



ewg

Environmental Working Group

Financial Statements

For the Years Ended December 31, 2024 and 2023



**and
Report Thereon**



ENVIRONMENTAL WORKING GROUP

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For the Years Ended December 31, 2024 and 2023

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Independent Auditors' Report

The Board of Directors of
Environmental Working Group

Opinion

We have audited the financial statements of Environmental Working Group (EWG), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of EWG as of December 31, 2024, 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 (“GAAS”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of EWG 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.

Prior Period Financial Statements

The financial statements of EWG as of and for the year ended December 31, 2023, were audited by Marcum LLP, whose report dated June 12, 2024, expressed an unmodified opinion on those statements.

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 EWG's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 EWG'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 EWG'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.

CBIZ CPAs P.C.

Washington, DC
May 23, 2025

ENVIRONMENTAL WORKING GROUP
STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 10,445,471	\$ 6,539,000
Due from related entity	12,653	61,584
Accounts receivable, net of expected credit losses of \$165,000 and \$150,000, respectively	141,334	120,119
Grants and contributions receivable, net	1,930,462	3,033,459
Investments	6,785,692	6,399,392
Prepaid expenses and deposits	605,755	440,837
Operating right-of-use asset	6,714,935	7,394,193
Property and equipment, net	509,829	556,071
TOTAL ASSETS	\$ 27,146,131	\$ 24,544,655
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,272,997	\$ 1,069,814
Operating lease liability	8,575,141	9,340,487
TOTAL LIABILITIES	9,848,138	10,410,301
Net Assets		
Without donor restrictions	14,758,416	11,155,787
With donor restrictions	2,539,577	2,978,567
TOTAL NET ASSETS	17,297,993	14,134,354
TOTAL LIABILITIES AND NET ASSETS	\$ 27,146,131	\$ 24,544,655

The accompanying notes are an integral part of these financial statements.

ENVIRONMENTAL WORKING GROUP
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Grants and contributions	\$ 15,201,995	\$ 2,625,000	\$ 17,826,995	\$ 10,213,549	\$ 4,894,000	\$ 15,107,549
Program income – EWG Verified and Reviewed	1,479,875	-	1,479,875	1,342,570	-	1,342,570
Special events	716,476	-	716,476	773,370	-	773,370
In-kind contributions	1,021,363	-	1,021,363	778,839	-	778,839
Investment income, net	657,046	-	657,046	235,681	-	235,681
Consulting and administrative fees	89,949	-	89,949	167,451	-	167,451
Private sector revenue	480,866	-	480,866	198,153	-	198,153
Other income	-	-	-	11,054	-	11,054
Net assets released from restrictions:						
Satisfaction of program restrictions	3,063,990	(3,063,990)	-	3,803,257	(3,803,257)	-
TOTAL REVENUE AND SUPPORT	22,711,560	(438,990)	22,272,570	17,523,924	1,090,743	18,614,667
EXPENSES						
Program Services:						
Toxics and human health	4,346,463	-	4,346,463	6,932,907	-	6,932,907
Licensing	3,999,736	-	3,999,736	3,022,251	-	3,022,251
Food and agriculture	5,590,360	-	5,590,360	2,351,641	-	2,351,641
News	496,705	-	496,705	661,922	-	661,922
Energy and natural resources	430,178	-	430,178	519,425	-	519,425
Total Program Services	14,863,442	-	14,863,442	13,488,146	-	13,488,146
Supporting Services:						
Management and general	1,704,779	-	1,704,779	1,250,034	-	1,250,034
Fundraising:						
Fundraising – other	2,021,908	-	2,021,908	1,888,667	-	1,888,667
Fundraising – cost of direct benefit to donor	518,802	-	518,802	500,376	-	500,376
Total Fundraising	2,540,710	-	2,540,710	2,389,043	-	2,389,043
Total Supporting Services	4,245,489	-	4,245,489	3,639,077	-	3,639,077
TOTAL EXPENSES	19,108,931	-	19,108,931	17,127,223	-	17,127,223
CHANGE IN NET ASSETS	3,602,629	(438,990)	3,163,639	396,701	1,090,743	1,487,444
NET ASSETS, BEGINNING OF YEAR	11,155,787	2,978,567	14,134,354	10,759,086	1,887,824	12,646,910
NET ASSETS, END OF YEAR	\$ 14,758,416	\$ 2,539,577	\$ 17,297,993	\$ 11,155,787	\$ 2,978,567	\$ 14,134,354

The accompanying notes are an integral part of these financial statements.

ENVIRONMENTAL WORKING GROUP
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2024

	Program Services					Supporting Services				Total
	Toxics and Human Health	Licensing	Food and Agriculture	News	Energy and Natural Resources	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries, taxes, and benefits	\$ 2,952,436	\$ 2,421,020	\$ 3,836,641	\$ 331,017	\$ 235,969	\$ 9,777,083	\$ 916,051	\$ 1,119,544	\$ 2,035,595	\$11,812,678
Occupancy	251,315	206,920	328,920	28,397	19,807	835,359	211,706	93,845	305,551	1,140,910
Events and travel	214,208	338,320	105,392	13,840	5,824	677,584	85,689	588,590	674,279	1,351,863
Professional fees	371,063	504,298	410,191	65,580	126,147	1,477,279	176,521	77,543	254,064	1,731,343
Marketing and advertising	119,202	174,347	221,071	14,461	8,893	537,974	40,284	435,274	475,558	1,013,532
Donated advertising and other	241,221	200,593	350,092	26,988	20,899	839,793	77,484	104,086	181,570	1,021,363
Research and data	96,193	42,715	134,345	6,013	3,987	283,253	33,152	21,473	54,625	337,878
Other	26,653	20,700	33,521	2,798	3,124	86,796	15,907	38,230	54,137	140,933
Information technology	52,266	42,301	147,432	5,683	4,338	252,020	17,517	19,699	37,216	289,236
Bank and credit card fees	-	14,822	-	-	-	14,822	119,340	34,875	154,215	169,037
Supplies	21,906	33,700	22,755	1,928	1,190	81,479	11,128	7,551	18,679	100,158
TOTAL EXPENSES	<u>\$ 4,346,463</u>	<u>\$ 3,999,736</u>	<u>\$ 5,590,360</u>	<u>\$ 496,705</u>	<u>\$ 430,178</u>	<u>\$ 14,863,442</u>	<u>\$ 1,704,779</u>	<u>\$ 2,540,710</u>	<u>\$ 4,245,489</u>	<u>\$ 19,108,931</u>

The accompanying notes are an integral part of these financial statements.

ENVIRONMENTAL WORKING GROUP
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023

	Program Services					Supporting Services				Total
	Toxics and Human Health	Licensing	Food and Agriculture	News	Energy and Natural Resources	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries, taxes, and benefits	\$ 4,710,089	\$ 1,805,683	\$ 1,632,710	\$ 462,897	\$ 343,384	\$ 8,954,763	\$ 603,921	\$ 754,473	\$ 1,358,394	\$10,313,157
Occupancy	493,742	174,351	187,245	44,495	33,518	933,351	299,929	73,063	372,992	1,306,343
Events and travel	459,791	149,897	62,798	16,255	12,259	701,000	36,083	568,883	604,966	1,305,966
Professional fees	245,536	485,680	150,027	74,671	78,489	1,034,403	104,424	66,229	170,653	1,205,056
Marketing and advertising	192,446	90,583	82,625	15,271	11,260	392,185	24,251	481,864	506,115	898,300
Donated advertising and other	302,800	82,140	74,571	21,706	15,834	497,051	30,084	251,704	281,788	778,839
Research and data	302,647	40,115	55,215	10,479	10,793	419,249	22,465	25,515	47,980	467,229
Other	78,088	124,150	20,174	4,854	3,656	230,922	12,816	44,317	57,133	288,055
Information technology	116,515	35,438	79,775	9,586	8,090	249,404	13,373	15,438	28,811	278,215
Bank and credit card fees	118	13,651	34	14	12	13,829	100,174	32,564	132,738	146,567
Supplies	31,135	20,563	6,467	1,694	2,130	61,989	2,514	74,993	77,507	139,496
TOTAL EXPENSES	<u>\$ 6,932,907</u>	<u>\$ 3,022,251</u>	<u>\$ 2,351,641</u>	<u>\$ 661,922</u>	<u>\$ 519,425</u>	<u>\$ 13,488,146</u>	<u>\$ 1,250,034</u>	<u>\$ 2,389,043</u>	<u>\$ 3,639,077</u>	<u>\$ 17,127,223</u>

The accompanying notes are an integral part of these financial statements.

ENVIRONMENTAL WORKING GROUP
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,163,639	\$ 1,487,444
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	242,821	239,751
Amortization of operating right-of-use asset	679,258	675,103
Change in allowance for expected credit losses	15,000	150,000
Change in allowance for expected pledge losses	26,600	72,000
Net realized and unrealized gains	(46,020)	(67,574)
Changes in assets and liabilities:		
Due from related entity	48,931	(61,584)
Accounts receivable	(36,215)	84,390
Grants and contributions receivable	1,076,397	284,350
Prepaid expenses and deposits	(164,918)	19,900
Accounts payable and accrued expenses	125,183	41,807
Operating lease liability	(765,346)	140,813
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,365,330	3,066,400
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(118,579)	(2,660)
Proceeds from sales of investments	5,929,221	5,825,443
Purchases of investments	(6,303,633)	(6,364,532)
NET CASH USED IN INVESTING ACTIVITIES	(492,991)	(541,749)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,872,339	2,524,651
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,603,436	4,078,785
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 10,475,775	\$ 6,603,436
CASH AND CASH EQUIVALENTS REPORTED ON THE STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents	\$ 10,445,471	\$ 6,539,000
Cash and cash equivalents held within investments	30,304	64,436
TOTAL CASH AND CASH EQUIVALENTS	\$ 10,475,775	\$ 6,603,436
NONCASH INVESTING ACTIVITIES		
Property and equipment included in accounts payable and accrued expenses	\$ 78,000	\$ -

The accompanying notes are an integral part of these financial statements.

ENVIRONMENTAL WORKING GROUP

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2024 and 2023

1. Organization and Summary of Significant Accounting Policies

Organization

Environmental Working Group (EWG) is the nation's most effective environmental health research and advocacy organization, whose mission is to conduct original, game-changing research that inspires people, businesses and governments to take action to protect human health and the environment. EWG's areas of emphasis include agriculture, air and water pollution, children's health, the public's right to know, and environmental issues. These activities are funded primarily through grants and contributions.

Basis of Accounting

EWG's financial statements have been prepared on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

Cash and Cash Equivalents

EWG considers highly liquid investments purchased with maturities of three months or less and money market funds to be cash equivalents.

Accounts Receivable and Credit Policies

Accounts receivable are primarily derived from contracts with customers and are recorded at net realizable value. At each statement of financial position date, EWG recognizes an allowance for expected credit losses. In addition, also at the reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. The estimate is calculated on a pooled basis where similar risk characteristics exist. EWG utilized the loss rate methodology to determine historical credit losses for each risk pool. The loss rate is based on management's historical collection experience, adjusted for management's expectations as well as current and future economic conditions. Uncollectable accounts are written off when all efforts to collect these receivables have been exhausted and there is no possibility of recovery. Recoveries of accounts receivable previously written off are recorded when received as an offset to credit loss expenses in the year of recovery, in accordance with EWG's accounting policy election. As of December 31, 2024 and 2023, EWG recorded an allowance for expected credit losses of \$165,000 and \$150,000, respectively.

Investments

Investments are composed of exchange traded funds, bank deposit sweep funds, municipal bonds, U.S. government bonds, and certificates of deposit held for investment purposes as intended by EWG's management and for initial periods greater than three months. These investments are reported at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ENVIRONMENTAL WORKING GROUP

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2024 and 2023

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

FASB ASC Topic 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America (GAAP) and requires disclosures about fair value measurements for assets and liabilities that are measured at fair value on a recurring basis. The ASC 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, the ASC 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 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 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 or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of December 31, 2024 and 2023, only EWG's investments, as described in Note 6 of these financial statements, were measured at fair value on a recurring basis.

Property and Equipment and Related Depreciation and Amortization

Property and equipment are stated at cost and are depreciated using the straight-line method over their estimated useful lives of two to eight years, with no salvage value. Software and website development costs incurred for planning and operating the websites and applications are expensed, whereas costs incurred in developing the applications and infrastructure are capitalized and amortized on a straight-line basis over an estimated useful life of five years. Leasehold improvements are stated at cost and are amortized over the lesser of the life of the asset or the life of the lease. EWG capitalizes all expenditures for property and equipment that are more than \$1,000 and have an economic life in excess of one year. Expenditures for major repairs and improvements are capitalized. Expenditures for minor repairs and maintenance costs are expensed when incurred. Upon the retirement or disposal of the assets, the cost and the accumulated depreciation or amortization are eliminated from the accounts, and the resulting gain or loss is included in the accompanying statements of activities.

ENVIRONMENTAL WORKING GROUP

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2024 and 2023

1. Organization and Summary of Significant Accounting Policies (continued)

Right of Use Asset and Lease Liability

EWG determines if an arrangement is or contains a lease at inception. Leases, excluding those with terms of one year or less, are included in operating right-of-use asset and operating lease liability in the accompanying statements of financial position. The operating right-of-use asset and operating lease liability are recognized at the commencement date of the lease agreement based on the present value of lease payments over the lease term using the risk-free discount rate and are adjusted for lease incentives. The operating right-of-use asset is amortized on a straight-line basis over the lease term and is included in occupancy expense in the accompanying statements of activities. The operating lease liability is reduced as cash payments are made under the term of the lease. EWG elected the short-term lease exemption for leases that qualify.

Classification of Net Assets

EWG's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of EWG's operations and amounts designated by the Board of Directors for special purposes.
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time.

Revenue Recognition

EWG recognizes all unconditional contributed support in the accounting period in which the commitment to give is made. Unconditional grants and contributions are considered without donor restrictions and available for general operations, unless specifically restricted by the donor. EWG reports unconditional grants and contributions of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets to a particular purpose or to a specific period of time.

When the stipulated time restriction ends or the purpose of the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at net present value when the discount is significant to the financial statements. Amortization of the discount is included in grants and contributions in the accompanying statements of activities.

Conditional promises to give, that is those with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend have been met. There were no conditional promises to give as of December 31, 2024 or 2023.

ENVIRONMENTAL WORKING GROUP

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2024 and 2023

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Program income primarily consists of fees for evaluation and certification (qualification of a licensed product) of personal care products under the EWG Verified Program, sublicensing fees under the EWG Verified Program, and fees for assessment of formulations of personal care products under EWG Reviewed Program. Evaluation and certification fees revenue under the EWG Verified program is recognized at a point in time EWG notifies the licensee in writing of the product approval following completion of evaluation. Sublicense fee revenue under the EWG Verified Program is for a term of three years and is recognized at a point in time the license agreement is executed which is when the performance obligation has been satisfied. Fees for assessment of personal care product formulations under the EWG Reviewed Program is recognized at a point in time the written report scores and analysis are provided to the customer. Private sector revenue primarily consists of commissions from Amazon and royalty fees for the use of EWG's tap water database. Commission revenue is recognized when a referred sale is completed on Amazon's platform. Royalty fees are recognized in the period in which the database is used and the royalty is earned. Revenue recognized for which payments have not been received is reflected as accounts receivable or due from related entity in the accompanying statements of financial position. Any contract payments received in advance of satisfying the performance obligations are included in deferred revenue in the accompanying statements of financial position. As of December 31, 2024 and 2023, there was no deferred revenue.

Special events revenue consists of sponsorships, contributions and ticket sales to attend a special event. Sponsorships and ticket sales are recognized at the point in time the event takes place. For the years ended December 31, 2024 and 2023, special events expense was \$743,122 and \$812,313, and is included in events and travel in the accompanying statements of functional expenses.

In-kind contributions consist of donated advertising and goods and materials. In-kind contributions are recorded based on their fair value at the date of donation and included as donated advertising and other in the accompanying statements of functional expenses when utilized. Donated advertising and goods and materials were not sold by EWG in either the years ended December 31, 2024 or 2023. Donated advertising and goods and materials were utilized by EWG in program and supporting services during both the years ended December 31, 2024 and 2023. There were no donor-imposed restrictions associated with the in-kind contributions.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of functional expenses. Expenses directly attributed to a specific program or supporting service are reported as expenses of that category, while shared costs that benefit multiple functional areas have been allocated among the various programs and supporting services based on estimates determined by management to be equitable. Salaries and benefits are allocated based on time and effort reports while overhead costs included in occupancy, in-kind expense, information technology and other expenses are allocated based on the direct labor allocated to the programs or supporting services.

ENVIRONMENTAL WORKING GROUP
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

1. Organization and Summary of Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Grants and Contributions Receivable

Grants and contributions receivable, net consist of amounts owed by various foundations and individual donors and were due as follows as of December 31, 2024 and 2023:

	2024	2023
Due in less than one year	\$ 1,904,062	\$ 2,305,459
Due in one to five years	125,000	800,000
Total Grants and Contributions Receivable	2,029,062	3,105,459
Less: Allowance for expected pledge losses	(98,600)	(72,000)
Grants and Contributions Receivable, Net	\$ 1,930,462	\$ 3,033,459

The present value factor of grants and contributions receivable due in one to five years was not considered significant to EWG's financial statements and, accordingly, is not recognized in these financial statements.

As of December 31, 2024 and 2023, the grants and contributions receivable balance consisted of \$800,000 and \$2,100,000, respectively, due from two donors, which represents 41% and 69%, respectively, of the grants and contributions receivable balance.

3. Receivables from Contracts with Customers

EWG's receivables from contracts with customers are included in accounts receivable in the accompanying statements of financial position and consisted of the following as of December 31 2024 and 2023:

	2024	2023	2022
EWG Verified Program	\$ 299,834	\$ 267,619	\$ 348,134
EWG Reviewed Program	6,500	2,500	6,375
Total Accounts Receivable	306,334	270,119	354,509
Less: Allowance for expected credit losses	(165,000)	(150,000)	-
Accounts Receivable, Net	\$ 141,334	\$ 120,119	\$ 354,509

All receivables from contracts with customers are scheduled to be collected within one year.

ENVIRONMENTAL WORKING GROUP

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2024 and 2023

4. In-kind Contributions

In-kind contributions consisted of the following for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Advertising	\$ 473,370	\$ 475,683
Goods and materials	<u>547,993</u>	<u>303,156</u>
Total In-kind Contributions	<u>\$ 1,021,363</u>	<u>\$ 778,839</u>

Donated advertising primarily consists of on-line advertising in support of EWG's mission, programs, and events. The reported fair value of donated advertising is based on prices that EWG would have had to otherwise pay if EWG had purchased the advertising. The total fair value of donated advertising is included in in-kind contribution revenue and program and supporting services expenses in the accompanying statements of activities.

Donated materials and goods primarily consists of materials and goods received in support of EWG's annual fundraising event. The reported fair value of the donated goods and materials is based on prices that EWG would have had to otherwise pay if EWG had purchased the goods and materials. The total fair value of donated goods and materials is included in in-kind contribution revenue and fundraising expense in the accompanying statements of activities.

5. Investments

EWG's investments, at fair value, consisted of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Fixed income	\$ 6,753,630	\$ 6,081,859
Exchange traded funds – inflation protected bonds	1,758	253,097
Bank deposit sweep funds	<u>30,304</u>	<u>64,436</u>
Total Investments	<u>\$ 6,785,692</u>	<u>\$ 6,399,392</u>

ENVIRONMENTAL WORKING GROUP

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2024 and 2023

6. Fair Value Measurement

The following table summarizes EWG's assets measured at fair value on a recurring basis, aggregated by the fair value hierarchy level, where applicable, with which those measurements were made, as of December 31, 2024:

	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
Fixed income:				
Certificates of deposit	\$ 4,881,008	\$ -	\$ 4,881,008	\$ -
U.S. government bonds	143,937	-	143,937	-
Municipal bonds	1,728,685	-	1,728,685	-
Exchange traded funds:				
Inflation-protected bonds	1,758	1,758	-	-
Total Investments Measured at Fair Value	6,755,388	\$ 1,758	\$ 6,753,630	\$ -
Bank deposit sweep funds ^(a)	30,304			
Total Investments	\$ 6,785,692			

The following table summarizes EWG's assets measured at fair value on a recurring basis, aggregated by the fair value hierarchy level, where applicable, with which those measurements were made, as of December 31, 2023:

	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
Fixed income:				
Certificates of deposit	\$ 5,408,853	\$ -	\$ 5,408,853	\$ -
U.S. government bonds	385,113	-	385,113	-
Municipal bonds	287,893	-	287,893	-

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NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2024 and 2023

6. Fair Value Measurement (continued)

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<i>(continued)</i>				
Exchange traded funds:				
Inflation-protected bonds	\$ 253,097	\$ 253,097	\$ -	\$ -
Total Investments Measured at Fair Value	6,334,956	<u>\$ 253,097</u>	<u>\$ 6,081,859</u>	<u>\$ -</u>
Bank deposit sweep funds ^(a)	<u>64,436</u>			
Total Investments	<u>\$ 6,399,392</u>			

^(a)Not valued using the fair value measurement hierarchy.

EWG used the following methods and significant assumptions to estimate fair value for assets recorded at fair value as of December 31, 2024 and 2023:

Fixed income (certificates of deposit, municipal bonds, and U.S. government bonds) – Valued by discounting the related cash flows based on current yields of similar instruments with comparable durations, considering the creditworthiness of the issuer.

Exchange traded funds – Valued at the closing price reported in the active market in which the funds are traded.

7. Property and Equipment

EWG held the following property and equipment as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Furniture, fixtures, and equipment	\$ 817,130	\$ 728,067
Website and database development costs	<u>722,479</u>	<u>614,963</u>
Total Property and Equipment	1,539,609	1,343,030
Less: Accumulated Depreciation and Amortization	<u>(1,029,780)</u>	<u>(786,959)</u>
Property and Equipment, Net	<u>\$ 509,829</u>	<u>\$ 556,071</u>

For the years ended December 31, 2024 and 2023, depreciation and amortization expense was \$242,821 and \$239,751, and is included in occupancy in the accompanying statements of functional expenses.

ENVIRONMENTAL WORKING GROUP

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2024 and 2023

8. Risks

Concentration of Credit Risk

EWG maintains its cash and cash equivalents, as well as certificates of deposits included within investments, with certain commercial financial institutions, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of December 31, 2024 and 2023, EWG had cash and cash equivalents and certificates of deposits which exceeded the maximum limit insured by the FDIC by approximately \$1,370,000 and \$4,471,000, respectively. EWG monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents or certificates of deposits.

Investment Risk

EWG also invests in various investment securities that are exposed to various risks, including market, interest rate and credit risks. Market risks include global events which could impact the value of investment securities, such as pandemic or international conflict. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

9. Operating Leases

On March 11, 2021, EWG entered into a noncancelable operating lease for office space, in Washington, D.C., which commenced on January 1, 2022 and is scheduled to expire on December 31, 2033. Under the terms of the office space lease, the base rent is \$71,545 per month and provides for annual increases of 2.5%. The lease provides EWG with rent abatement for the first 24 months following the commencement date and an improvement allowance totaling \$2,069,685, of which \$314,463 was used for direct lessee incentives such as furniture, fixtures, and equipment and the remaining balance was used for construction related costs which are considered lessor assets. The lease provisions required a deposit of \$75,166. EWG is also required to pay a share of property taxes and other operating expenses.

Additionally, EWG leases storage and other space under various short-term leases.

EWG has recorded a right-of-use asset and operating lease liability for its Washington, DC office space operating lease. EWG has recorded an operating right-of-use asset, net of prepaid lease payments and direct lease incentives, and a lease obligation equal to the present value of the future lease payments due under the terms of the lease, discounted at the risk-free rate as of the date of implementation, which was 1.52%, for its Washington, DC office space operating lease. As of December 31, 2024, EWG's operating right-of-use asset, net of accumulated amortization of \$2,043,063, was \$6,714,935, and EWG's operating lease liability was \$8,575,141. As of December 31, 2023, EWG's operating right-of-use asset, net of accumulated amortization of \$1,363,805, was \$7,394,193, and EWG's operating lease liability was \$9,340,487. The operating right-of-use asset is being amortized on a straight-line basis over the lease term.

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NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2024 and 2023

9. Operating Leases (continued)

Operating lease costs for all leases totaled \$845,964 and \$1,022,718 for the years ended December 31, 2024 and 2023, respectively, and is included in occupancy in the accompanying statements of functional expenses. Cash paid for all operating leases totaled \$902,004 and \$206,802 for the year end December 31, 2024 and 2023, respectively.

As of December 31, 2024, the future minimum lease payments under the Washington, DC operating lease were as follows:

<u>For the Year Ending December 31,</u>	
2025	\$ 924,552
2026	947,664
2027	971,352
2028	995,640
2029	1,020,528
Thereafter	<u>4,343,712</u>
Total	9,203,448
Less: Present value discount	<u>(628,307)</u>
Lease Liability	<u>\$ 8,575,141</u>

10. Net Assets

Net Assets Without Donor Restrictions

As of December 31, 2024 and 2023, EWG's net assets without donor restrictions were as follows:

	<u>2024</u>	<u>2023</u>
Undesignated – operating	\$ 10,645,613	\$ 7,309,077
Board-designated – reserve fund	<u>4,112,803</u>	<u>3,846,710</u>
Total Net Assets Without Donor Restrictions	<u>\$ 14,758,416</u>	<u>\$ 11,155,787</u>

EWG has set a target of the Board-designated reserve fund to be equivalent to three months of operating expenses. Approval of the Board of Directors is required before EWG can access the reserve.

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NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2024 and 2023

10. Net Assets (continued)

Net Assets With Donor Restrictions

As of December 31, 2024 and 2023, net assets with donor restrictions were restricted as follows:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Toxics and human health	\$ 1,179,209	\$ 1,763,641
Water and agriculture	<u>1,360,368</u>	<u>1,214,926</u>
Total Net Assets With Donor Restrictions	<u>\$ 2,539,577</u>	<u>\$ 2,978,567</u>

11. Line of Credit

EWG has a \$100,000 unsecured revolving line of credit that automatically renews each year. Amounts drawn on the line of credit accrue interest at the prime rate published in *The Wall Street Journal* plus 3.5%. The prime rate was 7.5% and 8.5% as of December 31, 2024 and 2023, respectively. In the event the line of credit is not renewed, the outstanding balance at cancellation will be payable over a period of 48 months. During the years ended December 31, 2024 and 2023, no money was borrowed or repaid, and, as a result, there was no interest paid during either of the years ended December 31, 2024 and 2023.

12. Availability and Liquidity

As part of liquidity management, EWG has a policy to structure its financial assets to be available as its general expenses, liabilities and other obligations come due. In addition, EWG invests cash in excess of monthly requirements in a combination of sweep and short-term investments. EWG also maintains a board-designated reserve fund to allow for any variations in the timing of grant payments and EWG's required obligations. To manage liquidity, EWG also maintains a line of credit of \$100,000 with a bank that may be drawn upon as needed to manage cash flow. See Note 11 for further description of this line of credit.

The following table reflects EWG's financial assets as of December 31, 2024 and 2023, reduced by amounts not available for general expenditures within one year.

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 10,445,471	\$ 6,539,000
Receivables, net	2,084,449	3,215,162
Investments	<u>6,785,692</u>	<u>6,399,392</u>
Financial Assets at Year-End	19,315,612	16,153,554

ENVIRONMENTAL WORKING GROUP

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2024 and 2023

12. Availability and Liquidity (continued)

	<u>2024</u>	<u>2023</u>
<i>(continued)</i>		
Less Donor-Imposed Restrictions:		
Grants and contribution receivable collectible beyond one year	\$ (125,000)	\$ (800,000)
Less Internal Designations:		
Board-designated reserve fund	<u>(4,112,803)</u>	<u>(3,846,710)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 15,077,809</u>	<u>\$ 11,506,844</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, EWG considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. As a result, for the year ended December 31, 2024 and 2023, restricted contributions of \$2,414,577 and \$2,178,567, respectively, which are expected to be collected within one year and available for programs were included in financial assets available to meet cash needs for general expenditures within one year.

13. Retirement Plan

EWG maintains a defined-contribution retirement plan under Section 403(b) of the Internal Revenue Code (the IRC). Employees are eligible to participate in the plan and may elect to make contributions pursuant to a salary reduction beginning the month following employment. Under the terms of the plan, EWG may make a discretionary matching contribution to the plan, and employees are immediately vested in employer contributions. For the years ended December 31, 2024 and 2023, EWG made discretionary employer matching contributions of \$382,274 and \$344,457, respectively.

14. Related-Party Transactions

EWG is affiliated through common management with the EWG Action Fund (EWGAF). EWGAF is a nonprofit, tax-exempt organizations under the IRC Section 501(c)(4). EWGAF was established to promote civic responsibility and effective advocacy for the protection of the environment.

EWG provides certain management, accounting and administrative services to EWGAF for a monthly fee based upon direct costs incurred and allocable staff and related costs. During the years ended December 31, 2024 and 2023, EWG invoiced EWGAF \$46,275 and \$109,133, respectively, for such services. During the years ended December 31, 2024 and 2023, EWGAF paid EWG \$95,206 and \$47,549, respectively, for such services. At December 31, 2024 and 2023, EWGAF owed EWG \$12,653 and \$61,584, respectively.

ENVIRONMENTAL WORKING GROUP

NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2024 and 2023

15. Income Taxes

EWG is exempt from federal and state income taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. As of December 31, 2024 and 2023, no tax provision was made, as EWG had no significant net unrelated business income.

EWG follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *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. EWG performed an evaluation of uncertainty in income taxes for the years ended December 31, 2024 and 2023, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. It is EWG's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of December 31, 2024 and 2023, EWG had no accrual for interest and/or penalties.

16. Reclassifications

Certain 2023 amounts have been reclassified to conform with the 2024 presentation.

17. Subsequent Events

In preparing these financial statements, EWG has evaluated events and transactions for potential recognition or disclosure through May 23, 2025, the date the financial statements were available to be issued. There were no subsequent events identified that require recognition or disclosure in the financial statements.