

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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.

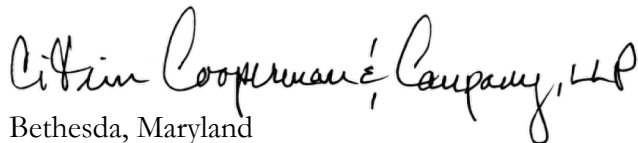
Auditor's Responsibilities for the Audit of the Financial Statements

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.



Bethesda, Maryland
June 18, 2024

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 9,375,564	\$ 10,422,741
Restricted cash	65,540	64,769
Unconditional promises to give	200,000	100,000
Grants and contracts receivables	42,819	132,003
Prepaid expenses and other assets	87,248	92,792
Property and equipment, net	244,042	223,279
Intangible assets, net	211,803	227,157
Operating lease right-of-use asset	<u>1,172,892</u>	<u>198,189</u>
TOTAL ASSETS	\$ <u>11,399,908</u>	\$ <u>11,460,930</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 185,143	\$ 216,824
Accrued expenses	437,606	341,937
Operating lease liabilities	<u>1,174,506</u>	<u>221,373</u>
Total liabilities	<u>1,797,255</u>	<u>780,134</u>
Commitments and contingencies (Notes 10 and 12)		
Net assets:		
Without donor restrictions	3,237,327	2,861,055
With donor restrictions	<u>6,365,326</u>	<u>7,819,741</u>
Total net assets	<u>9,602,653</u>	<u>10,680,796</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>11,399,908</u>	\$ <u>11,460,930</u>

See accompanying notes to financial statements.

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Support and revenues:			
Contributions:			
Foundation support	\$ 3,404,970	\$ 1,406,500	\$ 4,811,470
Individual support	134,034	3,725,000	3,859,034
Government grants	46,448	-	46,448
Program fees	357,900	-	357,900
Other revenues	166,867	-	166,867
Interest income	<u>351,730</u>	<u>-</u>	<u>351,730</u>
	4,461,949	5,131,500	9,593,449
Net assets released from restrictions	<u>6,585,915</u>	<u>(6,585,915)</u>	<u>-</u>
Total support and revenues	<u>11,047,864</u>	<u>(1,454,415)</u>	<u>9,593,449</u>
Program expenses	<u>8,624,919</u>	<u>-</u>	<u>8,624,919</u>
Supporting services:			
Management and general	1,045,871	-	1,045,871
Fundraising and development	<u>1,000,802</u>	<u>-</u>	<u>1,000,802</u>
Total supporting services	<u>2,046,673</u>	<u>-</u>	<u>2,046,673</u>
Total expenses	<u>10,671,592</u>	<u>-</u>	<u>10,671,592</u>
Change in net assets	376,272	(1,454,415)	(1,078,143)
Net assets - beginning	<u>2,861,055</u>	<u>7,819,741</u>	<u>10,680,796</u>
NET ASSETS - ENDING	<u><u>\$ 3,237,327</u></u>	<u><u>\$ 6,365,326</u></u>	<u><u>\$ 9,602,653</u></u>

See accompanying notes to financial statements.

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Support and revenues:			
Contributions:			
Foundation support	\$ 4,070,160	\$ 3,005,252	\$ 7,075,412
Individual support	2,029,538	4,634,489	6,664,027
Government grants	78,008	-	78,008
Other grants	75,000	-	75,000
Program fees	207,850	-	207,850
Other revenues	216,460	-	216,460
Interest income	<u>93,056</u>	<u>-</u>	<u>93,056</u>
	6,770,072	7,639,741	14,409,813
Net assets released from restrictions	<u>2,195,497</u>	<u>(2,195,497)</u>	<u>-</u>
Total support and revenues	<u>8,965,569</u>	<u>5,444,244</u>	<u>14,409,813</u>
Program expenses	<u>6,905,584</u>	<u>-</u>	<u>6,905,584</u>
Supporting services:			
Management and general	787,278	-	787,278
Fundraising and development	<u>1,133,261</u>	<u>-</u>	<u>1,133,261</u>
Total supporting services	<u>1,920,539</u>	<u>-</u>	<u>1,920,539</u>
Total expenses	<u>8,826,123</u>	<u>-</u>	<u>8,826,123</u>
Change in net assets	139,446	5,444,244	5,583,690
Net assets - beginning	<u>2,721,609</u>	<u>2,375,497</u>	<u>5,097,106</u>
NET ASSETS - ENDING	<u><u>\$ 2,861,055</u></u>	<u><u>\$ 7,819,741</u></u>	<u><u>\$ 10,680,796</u></u>

See accompanying notes to financial statements.

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salaries and wages	\$ 4,139,769	\$ 540,532	\$ 529,658	\$ 5,209,959
Employee benefits	954,126	126,906	125,836	1,206,868
Payroll taxes	301,363	37,946	37,525	376,834
Professional fees	1,831,741	108,768	152,077	2,092,586
Occupancy	269,833	31,695	37,365	338,893
Information technology	448,169	14,843	23,524	486,536
Depreciation and amortization	168,430	20,122	23,365	211,917
Insurance	59,838	7,149	8,301	75,288
Office expenses	58,761	529	9,659	68,949
Travel	104,546	67,266	4,860	176,672
Accounting fees	130,183	230,220	15,292	375,695
Legal fees	6,040	5,006	7,945	18,991
Other	<u>21,937</u>	<u>363</u>	<u>10,104</u>	<u>32,404</u>
Total expenses by function	8,494,736	1,191,345	985,511	10,671,592
Allocation of program-related management and general expenses	<u>130,183</u>	<u>(145,474)</u>	<u>15,291</u>	<u>-</u>
TOTAL EXPENSES	<u>\$ 8,624,919</u>	<u>\$ 1,045,871</u>	<u>\$ 1,000,802</u>	<u>\$ 10,671,592</u>

See accompanying notes to financial statements.

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salaries and wages	\$ 3,314,878	\$ 386,663	\$ 598,244	\$ 4,299,785
Employee benefits	814,569	99,215	142,867	1,056,651
Payroll taxes	268,618	24,663	47,871	341,152
Professional fees	1,368,689	220,179	200,641	1,789,509
Occupancy	236,900	29,855	41,027	307,782
Information technology	305,551	9,613	22,238	337,402
Depreciation and amortization	128,009	16,132	22,169	166,310
Insurance	55,089	6,942	9,541	71,572
Office expenses	22,517	7,591	10,562	40,670
Travel	96,747	22,110	2,604	121,461
Accounting fees	89,873	151,164	9,563	250,600
Legal fees	13,234	15,266	-	28,500
Other	<u>6,168</u>	<u>834</u>	<u>7,727</u>	<u>14,729</u>
Total expenses by function	6,720,842	990,227	1,115,054	8,826,123
Allocation of program-related management and general expenses	<u>184,742</u>	<u>(202,949)</u>	<u>18,207</u>	<u>-</u>
TOTAL EXPENSES	<u>\$ 6,905,584</u>	<u>\$ 787,278</u>	<u>\$ 1,133,261</u>	<u>\$ 8,826,123</u>

See accompanying notes to financial statements.

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,078,143)	\$ 5,583,690
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	211,917	166,310
Non-cash lease expense	266,715	262,261
Loss on disposal of property and equipment	330	-
Changes in operating assets and liabilities:		
Unconditional promises to give	(100,000)	100,000
Grants and contracts receivable	89,184	(39,298)
Operating lease liabilities	(288,285)	(286,704)
Prepaid expenses and other assets	5,544	(24,075)
Accounts payable	(31,681)	113,758
Accrued expenses	<u>95,669</u>	<u>(53,812)</u>
Net cash provided by (used in) operating activities	<u>(828,750)</u>	<u>5,822,130</u>
Cash flows from investing activities:		
Purchases of property and equipment	(160,782)	(95,475)
Purchases of intangible assets	<u>(56,874)</u>	<u>(74,813)</u>
Net cash used in investing activities	<u>(217,656)</u>	<u>(170,288)</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	(1,046,406)	5,651,842
Cash, cash equivalents, and restricted cash - beginning	<u>10,487,510</u>	<u>4,835,668</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - ENDING	<u>\$ 9,441,104</u>	<u>\$ 10,487,510</u>
Supplemental schedules for non-cash investing and financing activities:		
Operating lease right-of-use assets recognized in connection with implementation of ASC 842	<u>\$ -</u>	<u>\$ 460,449</u>
Operating lease liability recognized in connection with implementation of ASC 842	<u>\$ -</u>	<u>\$ 508,077</u>
Operating lease right-of-use assets and liabilities recognized in connection with lease modifications	<u>\$ 1,241,418</u>	<u>\$ -</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 such amounts shown in the statements of cash flows:

Cash and cash equivalents	\$ 9,375,564	\$ 10,422,741
Restricted cash	<u>65,540</u>	<u>64,769</u>
Total	<u>\$ 9,441,104</u>	<u>\$ 10,487,510</u>

See accompanying notes to financial statements.

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1. NATURE OF ORGANIZATION

Climate Central, Inc. (the "Organization") is an independent not-for-profit organization of leading scientists, technology 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 as follows:

Attribution + Climate Fingerprints

The Organization played a lead role in transforming the public narrative to recognize that some extreme weather events can be attributed to climate change, a claim validated by the National Academy of Sciences in 2016. This pioneering research is just one example of how the Organization's scientists helped change the global climate conversation. The Organization continues to advance science that will enable the quantification of climate fingerprints in worldwide local weather daily – a true grail for climate communications. To achieve this impact, the Attribution + Climate Fingerprints program develops tools to help reveal how climate change is disrupting our world. Its first operational tool, the Climate Shift Index, provides daily estimates of how climate change is impacting air temperature.

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, interactive content 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.

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, 2023 AND 2022

NOTE 1. NATURE OF ORGANIZATION (CONTINUED)

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.

FloodVision

FloodVision, an innovative tool developed by Climate Central, uses advanced data collection techniques, AI-based algorithms, and intuitive software to produce science-based augmented-reality photos of specific locations. Users can choose optional views to contrast meaningful scenarios in their neighborhoods, such as sea levels based on different carbon pathways or local storm surge forecasts from approaching hurricanes. FloodVision is designed to empower the Organization's broad media networks, as well as local governments, agencies, NGOs and other coastal stakeholders, such as emergency managers who can use the imagery to strengthen evacuation warnings and other safety measures. This helps the public and other stakeholders better visualize and understand the impacts of climate change.

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").

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of presentation (continued)

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.

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.

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, 2023 and 2022, the Organization had no uncertain tax positions that qualified for either recognition or disclosure in the financial statements.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and money market accounts that are readily convertible into cash. The Organization considers all highly liquid investments with maturities of three months or less from the date of purchase to be cash equivalents.

Fair value measurements

FASB ASC 820, *Fair Value Measurement*, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurements (continued)

Under this standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Contract assets

Contract assets consist of amounts due from grants, contracts/program fees, and other miscellaneous sources. The amounts are stated at their unpaid balances, less an allowance for doubtful accounts. The Organization assesses collectibility by reviewing contract assets on a collective basis where similar risk characteristics exist. In determining the allowance for uncollectible accounts, management considers historical collectibility and makes judgments about the creditworthiness of the pool of customers based on credit evaluations. Current market conditions and reasonable and supportable forecasts of future economic conditions adjust the historical losses to determine the appropriate allowance for uncollectible amounts. At December 31, 2023 and 2022, the Organization has determined that an allowance for uncollectible contract assets was not needed. Contract assets amounted to \$42,819, \$132,003, and \$92,705 at December 31, 2023, 2022, and 2021, respectively.

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.

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 revenues 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 the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose 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 revenues are derived from cost-reimbursable government grants, which are conditioned upon certain measurable performance barriers and/or the incurrence of allowable qualifying expenses. Revenues are 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, that 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, 2023 and 2022, 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.

CLIMATE CENTRAL, INC.
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program fees

Revenue is measured in accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers* and is based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Under FASB ASC 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.

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. Amortization of leasehold improvements is included within depreciation expense. 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
Vehicles	5 years

Leases

The Organization determines if an arrangement is a lease at the inception of the contract. At the lease commencement date, each lease is evaluated to determine whether it will be classified as an operating or finance lease. The Organization has an operating lease agreement for certain office space, expiring in 2028.

For leases with a lease term of 12 months or less (a "Short-term" lease), any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized on the statements of financial position. The Organization recognizes lease expense for these leases on a straight-line basis over the lease term. There were no Short-term leases during 2023.

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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

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

The lease contains fixed and determinable escalation clauses for which the Organization recognizes rental expense under these leases on the straight-line basis over the lease terms, which includes the period of time from when the Organization takes possession of the leased space. The lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Intangible assets

Intangible assets, primarily website design costs, 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, and are amortized on a straight-line basis over a five-year period. Amortization expense was \$72,228 and \$46,107 for the years ended December 31, 2023 and 2022. Intangible assets consisted of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Website design costs	\$ 592,282	\$ 535,408
Accumulated amortization	<u>(380,479)</u>	<u>(308,251)</u>
	<u>\$ 211,803</u>	<u>\$ 227,157</u>

Estimated aggregate amortization expense for each of the five succeeding years is as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2024	\$ 65,711
2025	52,452
2026	52,452
2027	31,470
2028	6,118

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 represent 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.

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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 employee benefits	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, amortization, and other	Full Time Equivalents per department

Recently adopted accounting standards

In June 2016, FASB issued Accounting Standards Update ("ASU") No. 2016-13 *Financial Instruments - Credit Losses* (Topic 326) ("ASC 326") along with subsequently issued related ASUs, which require financial assets (or groups of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected, among other provisions. ASC 326 eliminates the probable initial threshold for recognition of credit losses for financial assets recorded at amortized cost, which could result in earlier recognition of credit losses. It utilizes a lifetime expected credit loss measurement model for the recognition of credit losses at the time the financial asset is originated or acquired. The Organization adopted ASC 326 using the modified retrospective method at January 1, 2023 and it did not have a material impact on the financial statements.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through June 18, 2024, 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.

NOTE 3. LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets available for general expenditures within one year as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 9,375,564	\$ 10,422,741
Unconditional promises to give	200,000	100,000
Grants and contracts receivable	<u>42,819</u>	<u>132,003</u>
Total financial assets at year-end	<u>\$ 9,618,383</u>	<u>\$ 10,654,744</u>

The Organization has \$9,618,383 and \$10,654,744 of financial assets available within one year of the statements of financial position date to meet cash needs for general and program expenditures, including cash and cash equivalents in the amount of \$9,375,564 and \$10,422,741 for the years ended December 31, 2023 and 2022, respectively. The unconditional promises to give are subject to implied time restrictions but are expected to be collected within one year.

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NOTE 3. LIQUIDITY AND AVAILABILITY (CONTINUED)

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 \$6,400,000 in 2024 based on its budget. 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.

NOTE 4. CONCENTRATIONS

Credit risk

At December 31, 2023 and 2022, the Organization maintained cash and cash equivalents with financial institutions in amounts in excess of the coverage provided by federal insurance limits. The Organization maintains these accounts with a high credit quality financial institution. During the years ended December 31, 2023 and 2022, the Organization maintained cash amounts in excess of Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits, as applicable, in the aggregate amount of \$8,532,858 and \$9,672,936, respectively.

Support and revenues

During the year ended December 31, 2023, approximately 37% of the Organization's total support and revenue was derived from one donor. During the year ended December 31, 2022, approximately 51% of the Organization's total support and revenue was derived from two donors.

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, 2028. 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 \$65,540 and \$64,769 as of December 31, 2023 and 2022, respectively, which includes interest income earned that is included within "Interest income" in the accompanying statements of activities.

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NOTE 6. PROMISES TO GIVE

Unconditional promises to give amounted to \$200,000 and \$100,000 as of December 31, 2023 and 2022, respectively. \$100,000 is expected to be collected in both 2024 and 2025.

At December 31, 2023 and 2022, there were \$2,546,500 and \$500,000, 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Computer equipment	\$ 919,019	\$ 815,701
Leasehold improvements	383,687	383,687
Furniture and fixtures	136,110	136,110
Vehicles	<u>56,052</u>	<u>-</u>
Property and equipment, gross	1,494,868	1,335,498
Accumulated depreciation	<u>(1,250,826)</u>	<u>(1,112,219)</u>
Property and equipment, net	<u>\$ 244,042</u>	<u>\$ 223,279</u>

Depreciation expense was \$139,689 and \$120,204 for the years ended December 31, 2023 and 2022, respectively.

NOTE 8. FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value are based on one or more of three valuation techniques identified in the table below. The valuation techniques are as follows:

- (a) *Market approach.* Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- (b) *Cost approach.* Amount that would be required to replace the service capacity of an asset (replacement cost); and
- (c) *Income approach.* Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option pricing and excess earnings models).

The following table summarizes the Organization's assets measured at fair value on a recurring basis, categorized by U.S. GAAP's valuation hierarchy as of December 31, 2023 and 2022 :

Description	Level 1	Level 2	Level 3	Total
2023				
Cash equivalents				
Money market fund	<u>\$ 8,458,961</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,458,961</u>
2022				
Cash equivalents				
Money market fund	<u>\$ 4,288,442</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,288,442</u>

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NOTE 8. FAIR VALUE MEASUREMENTS (CONTINUED)

The fair value is based on the quoted net asset value obtained from the closing price reported in the active market where it is traded.

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the years ended December 31, 2023 and 2022, as follows:

	<u>2023</u>	<u>2022</u>
Programs:		
Attribution + Climate Fingerprints	\$ 3,804,687	\$ 5,279,900
Climate Matters	299,140	1,253,995
Realtime Climate	954,834	995,587
Sea Level Rise	569,999	240,569
FloodVision	719,999	49,690
Heising Simons Equitable Hiring Grant	<u>16,667</u>	<u>-</u>
Total	<u>\$ 6,365,326</u>	<u>\$ 7,819,741</u>

During the years ended December 31, 2023 and 2022, net assets were released from donor restrictions by incurring expenses satisfying purpose restrictions or by the passage of time.

	<u>2023</u>	<u>2022</u>
Programs:		
Attribution + Climate Fingerprints	\$ 3,067,212	\$ 370,802
Climate Matters	1,529,355	1,309,796
Realtime Climate	1,165,752	514,899
Sea Level Rise	690,572	-
Flood Vision	129,691	-
Heising Simons Equitable Hiring Grant	<u>3,333</u>	<u>-</u>
Total	<u>\$ 6,585,915</u>	<u>\$ 2,195,497</u>

NOTE 10. 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 \$549,269 and \$470,788 for the years ended December 31, 2023 and 2022, respectively.

NOTE 11. RELATED-PARTY TRANSACTIONS

The Organization received contribution support from organizations connected with Board members of the Organization. Contributions to the Organization from these related parties totaled \$4,586,000 and \$5,210,000 for the years ended December 31, 2023 and 2022, respectively.

During 2023 and 2022, the Organization received support from certain Board members totaling \$8,000 and \$7,708, respectively.

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NOTE 12. COMMITMENTS

Operating lease

The Organization has an operating lease for certain office space expiring in September 2028. The lease was last modified in 2023 to extend the termination date. Total operating lease expense, for the years ended December 31, 2023 and 2022, was \$325,920 and \$277,165, respectively.

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

<u>Year ending December 31:</u>	<u>Amount</u>
2024	\$ 265,344
2025	266,670
2026	272,012
2027	277,440
2028	<u>211,185</u>
Net minimum lease payments	1,292,651
Less: interest	<u>118,145</u>
Present value of lease liabilities	<u>\$ 1,174,506</u>

Supplemental cash flow information related to leases was as follows:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ <u>288,285</u>	<u>286,704</u>
Weighted-average remaining lease term (in years):		
Operating leases	<u>4.75</u>	<u>0.75</u>
Weighted-average discount rate (%):		
Operating leases	<u>4.13</u>	<u>0.78</u>