



---

**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**



## **Independent Auditor's Report**

The Board of Directors  
Nature For Justice  
Falls Church, VA

### **Opinion**

We have audited the accompanying financial statements of Nature For Justice (the Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year 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 the Organization as of December 31, 2022, 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.

### **Basis for Opinion**

We conducted our audit 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

---

**7625 Wisconsin Avenue, Suite 317 | Bethesda, Maryland 20814**

**202.770.6371**

**| www.mullinspc.com**

**| john@mullinspc.com**

The Board of Directors  
Nature For Justice  
Falls Church, VA

### **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, including omissions, 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 the Organization'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 the Organization'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.



Bethesda, Maryland  
July 12, 2023

Certified Public Accountants

---

**7625 Wisconsin Avenue, Suite 317 | Bethesda, Maryland 20814**

**202.770.6371**

**| [www.mullinspc.com](http://www.mullinspc.com)**

**| [john@mullinspc.com](mailto:john@mullinspc.com)**

**Nature For Justice**

**Statement of Financial Position  
December 31, 2022**

**Assets**

**Assets**

Cash and Cash Equivalents	\$ 635,962
Pledges Receivable	<u>45,220</u>
Total Assets	<u>\$ 681,182</u>

**Liabilities and Net Assets**

**Liabilities**

Accounts Payable and Accrued Expenses	\$ 45,358
Due To Related Party	<u>4,079</u>
Total Liabilities	<u>49,437</u>

**Net Assets**

Without Donor Restrictions	386,964
With Donor Restrictions	<u>244,781</u>
Total Net Assets	<u>631,745</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 681,182</u>

***See Accompanying Notes to Financial Statements***

## Nature For Justice

### Statement of Activities For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	<b>Total</b>
<b>Support and Revenues</b>			
Contributions and Grants	\$ 58,350	\$ 375,000	<b>\$ 433,350</b>
Contract Services	1,094,806	-	<b>1,094,806</b>
Catalyst Funding	6,874	-	<b>6,874</b>
Interest Income	118	-	<b>118</b>
Net Assets Released From Restrictions	154,050	(154,050)	-
Total Support and Revenues	1,314,198	220,950	<b>1,535,148</b>
<b>Expenses</b>			
Program Services	735,943	-	<b>735,943</b>
Supporting Services			
General and Administrative	202,849	-	<b>202,849</b>
Fundraising	2,662	-	<b>2,662</b>
Total Supporting Services	205,511	-	<b>205,511</b>
Total Expenses	941,454	-	<b>941,454</b>
Changes in Net Assets	372,744	220,950	<b>593,694</b>
Net Assets, Beginning of Period	14,220	23,831	<b>38,051</b>
<b>Net Assets, End of Period</b>	<b>\$ 386,964</b>	<b>\$ 244,781</b>	<b>\$ 631,745</b>

***See Accompanying Notes to Financial Statements***

## Nature For Justice

### Statement of Functional Expenses For the Year Ended December 31, 2022

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Awards and Grants	\$ 5,000	\$ -	\$ -	\$ <b>5,000</b>
Professional Services	652,249	184,443	-	<b>836,692</b>
Office Expense and Supplies	800	11,920	63	<b>12,783</b>
Insurance	-	1,109	-	<b>1,109</b>
Travel	76,894	5,377	2,599	<b>84,870</b>
Bad Debt	<u>1,000</u>	<u>-</u>	<u>-</u>	<u><b>1,000</b></u>
<b>Total Expenses</b>	<u>\$ 735,943</u>	<u>\$ 202,849</u>	<u>\$ 2,662</u>	<u>\$ <b>941,454</b></u>

***See Accompanying Notes to Financial Statements***

**Nature For Justice**

**Statement of Cash Flows  
For the Year Ended December 31, 2022**

**Cash Flows from Operating Activities**

Change in Net Assets	\$ 593,694
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities	
<u>(Increase) Decrease in Assets</u>	
Pledges Receivable	(11,139)
<u>Increase (Decrease) in Liabilities</u>	
Accounts Payable and Accrued Expenses	42,333
Due To Related Party	4,079
	<hr/>
Net Cash Provided by (Used in) Operating Activities	628,967
	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	628,967
Cash and Cash Equivalents, Beginning of Period	6,995
	<hr/>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 635,962</b>

***See Accompanying Notes to Financial Statements***

# Nature For Justice

## Notes to Financial Statements December 31, 2022

### 1. ORGANIZATION AND PURPOSE

Nature For Justice (the Organization) was incorporated in 2020 to mobilize funds and provide the necessary technical resources to leading, in-country organizations working with local, indigenous communities to achieve climate resiliency. The Organization believes climate change has left no region on Earth untouched. The climate crisis is disrupting livelihoods, supply chains, food security, and the health and welfare of over a billion people, particularly those living in frontline communities. The Organization's programs are funded by grants and contributions.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires 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 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 the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated 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 statement of activities.

#### Use of Estimates

The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Accordingly, actual results could differ from those estimates.



## **Nature For Justice**

### **Notes to Financial Statements December 31, 2022**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Cash Equivalents**

The Organization considers all cash and other highly-liquid investments with initial maturities of three months or less to be cash equivalents. Cash and money market funds held in investment accounts with investment institutions are classified as investments on the statement of financial position.

##### **Pledges Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded as current pledges receivable at their net realizable values in the period in which the Organization is notified by the donor of his or her commitment to make a contribution. Unconditional promises to give that are expected to be collected in future years are reflected as long-term pledges in net assets with donor restrictions at the net present value of their estimated future cash flows using risk-adjusted interest rates. Amortization of the discount on long-term pledges receivable is reflected as contribution revenue. Conditional promises to give are recognized when conditions on which they depend are substantially met. There are no pledges receivable to give at December 31, 2022. Uncollectible amounts are charged off against the allowance for doubtful accounts once management determines an account, or a portion thereof, to be worthless. There is no allowance for doubtful accounts at December 31, 2022.

##### **Revenue Recognition**

Contributions and grants are classified as either conditional or unconditional. Unconditional contributions and grants, including unconditional promises to give are recognized at fair value when the commitment to contribute is received and are reported as without donor restrictions revenue and support unless specifically restricted by the donor or by law. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as revenue and support with donor restrictions. Revenue is recognized on a conditional contribution or grant once a barrier or hurdle to be entitled to the resource is overcome and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. Any funding received prior to overcoming the barrier is recognized as refundable advance. Revenue is recognized as net assets without donor restrictions if the restrictions are satisfied in the same period as the support is received, otherwise when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

As of December 31, 2022, there were no conditional contributions that have not been recognized.

## Nature For Justice

### Notes to Financial Statements December 31, 2022

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Revenue Recognition (Continued)

Contract revenue represents service revenue that the Organization provides to other organizations. The revenue is recognized as the services are performed through the five-step model prescribed by the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC), Revenue from Contracts with Customers: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when a performance obligation is met.

##### Functional Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the statement of activities and change in net assets. Accordingly, certain costs have been allocated among programs and supporting services benefited based on management's estimate of the time related to each activity.

##### Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization did not receive any unrelated business taxable income during the year ended December 31, 2022 and, therefore, has no provision for income taxes in the accompanying financial statements. The Organization believes it has appropriate support for any tax position taken and, as such, does not have any uncertain tax positions that are material to the financial statements. The Organization reported no penalties and interest related to income tax expense on uncertain tax positions for the year ended December 31, 2022. Generally, the three prior tax years are subject to examination by the Internal Revenue Service.

##### New Accounting Pronouncements

In 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. The new standard applies to finance and operating leases entered into after the standard was issued. Organization does not have any leases requiring recognition on the statement of financial position.

## Nature For Justice

### Notes to Financial Statements December 31, 2022

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### New Accounting Pronouncements (Continued)

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The standard requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. This standard was adopted in the current fiscal year and did not have a significant impact on the financial statements.

##### Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326). This guidance requires Organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The guidance is effective beginning in 2023.

##### Subsequent Events

Management has evaluated subsequent events through July 12, 2023 the date which the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of financial position date, but disclosures of such events, if any, are included in the accompanying notes.

#### 3. CONCENTRATION OF CREDIT RISK

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. As of December 31, 2022, bank balances exceeded the FDIC limit by approximately \$365,000.

#### 4. NET ASSETS

Net assets with donor restrictions consist of the following as of December 31, 2022:

	<u>2021</u>	<u>Contributions</u>	<u>Releases</u>	<u>2022</u>
BIPOC	<u>\$ 23,831</u>	<u>\$ 375,000</u>	<u>\$ (154,050)</u>	<u>\$ 244,781</u>

Net assets without donor restrictions for the year ended December 31, 2022 were undesignated.

## Nature For Justice

### Notes to Financial Statements December 31, 2022

#### 5. RELATED PARTY TRANSACTIONS

The Organization is related to N4J Catalyst through common members of management. During 2022, the Organization received \$6,874 from N4J Catalyst. As of December 31, 2022, the Organization owed N4J Catalyst \$4,079. The Organization did not have a receivable from N4J Catalyst at December 31, 2022.

#### 6. LIQUIDITY AND AVAILABILITY

The following represents Organization's financial assets at December 31, 2022:

Financial Assets at Year End:

Cash and Cash Equivalents	\$	635,962
Pledges Receivable		45,220
Total Financial Assets		<u>681,182</u>

Less: Restricted Amounts Not Available To Be Used Within One Year:

Donor-Restricted		244,781
Donor-Restricted To Be Used in Next Twelve Months		(244,781)
Board-Designated		-
		<u>-</u>

Financial Assets Available to Meet General Expenditures

Over the Next Twelve Months	\$	<u>681,182</u>
-----------------------------	----	----------------

As part of the Organization's liquidity management plan, cash in excess of daily requirements is transferred to income-generating accounts.