREST SERVICE EMPLOYEES FOR ENVIRONMENTAL ETHICS, INC.  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 464,295	\$ 343,596
Accounts receivable, net of allowance of \$-0- for 2020 and \$2,377 for 2019	21,387	18,022
Prepaid expenses	<u>15,520</u>	<u>9,846</u>
Total current assets	<u>501,202</u>	<u>371,464</u>
<b>Property and equipment</b>		
Equipment and furnishings	13,972	15,372
Accumulated depreciation	<u>(13,972)</u>	<u>(14,123)</u>
Property and equipment, net	<u>-</u>	<u>1,249</u>
<b>Other assets</b>		
Restricted cash equivalents - litigation fund	139,604	139,239
Deposits	1,903	2,479
Endowment fund investment	<u>1,196</u>	<u>1,187</u>
Total other assets	<u>142,703</u>	<u>142,905</u>
<b>Total assets</b>	<u><u>\$ 643,905</u></u>	<u><u>\$ 515,618</u></u>

	<u>2020</u>	<u>2019</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 7,240	\$ 655
Accrued payroll taxes and withholdings	7,703	875
Accrued vacation payable	<u>19,056</u>	<u>19,677</u>
Total current liabilities	33,999	21,207
<b>Long-term liabilities</b>		
Paycheck Protection Program loan	<u>66,100</u>	<u>-</u>
Total liabilities	<u>100,099</u>	<u>21,207</u>
<b>Net assets</b>		
Without donor restrictions	<u>362,049</u>	<u>291,765</u>
With donor restrictions:		
Restricted by purpose or time	180,757	201,646
Restricted in perpetuity	<u>1,000</u>	<u>1,000</u>
Total net assets with donor restrictions	<u>181,757</u>	<u>202,646</u>
Total net assets	<u>543,806</u>	<u>494,411</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 643,905</u></u>	<u><u>\$ 515,618</u></u>

The accompanying notes are an integral part of these statements.

FOREST SERVICE EMPLOYEES FOR ENVIRONMENTAL ETHICS, INC.  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>Support</b>			
Donations	\$ 347,261	\$ 77,682	\$ 424,943
Grants	3,067	-	3,067
Bequests	52,704	-	52,704
Total support	403,032	77,682	480,714
<b>Other revenue</b>			
Investment revenue	503	710	1,213
Miscellaneous	85	-	85
Gain on asset disposal	193	-	193
Total other revenue	781	710	1,491
Total support and other revenue	403,813	78,392	482,205
<b>Net assets released from restrictions</b>			
Satisfaction of program restrictions	99,281	(99,281)	-
Total support and revenue	503,094	(20,889)	482,205
<b>Expenses</b>			
Program services:			
Forest protection and whistleblowing	180,412	-	180,412
Membership services	67,959	-	67,959
Education	41,151	-	41,151
Total program services	289,522	-	289,522
Support services:			
General and administrative	95,713	-	95,713
Fundraising	47,575	-	47,575
Total support services	143,288	-	143,288
Total expenses	432,810	-	432,810
<b>Change in net assets</b>	70,284	(20,889)	49,395
Net assets, beginning of year	291,765	202,646	494,411
Net assets, end of year	\$ 362,049	\$ 181,757	\$ 543,806

The accompanying notes are an integral part of these statements.



FOREST SERVICE EMPLOYEES FOR ENVIRONMENTAL ETHICS, INC.  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2019

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>Support</b>			
Donations	\$ 405,402	\$ 104,118	\$ 509,520
Grants	2,000	100,000	102,000
Bequests	33,228	-	33,228
Total support	440,630	204,118	644,748
<b>Other revenue</b>			
Investment revenue	2,202	1,511	3,713
Miscellaneous	42	-	42
Gain on asset disposal	-	-	-
Total other revenue	2,244	1,511	3,755
Total support and other revenue	442,874	205,629	648,503
<b>Net assets released from restrictions</b>			
Satisfaction of program restrictions	122,183	(122,183)	-
Total support and revenue	565,057	83,446	648,503
<b>Expenses</b>			
Program services:			
Forest protection and whistleblowing	200,139	-	200,139
Membership services	132,806	-	132,806
Education	58,807	-	58,807
Total program services	391,752	-	391,752
Support services:			
General and administrative	92,670	-	92,670
Fundraising	46,088	-	46,088
Total support services	138,758	-	138,758
Total expenses	530,510	-	530,510
<b>Change in net assets</b>	34,547	83,446	117,993
Net assets, beginning of year	257,218	119,200	376,418
Net assets, end of year	\$ 291,765	\$ 202,646	\$ 494,411

The accompanying notes are an integral part of these statements.

FOREST SERVICE EMPLOYEES FOR ENVIRONMENTAL ETHICS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2020

	Forest Protection and Whistleblowing	Membership Services	Education	Total Program Services	General and Administrative	Fundraising	Total
Wages	\$ 109,515	\$ 26,144	\$ 6,603	\$ 142,262	\$ 53,244	\$ 21,705	\$ 217,211
Payroll taxes	10,090	2,859	642	13,591	4,963	2,037	20,591
Employee benefits	24,545	10,482	1,826	36,853	14,009	6,532	57,394
Professional services	7,600	297	11,958	19,855	9,735	-	29,590
Depreciation	103	39	23	165	54	27	246
Fees and licenses	436	2,742	-	3,178	3,703	-	6,881
Insurance	1,083	408	247	1,738	574	285	2,597
Mailing	3,152	10,743	6,248	20,143	1,011	5,593	26,747
Maintenance	440	166	100	706	234	116	1,056
Meetings	75	-	-	75	-	-	75
Printing and production	3,581	8,224	8,720	20,525	-	7,603	28,128
Rent and utilities	12,637	4,760	2,882	20,279	6,704	3,333	30,316
Supplies	4,650	116	-	4,766	949	79	5,794
Telephone	2,505	979	1,902	5,386	533	265	6,184
Total functional expenses	<u>\$ 180,412</u>	<u>\$ 67,959</u>	<u>\$ 41,151</u>	<u>\$ 289,522</u>	<u>\$ 95,713</u>	<u>\$ 47,575</u>	<u>\$ 432,810</u>

The accompanying notes are an integral part of these statements.

FOREST SERVICE EMPLOYEES FOR ENVIRONMENTAL ETHICS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2019

	Forest Protection and Whistleblowing	Membership Services	Education	Total Program Services	General and Administrative	Fundraising	Total
Wages	\$ 133,679	\$ 24,761	\$ 31,418	\$ 189,858	\$ 53,511	\$ 16,556	\$ 259,925
Payroll taxes	13,831	2,314	2,586	18,731	4,762	1,273	24,766
Employee benefits	27,925	8,424	3,290	39,639	13,643	3,631	56,913
Professional services	-	679	6,000	6,679	9,540	-	16,219
Depreciation	153	103	47	303	72	35	410
Fees and licenses	766	4,720	-	5,486	3,406	-	8,892
Insurance	920	622	283	1,825	432	215	2,472
Mailing	-	44,737	3,710	48,447	100	10,969	59,516
Maintenance	597	403	184	1,184	280	140	1,604
Meetings	3,286	-	-	3,286	-	-	3,286
Printing and production	-	37,321	6,112	43,433	-	10,074	53,507
Rent and utilities	10,601	7,157	3,256	21,014	4,969	2,476	28,459
Supplies	4,710	-	20	4,730	869	178	5,777
Telephone	2,318	1,565	712	4,595	1,086	541	6,222
Travel	1,353	-	-	1,353	-	-	1,353
Bad debt expense	-	-	1,189	1,189	-	-	1,189
Total functional expenses	<u>\$ 200,139</u>	<u>\$ 132,806</u>	<u>\$ 58,807</u>	<u>\$ 391,752</u>	<u>\$ 92,670</u>	<u>\$ 46,088</u>	<u>\$ 530,510</u>

The accompanying notes are an integral part of these statements.

FOREST SERVICE EMPLOYEES FOR ENVIRONMENTAL ETHICS, INC.  
 STATEMENTS OF CASH FLOWS  
 For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 49,395	\$ 117,993
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	246	410
Gain on asset disposal	(193)	-
(Increase) decrease in operating assets:		
Accounts receivable	(3,365)	(1,084)
Prepaid expenses	(5,674)	10,167
Deposits	576	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	6,585	(194)
Accrued payroll taxes and withholdings	6,828	689
Accrued vacation payable	<u>(621)</u>	<u>(75)</u>
Net cash provided by operating activities	<u>53,777</u>	<u>127,906</u>
<b>Cash flows from investing activities</b>		
Purchase of equipment	-	(1,400)
Proceeds from sale equipment	1,196	-
Deposit to endowment fund investment	<u>(9)</u>	<u>(14)</u>
Net cash provided (used) by investing activities	<u>1,187</u>	<u>(1,414)</u>
<b>Cash flows from financing activities</b>		
Proceeds from Paycheck Protection Program loan	<u>66,100</u>	<u>-</u>
<b>Increase in cash and cash equivalents and restricted cash equivalents</b>	121,064	126,492
Cash and cash equivalents and restricted cash equivalents, beginning of year	<u>482,835</u>	<u>356,343</u>
Cash and cash equivalents and restricted cash equivalents, end of year	<u>\$ 603,899</u>	<u>\$ 482,835</u>
<b>Supplemental disclosure of noncash transactions</b>		
Donation of stock	<u>\$ 6,355</u>	<u>\$ 6,462</u>

The accompanying notes are an integral part of these statements.

FOREST SERVICE EMPLOYEES FOR ENVIRONMENTAL ETHICS, INC.  
NOTES TO FINANCIAL STATEMENTS

**1. Nature of Activities**

The mission of Forest Service Employees for Environmental Ethics, Inc. (FSEEE) is to protect national forests and to reform the U.S. Forest Service by advocating environmental ethics, educating citizens, and defending whistleblowers.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting. Net assets, revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of FSEEE and changes therein are classified as net assets without donor restrictions and net assets with donor restrictions.

Revenues are reported as an increase in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**Income Tax Status**

FSEEE is an exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, FSEEE qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). FSEEE files required informational returns with both the U.S. federal jurisdiction and the state of Oregon.

**Cash and Cash Equivalents**

For the purpose of the statements of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. Cash and cash equivalents include savings and checking accounts and money market funds.

FOREST SERVICE EMPLOYEES FOR ENVIRONMENTAL ETHICS, INC.  
NOTES TO FINANCIAL STATEMENTS

**2. Summary of Significant Accounting Policies, continued**

**Restricted Cash Equivalents - Litigation Fund**

During the year ended December 31, 2013, FSEEE received a donation with the restricted purpose of establishing a reserve fund that is to be used to reimburse FSEEE for litigation costs incurred when proceeding with environmental litigation projects. Earnings on the fund are also considered net assets with donor restrictions for the same purpose. The fund is owned by FSEEE; however, the fund is to be held by a designated third party for investment. The fund is invested in a brokerage money market account which is considered a cash equivalent. FSEEE may request distributions from the fund for eligible costs related to project litigation.

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 464,295	\$ 343,596
Restricted cash equivalents – litigation fund	<u>139,604</u>	<u>139,239</u>
Total cash and cash equivalents and restricted cash equivalents	<u>\$ 603,899</u>	<u>\$ 482,835</u>

**Accounts Receivable**

At December 31, 2020 and 2019, accounts receivable consisted of unpaid amounts due to FSEEE of \$21,387 and \$20,399, respectively. The accounts receivable is presented net of an allowance for doubtful accounts of \$-0- and \$2,377, at December 31, 2020 and 2019, respectively.

**Property and Equipment**

Depreciation of property and equipment is provided over the estimated useful lives of the respective assets using the straight-line method. Donated equipment is recorded at its fair market value at the date of the donation. Purchased equipment is recorded at cost. FSEEE does not use a dollar threshold as a capitalization policy, but rather looks at the useful life to determine capitalization.

**Revenue Recognition**

Support revenue including donations, grants and bequests, is recognized as revenue when the support is promised or payment made and is recorded as support that is either with or without donor restrictions. Classification is based on the existence and nature of any donor restrictions imposed on the contribution. Support that is restricted by the donor is reported as restricted revenues and is released to net assets without donor restrictions when the restriction is met.

FOREST SERVICE EMPLOYEES FOR ENVIRONMENTAL ETHICS, INC.  
NOTES TO FINANCIAL STATEMENTS

**2. Summary of Significant Accounting Policies, continued**

**Non-Cash Donations**

*Donated Goods*

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation. Equities with a value of \$6,355 and \$6,462 were recorded as unrestricted contributions during the years ended December 31, 2020 and 2019, respectively. It is the policy of FSEEE to convert donated equities to cash as soon as practicable after acquisition.

*Donated Services*

No amounts have been reflected in the financial statements for donated services, other than services requiring specific expertise or which create or enhance non-financial assets.

Donations of services requiring specific expertise or that create or enhance non-financial assets are recorded as in-kind contributions at their estimated fair value at the date of donation. Such donations are reported as unrestricted contributions. There were no donated services that met the criteria for recognition for the years ended December 31, 2020 and 2019.

**Expense Allocation**

FSEEE allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on actual direct expenses as a percentage of total expenses.

**Liquidity and Availability of Resources**

FSEEE receives the majority of its support from individual donors. The majority of support received is without donor restriction, with the remaining support earmarked by donors for specific programs. The policy set by the Board of Directors is to have all of FSEEE's cash assets available at all times.

At December 31, 2020 and 2019, FSEEE's financial assets available for general expenditures within one year, are comprised of the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 464,295	\$ 343,596
Accounts receivable, net	<u>21,387</u>	<u>18,022</u>
Current financial assets	485,682	361,618
Less: amounts with donor restrictions	<u>(41,453)</u>	<u>(62,407)</u>
Current financial assets available for general expenditure	<u>\$ 444,229</u>	<u>\$ 299,211</u>

FOREST SERVICE EMPLOYEES FOR ENVIRONMENTAL ETHICS, INC.  
NOTES TO FINANCIAL STATEMENTS

**3. Lease Commitment**

In June 2011, FSEE entered into an operating lease for a space located in Eugene, Oregon. The lease was last renewed in July 2017 and expired June 30, 2020 at which time the lease was month to month until September. FSEE entered into a new lease agreement from October 1, 2020 to September 30, 2021, to convert to month-to-month basis thereafter, with monthly payments of \$1,000 for the first year, increasing 3 percent each October thereafter. Rental expense for operating leases for the years ended December 31, 2020 and 2019, was \$24,428 and \$22,152 respectively.

Minimum payments over the term of the agreement are as follows:

<u>For the Year Ending December 31,</u>	
2021	\$ <u>9,000</u>

**4. Concentration of Deposit Risk**

FSEE maintains its cash and cash equivalent balances in three financial institutions. A portion of these deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution. Balances may periodically exceed FDIC insured limits. At December 31, 2020, there were deposits in excess of FDIC insurance limits of \$23,062. At December 31, 2019, there were no amounts uninsured by the FDIC.

**5. Accrued Vacation Payable**

Vacation pay is charged to expense when earned. At December 31, 2020 and 2019, accrued vacation payable was \$19,056 and \$19,677, respectively.

**6. Paycheck Protection Program Loan**

In April 2020, FSEE applied for and was awarded a Paycheck Protection Program (PPP) loan under the Coronavirus Aid, Relief and Economic Security Act (the CARES Act) through Umpqua Bank. FSEE was approved for a loan in the amount of \$66,100 as evidenced by a promissory note dated April 22, 2020. The loan accrues interest at a rate of 1.00 percent (simple interest). The loan is unsecured.

The provisions of the agreement state that FSEE may apply to the lender for forgiveness of the loan in the amount equal to the sum of eligible costs incurred by FSEE as defined in the CARES Act and the loan agreement. If not forgiven, repayments of the loan begin August 2021 and the loan matures April 2025.

As of December 31, 2020, FSEE had not applied for or received forgiveness of the loan. Upon forgiveness of the loan, FSEE will recognize income for the amount forgiven in accordance with FASB ASC 470-20, *Liabilities: Extinguishment of Liabilities*. Subsequent to year end, in January 2022, FSEE received notification the lender and SBA approved the forgiveness of the PPP loan and related interest in full and in January 2022 the SBA tendered payment to the lender, at which time the forgiveness was recognized as income.



FOREST SERVICE EMPLOYEES FOR ENVIRONMENTAL ETHICS, INC.  
NOTES TO FINANCIAL STATEMENTS

**7. Net Assets With Donor Restrictions**

At December 31, net assets with donor restrictions were available for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Appeal donations available for subsequent years	\$ 56,820	\$ 64,685
Restricted litigation fund	123,937	136,961
Perpetual endowment	<u>1,000</u>	<u>1,000</u>
Total net assets with donor restrictions	<u>\$ 181,757</u>	<u>\$ 202,646</u>

At December 31, 2020 and 2019, net assets with donor restrictions includes an endowment fund that was established December 24, 2004 in the amount of \$1,000. The income from the endowment fund assets can be used to support FSEEE's general activities.

**8. 403(b) Retirement Plan**

FSEEE has a 403(b) retirement plan covering all employees on the first month of employment. Employees may elect to contribute an amount determined by the plan's contribution formula. In July 2002, FSEEE began providing a matching contribution to the employee's contributions up to a maximum FSEEE contribution of 5 percent of the employee's salary. The contribution amount was increased to 6 percent of the employee's salary effective September 2019. For the years ended December 31, 2020 and 2019, it was determined FSEEE would provide a matching contribution to employees. The total contribution for the years ended December 31, 2020 and 2019, was \$13,070 and \$13,593, respectively, and is included in employee benefits.

Under the 403(b) plan, contributions are made directly to participants' individual accounts. After the funds have been distributed to these accounts, FSEEE has no fiduciary responsibility or control over the accounts.

**9. Economic Uncertainties**

As a result of the continuing COVID-19 coronavirus pandemic, economic uncertainties exists which could negatively impact FSEEE's financial condition and operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

**10. Subsequent Events**

Management evaluates events and transactions that occur after the statement of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.

Subsequent to year end, in January 2022, FSEEE was notified its Paycheck Protection Program (PPP) loan in the amount of \$66,100 was fully forgiven by the lender and the Small Business Administration (SBA).