Environmental Defense Fund, Incorporated

Consolidated Financial Statements
Year Ended September 30, 2023

The report accompanying these financial statements was issued by
BDO USA, P.C., a Virginia professional corporation, and the U.S. member
of BDO International Limited, a UK company limited by guarantee.

Environmental Defense Fund, Incorporated

Consolidated Financial Statements
Year Ended September 30, 2023

Contents

Tel: 212-885-8000
Fax: 212-697-1299
www.bdo.com

BDO
200 Park Avenue
New York, NY 10166
USA

Independent Auditor's Report

The Board of Trustees
Environmental Defense Fund, Incorporated
New York, New York

Opinion

We have audited the consolidated financial statements of the Environmental Defense Fund, Incorporated and its subsidiaries (EDF), which comprise the consolidated statement of financial position as of September 30, 2023, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of EDF as of September 30, 2023, 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of EDF 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.

Emphasis of Matter - Adoption of New Accounting Pronouncement

As discussed in Note 1 to the consolidated financial statements, EDF has elected to change its method of accounting for leases in the year ended September 30, 2023 due to the adoption of ASC Topic 842, Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about EDF's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 EDF'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about EDF'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.

Report on Summarized Comparative Information

We have previously audited EDF's September 30, 2022 consolidated financial statements, and our report dated January 26, 2023 expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

BDO USA, P.C.

February 9, 2024

Environmental Defense Fund, Incorporated

Consolidated Statement of Financial Position
(with comparative totals for 2022)

September 30,	2023	2022
Assets		
Cash and cash equivalents	**$ 13,996,550**	$ 17,505,619
Prepaid expenses and other assets	**18,297,792**	13,684,659
Right-of-use assets, operating leases	**33,648,847**	-
Right-of-use assets, finance lease	**107,168**	-
Pledges receivable, net	**107,987,489**	105,864,944
Investments, at fair value	**128,082,194**	205,825,134
Property and equipment, net	**76,745,592**	75,594,487
Total Assets	**$ 378,865,632**	$ 418,474,843
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	**$ 20,929,164**	$ 24,726,483
Deferred revenue and rent payable	**216,117**	2,427,367
Annuities payable	**5,592,604**	5,193,832
Lease liabilities, operating leases	**36,123,362**	-
Lease liabilities, finance lease	**109,516**	-
Notes payable	**6,366,396**	7,506,646
Pension liability	**6,473,963**	5,405,945
Other liabilities	**2,984,915**	3,619,628
Total Liabilities	**78,796,037**	48,879,901
Commitments and Contingencies		
Net Assets		
Without donor restrictions	**27,483,581**	92,779,887
With donor restrictions	**272,586,014**	276,815,055
Total Net Assets	**300,069,595**	369,594,942
Total Liabilities and Net Assets	**$ 378,865,632**	$ 418,474,843

See accompanying notes to consolidated financial statements.

Environmental Defense Fund, Incorporated

Consolidated Statement of Activities
(with comparative totals for 2022)

Year ended September 30,

	Without Donor Restrictions	With Donor Restrictions	**2023**	2022
Operating Support and Revenue				
Support:				
Contributions and membership	$ 80,680,481	$ 100,801,623	**$ 181,482,104**	$ 240,128,699
Foundations and other institutional giving	389,326	47,016,151	**47,405,477**	40,779,190
Government grants and other giving	19,375	3,104,288	**3,123,663**	16,211,358
Contributed services and in-kind gifts	1,534,322	3,272,937	**4,807,259**	833,600
Corporations	-	-	**-**	2,318,735
Bequests and other planned giving	11,407,161	2,433,101	**13,840,262**	1,550,000
Net assets released from restrictions	162,820,629	(162,820,629)	**-**	-
Total Support	256,851,294	(6,192,529)	**250,658,765**	301,821,582
Revenue:				
Fees, royalties, and other income	3,850,770	-	**3,850,770**	3,553,068
Investment income allocated for operations	-	-	**-**	3,000,000
Total Operating Support and Revenue	260,702,064	(6,192,529)	**254,509,535**	308,374,650
Operating Expenses				
Program services	286,358,116	-	**286,358,116**	240,358,459
Total Program Services	286,358,116	-	**286,358,116**	240,358,459
Supporting services:				
Management and general	20,753,119	-	**20,753,119**	18,287,699
Fundraising and development	26,923,290	-	**26,923,290**	36,731,553
Total Supporting Services	47,676,409	-	**47,676,409**	55,019,252
Total Operating Expenses	334,034,525	-	**334,034,525**	295,377,711
Change in Net Assets from Operations	(73,332,461)	(6,192,529)	**(79,524,990)**	12,996,939
Change in Net Assets from Non-Operating Activities				
Investment income (loss), net of allocation to operations	6,724,572	2,008,686	**8,733,258**	(9,661,599)
Other income (expenses), net	(112,230)	(45,198)	**(157,428)**	(4,293,601)
Foreign exchange gains	1,423,813	-	**1,423,813**	611,673
Change in Net Assets	(65,296,306)	(4,229,041)	**(69,525,347)**	(346,588)
Net Assets, beginning of year	92,779,887	276,815,055	**369,594,942**	369,941,530
Net Assets, end of year	$ 27,483,581	$ 272,586,014	**$ 300,069,595**	$ 369,594,942

See accompanying notes to consolidated financial statements.

Environmental Defense Fund, Incorporated

Consolidated Statement of Functional Expenses
(with comparative totals for 2022)

Year ended September 30,

	Stabilize the Climate	Support People's Health	Strengthen People's and Nature's Ability to Thrive	Regionally Focused Work	Core Capacities and Education	Management and General	Fundraising and Development	**Total 2023**	Total 2022
Salaries and wages	$ 41,149,090	$ 6,825,307	$ 20,510,700	$ 8,096,370	$ 26,440,703	$ 8,478,721	$ 12,451,727	**$ 123,952,618**	$ 99,138,969
Benefits and other employee costs	10,913,709	1,703,339	5,337,093	2,049,730	6,901,242	1,466,901	2,508,113	**30,880,127**	27,050,434
Total Personnel Expense	52,062,799	8,528,646	25,847,793	10,146,100	33,341,945	9,945,622	14,959,840	**154,832,745**	126,189,403
Professional and consulting fees	35,713,165	2,426,627	13,038,738	4,571,666	12,017,815	1,856,695	2,039,605	**71,664,311**	62,905,681
Grants and other contributions	16,338,278	1,469,190	3,280,608	1,605,727	8,944,235	25,814	28,209	**31,692,061**	41,426,922
Occupancy	3,379,452	571,969	1,778,067	682,594	2,254,195	2,336,385	2,671,850	**13,674,512**	11,739,268
Printing	3,208,022	1,547,598	2,219,740	1,363,947	2,430,631	1,260,911	1,377,895	**13,408,744**	12,258,983
Advertising and promotions	2,564,468	395,459	865,236	577,459	2,670,950	986,315	1,077,823	**9,137,710**	15,215,608
Subscriptions and dues	1,873,041	311,531	759,959	290,942	1,728,025	939,399	1,026,767	**6,929,664**	5,162,626
Depreciation and amortization	1,949,012	329,823	1,019,575	392,569	1,295,849	1,414,763	1,546,022	**7,947,613**	2,928,531
Other	8,443,207	992,121	4,898,930	1,357,048	4,873,365	1,987,215	2,195,279	**24,747,165**	17,550,689
Total Operating Expenses	$ 125,531,444	$ 16,572,964	$ 53,708,646	$ 20,988,052	$ 69,557,010	$ 20,753,119	$ 26,923,290	**$ 334,034,525**	$ 295,377,711

See accompanying notes to consolidated financial statements.

Environmental Defense Fund, Incorporated

Consolidated Statement of Cash Flows
(with comparative totals for 2022)

Year ended September 30,	**2023**	2022
Cash Flows from Operating Activities		
Change in net assets	**$ (69,525,347)**	$ (346,588)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Donated securities	**(17,273,831)**	(107,358,439)
Proceeds from donated securities	**17,059,792**	28,365,236
Net realized and unrealized loss (gain) on investments	**(3,602,920)**	10,575,680
Depreciation and amortization	**7,947,613**	2,928,531
Change in present value of pledges receivable	**-**	5,304,227
Bad debt	**-**	92,442
Non-cash lease expense	**12,046,542**	-
Changes in:		
Prepaid expenses and other assets	**(4,613,133)**	(1,205,578)
Pledges receivable	**(2,122,545)**	(27,681,259)
Accounts payable and accrued expenses	**(3,797,319)**	11,840,125
Deferred revenue and rent payable	**(2,211,250)**	(798,718)
Annuities payable	**398,772**	(747,241)
Pension liability	**1,068,018**	(645,238)
Other liabilities	**(634,713)**	(5,021,141)
Principal reduction in operating lease liability	**(9,512,362)**	-
Net Cash Used in Operating Activities	**(74,772,683)**	(84,697,961)
Cash Flows from Investing Activities		
Purchases of property and equipment	**(9,098,718)**	(13,578,615)
Proceeds from sales of investments	**254,517,597**	101,656,370
Purchases of investments	**(172,957,698)**	(8,779,433)
Net Cash Provided by Investing Activities	**72,461,181**	79,298,322
Cash Flows from Financing Activities		
Payments on finance lease	**(57,317)**	-
Repayment of notes payable	**(1,140,250)**	(1,140,250)
Net Cash Used in Financing Activities	**(1,197,567)**	(1,140,250)
Net Decrease in Cash and Cash Equivalents	**(3,509,069)**	(6,539,889)
Cash and Cash Equivalents, beginning of year	**17,505,619**	24,045,508
Cash and Cash Equivalents, end of year	**$ 13,996,550**	$ 17,505,619
Supplemental Disclosures of Cash Flow Information		
Right-of-use assets acquired through operating leases	**$ 44,541,647**	$ -
Right-of-use assets acquired through finance leases	**160,752**	-
Change in deferred rent due to adoption of new lease standard	**2,169,057**	-
Interest paid	**406,296**	148,237

See accompanying notes to consolidated financial statements.

1. Organization and Summary of Significant Accounting Policies

The accompanying Environmental Defense Fund, Incorporated consolidated financial statements are comprised of the entity Environmental Defense Fund, Incorporated (EDF Inc.) and its wholly controlled entities, the Environmental Defense Action Fund (EDF Action); the MethaneSat, LLC (MethaneSAT); SATMgmt, LLC (SATMgmt); Environmental Defense Fund de Mexico, A.C. (EDF Mexico); the Environmental Defense Action Fund Political Action Committee (EDF Action PAC); Environmental Defense Fund UK (EDF UK); Stichting Environmental Defense Fund Europe (EDF Netherlands); Environmental Defense Fund Beijing Representative Office (EDF Beijing); Environmental Defense Fund Hong Kong (EDF Hong Kong); Environmental Defense Fund Indonesia (EDF Indonesia); Environmental Defense Fund Philippines (EDF Philippines); Environmental Defense Fund Japan Foundation (EDF Japan); and Environmental Defense India Foundation (EDIF) (together, EDF) as of and for the fiscal year ended September 30, 2023.

EDF UK and EDF Netherlands together are referred to as EDF Europe.

EDF Inc. is organized under the laws of New York State. It is classified as a public charity and is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code), and from state and local taxes under comparable laws. It is dedicated to protecting the environmental rights of all people, including the rights to clean air, clean water, healthy food, and flourishing ecosystems. EDF Inc. employs scientists, economists, attorneys, and other professionals in an effort both to educate the public and to create practical solutions to environmental problems that win lasting political, economic, and social support because they are nonpartisan and fair. It receives support from its membership and other contributors, as well as through foundation and government grants.

EDF Action was incorporated in Delaware to educate the public about sound environmental policy and to advocate for effective laws to protect the environmental rights of all people. It has been classified as exempt from federal income taxes under Section 501(c)(4) of the Code. It receives support from EDF Inc., individuals, and other contributors.

EDF Inc. established EDF Mexico, a controlled foreign subsidiary, the operations of which are located in La Paz, Mexico. The expenditures of EDF Mexico are included in these consolidated financial statements.

EDF Action established the EDF Action PAC to facilitate political contributions by EDF Action's members, officers, and designated staff to help support candidate committees and other political committees that merit the support of EDF Action and its members. Maintaining EDF Action's reputation for objective, bipartisan advocacy, EDF Action PAC was established to support candidates who promote environmental progress and protection, regardless of their political party affiliation. Since EDF Action PAC is not a separate legal entity, its assets and liabilities are included in these consolidated financial statements as part of EDF Action.

EDF UK was established in the UK as a company limited by guarantee, with EDF Inc. as the company's sole member. EDF UK is a registered charity under the UK Charities Act. As a registered charity, EDF UK is exempt from income tax so long as its funds are used for charitable purposes. The work of EDF UK focuses on restoring oceans and promoting sustainable fishing, as well as reducing emissions of climate pollutants through the wider use of clean energy and increased energy efficiency.

EDF Netherlands is a Dutch foundation (stichting) registered in the Netherlands. EDF Netherlands participates in the Climate and Clean Air Coalition (CCAC), which is a part of the United Nations Environment Program. In this role, EDF Inc. is leading a series of international methane studies characterizing methane emissions from oil and gas operations. The work is funded by the European Commission, EDF Inc. itself, and Oil and Gas Climate Initiative (OGCI) member companies. Staff in the field are leading the day-to-day work. EDF Netherlands operates a branch office in Belgium.

EDF Beijing is a representative office of EDF in China, having a certificate issued in accordance with the Law of the People's Republic of China on Administration of Activities of Overseas Nongovernmental Organizations in the Mainland of China. This registration allows EDF Beijing to work throughout China on pollution control, environmental health, ecological conservation, and climate change.

MethaneSAT is registered in New York State as a limited liability company. It is wholly owned and controlled by EDF Inc. and is disregarded as an entity separate from EDF Inc. for federal income tax purposes. MethaneSAT is critical to advancing EDF Inc.'s global methane strategy. MethaneSAT will, for the first time, systematically quantify methane emissions worldwide, starting with oil and gas-producing regions, and provide a global picture of emissions. MethaneSAT has negotiated contracts with vendors to build, launch, and commission a satellite. Following launch, expected in 2023, MethaneSAT will be able to track changes in both the rate and location of emissions over time. This capability is what will allow MethaneSAT to play a leading role in holding countries and companies accountable to reduction commitments they make, whether through regulations or changes in corporate practices. Certain data will be made public so that companies, investors, governments, and interested citizens will have a clear understanding of the extent of emissions across geographies and facilities, and thus the climatic impacts.

SATMgmt is registered in New York State as a limited liability company. It is wholly owned and controlled by EDF Inc. and is disregarded as an entity separate from EDF Inc. for federal income tax purposes. SATMgmt manages the operations of MethaneSAT.

EDF Inc. is officially registered in Hong Kong. EDF Inc. intends to engage in the preservation of the natural systems to provide practical and lasting solutions to environmental problems, involving areas that span the biosphere, such as climate, oceans, ecosystems, and health.

EDF Indonesia is registered to operate in Indonesia. EDF Indonesia experts work closely with the Ministry of Maritime Affairs and Fisheries, as well as local and international Non-Governmental Organizations (NGOs) and universities to support and facilitate cooperation on the management of sustainable fisheries throughout Indonesia.

EDF Inc. was granted license to transact in the Philippines, where EDF Philippines will train government officials to use innovative, low-cost analytical tools to improve the science of fisheries management. Recently, government officials have invited EDF Philippines to partner with them to implement sustainable management in one of several regional fishery management areas that were established by a new government policy.

EDF Japan will further drive EDF's environmental mission in Japan and the surrounding region. EDF Japan reports to a Board of Trustees, who in turn report to a Board of Commissioners, both of which are substantially comprised of EDF executives.

EDIF is an independent, non-profit, tax-exempt legal entity established under Section 8 of the India Companies Act, 2013. It is headquartered in Delhi and operates charitable activities exclusively within India. EDIF and its activities in India are separate and independent from EDF and any collaboration or engagement by EDF with local India entities. Along with other local stakeholders, EDF and EDIF may collaborate through knowledge exchange.

Basis of Accounting

The accompanying consolidated financial statements of EDF have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (GAAP).

Principles of Consolidation

The entities that comprise EDF, as described above, have some common officers and directors, and may share staff and other resources under a cost-sharing agreement.

The consolidated financial statements include the accounts of all EDF wholly controlled entities. All material intercompany transactions and balances have been eliminated in consolidation.

Consolidated Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net asset defined below in the consolidated statement of financial position, and the amounts of change in each of those classes of net assets are displayed in the consolidated statement of activities.

These classes are defined as follows:

Net Assets Without Donor Restrictions – This class consists of net assets that are not subject to donor-imposed restrictions and are, therefore, available for general purposes to be used for the ongoing activity and working capital needs of EDF. Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donors or by law. Expenses are reported as decreases in net assets without donor restrictions.

Net Assets with Donor Restrictions – This class consists of net assets with donor restrictions whose use is limited by donor-imposed time and or purpose restrictions. EDF reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Net assets with donor restrictions may include that the corpus of gifts, which must be maintained in perpetuity, but allow for the expenditure of net investment income and gains on investments earned on the corpus for either specified or unspecified purposes in accordance with the donor's stipulations. These funds are included with donor restrictions as permanently restricted.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying consolidated statement of activities.

Accordingly, certain expenses have been allocated among the programs and supporting services in reasonable ratios determined by management based on the benefits received by the programs and supporting services.

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of EDF. Those expenses include depreciation and amortization, the finance department, the human resources department, the communications department, and the information technology department. Depreciation is allocated based on square footage, the finance department is allocated based on estimates of time and effort, certain costs of the communications department are allocated based on estimates of time and effort, and the information technology department is allocated based on estimates of time and costs of specific technology utilized.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Measure of Operations

EDF includes in its measure of operations:

- All revenues and expenses that are an integral part of its programs and supporting activities.
- Net assets released from restrictions to support operating expenditures.
- An annual amount appropriated for expenditure from donor-restricted endowment assets and assets designated for long-term investment.

EDF excludes from its measure of operations:

- Contributions from and changes in the value of split-interest agreements, until the death of the donor, unless specified otherwise.
- Investment results net of amounts made available for operating purposes.

Program Activities

EDF Inc.'s mission is to build a vital Earth for everyone. This is accomplished through five programmatic areas: Stabilize the Climate, Support People's Health, Strengthen People's and Nature's Ability to Thrive, Regionally Focused Work, and Core Capacities and Education. Our programmatic work spans five areas of impact, four regions, and multiple core capacities such as scientific research, economic impact analysis, and community engagement.

Stabilize the Climate – EDF Inc. works with partners around the world, across the public and private sectors, to drive down pollution quickly and affordably—and to shift the world to clean energy as fast as possible.

Support People's Health - EDF Inc. works to reduce air pollution and toxic chemicals that destabilize the climate and threaten health by partnering with communities, companies, and governments to drive policies that improve air and water quality, deliver safer products, and incentivize innovations—so everyone can live healthier lives.

Strengthen People's and Nature's Ability to Thrive – EDF Inc. works to ensure that communities and Indigenous peoples around the world can withstand existing climate impacts, while building their resilience as the climate changes. EDF Inc. is also bolstering ecosystems as a natural barrier to climate change.

Regionally Focused Work - Because environmental challenges extend beyond borders, EDF Inc. focuses globally in the places where EDF Inc. can have the greatest impact. EDF Inc. goes where the emissions are, where farmers and fish populations need help, and where toxic chemicals affect communities. EDF Inc. delivers bold, game-changing climate solutions, focusing on four anchor regions—China, India, Europe, and the United States, which together produce about half of the world's climate pollution.

Core Capacities and Education - EDF Inc. leverages its deep expertise in science and economics to drive sweeping change. To stand the test of time, a solution needs broad support. Therefore, EDF Inc. brings together people to tackle challenges from many perspectives. With EDF Inc.'s wide range of partners—from universities to companies to community organizations—EDF Inc. sparks innovative ideas and brings them to life.

Cash and Cash Equivalents

For financial reporting purposes, EDF considers all highly liquid instruments purchased with an original maturity of three months or less, excluding cash held for investment purposes, to be cash and cash equivalents.

Property, Equipment, and Depreciation

Property and equipment are recorded at their original costs and are depreciated over their estimated useful lives, which range from three to ten years, using the straight-line method. Leasehold improvements are amortized using the straight-line method over the terms of the underlying leases, or the estimated useful lives of the improvements, whichever is shorter. EDF capitalizes items of property and equipment that have a cost of $5,000 or more and useful lives of three years or more.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of September 30, 2023 and, in the opinion of management, there were no impairments. It is reasonably possible that relevant conditions could change in the near-term and necessitate a change in management's estimate of the recoverability of these assets.

Fair Value Measurements

EDF reports a fair value measurement of all applicable financial assets and liabilities, including investments, pledges receivable, deferred revenue, and short-term and long-term notes payable.

Investments

GAAP also establishes a three-level valuation hierarchy of fair value measurements. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of input create the following fair value hierarchy:

Level 1 - Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments at the reporting date.

Level 2 - Valuations are based on other observable inputs, either directly or indirectly, including (i) quoted prices for similar assets/liabilities in active markets; (ii) quoted prices for identical or similar assets in non-active markets; (iii) inputs other than quoted prices that are observable for the asset/liability; and (iv) inputs that are derived principally from or corroborated by other observable market data. Level 2 assets include those investments or similar investments that are redeemable at or near the statement of financial position date and for which a model was derived for valuation.

Level 3 - Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the investments; (ii) the investments cannot be independently valued; or (iii) the investments cannot be immediately redeemed at or near the fiscal year-end.

Net investment income is recorded as without donor restrictions, unless specifically restricted by the donors. Unrealized appreciation or depreciation of investments is included in the accompanying consolidated statement of activities. Realized gains and losses are accounted for on the specific identification method.

EDF's policy is to sell donated equity securities upon receipt.

Investment income is net of direct investment expenses, which include the services of bank trustees, investment managers, and custodians. The balance of investment management fees charged by EDF's investment managers in each fiscal year does not include those fees that are embedded in various other investment accounts and transactions.

Valuation Allowances

The EDF evaluates the discount on its pledges receivable balance annually. Pledges are grouped based on the due date of each individual pledge payment, and the discount rate is determined by the risk-free rate at the time of the evaluation.

Split-Interest Agreements

A portion of EDF Inc.'s investments results from deferred-giving vehicles subject to split-interest agreements. Three different types of agreements are currently maintained: the charitable gift annuity, the charitable remainder unitrust, and the pooled income fund.

Charitable gift annuities are without donor restriction irrevocable gifts under which EDF Inc. agrees in turn to pay a life annuity to the donor or to a designated beneficiary. The contributed funds and the attendant liabilities immediately become part of the general assets and liabilities of EDF Inc., subject to EDF Inc. maintaining an actuarial reserve in accordance with New York State law. Charitable remainder unitrust gifts are time-restricted contributions not available to EDF Inc. until after the death of the donor, who, while living, receives an annual payout from the trust, based on a fixed percentage of the market value of the invested funds on September 30 of each year. The pooled income fund is composed of donations that are combined in bond and equity mutual fund investments. Contributors receive a pro-rata share of the actual ordinary income of these funds until their deaths, at which point the investment asset share of the donors becomes available to EDF Inc.

EDF Inc. values deferred gifts of cash at their face values and investments at their fair values. EDF Inc.'s liabilities are calculated on the basis of industry-standard actuarial data. Published Internal Revenue Service discount rates and actuarial tables are employed to determine the net present value of both contributions and liabilities pertaining to these deferred-giving arrangements.

The net asset value (NAV) of a split-interest agreement at the time of the donor's death is reported in without donor restrictions, unless specified otherwise by the donor.

Revenue Recognition

Contributions - Contributions and grants, including unconditional promises to give to EDF (pledges), are recognized as revenue in the period received. If pledges receivable are to be paid over a period greater than one year, they are recorded at the present value of their estimated future cash flows using the effective discount rate. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. Contributions are considered to be available for use, unless specifically restricted by the donors.

Memberships - Memberships include online contributions from organizations and individuals received through mail and EDF's website. Membership payments are considered as non-exchange transactions and are recorded as contributions when received since benefits to members are nominal or incidental to their contributions.

Bequests - Bequests are reported as revenues when notification of the bequest is received, the amount is reasonably determinable, and the probate court declares the will valid. The bequest is reported as without donor restrictions unless the bequest includes restrictions within the will.

Donated Goods and Services

Donated goods and services are used by EDF in program activity; the amounts are reflected as contributed services and in-kind gifts in the accompanying consolidated statement of activities and advertising and promotions in the accompanying consolidated statement of functional expenses at their estimated fair value at the date of receipt. EDF received donated internet spending allowance credits of $1,534,322 from a third-party service provider. Such amounts, which are based upon information provided by the third-party service provider, are recorded at their estimated fair market value determined on the date of donation.

The internet spending allowance does not have any donor-imposed restrictions associated with it and is therefore reported as without donor restrictions in the consolidated statement of activities.

As part of a lease entered into in April 2023, the lease agreement included a free rent build out period and a free rent period upon EDF Inc. occupying the space. This resulted in an in-kind contributed revenue of $3,215,587 that will be amortized over the entire lease period.

A number of volunteers, including members of the Board, have made significant contributions of their time in furtherance of EDF's mission. The value of this contributed time does not meet the criteria for recognition as contributed services, in accordance with GAAP, and therefore is not reflected in the accompanying consolidated financial statements.

Accounting for Uncertainty in Income Taxes

In accordance with GAAP, EDF must recognize a tax liability associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. EDF does not believe that it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits.

With Donor Restrictions - Permanently Restricted

New York State enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA). This law, which is a modified version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), made significant changes to the rules governing how New York not-for-profit organizations may manage, invest, and spend their endowment funds. The law was designed to allow organizations to cope more easily with fluctuations in the value of their endowments and to afford them greater access to funds needed to support their programs and services in difficult financial times. It also expanded the options available to organizations seeking relief from donor restrictions on funds that have become obsolete, impracticable, or wasteful. NYPMIFA applies to New York not-for-profit education and religious corporations, associations organized and operated exclusively for charitable purposes, and certain trusts. The adoption of this law did not have a material effect on EDF's consolidated financial statements.

Foreign Currency Translation

EDF has offices in a number of countries. Assets and liabilities for these foreign branch offices are translated at the rates of exchange at the consolidated statement of financial position date, while consolidated statement of activities accounts are translated at the average exchange rates in effect during the period. The effect of such translation adjustments was to increase net assets by $1,423,813 for the year ended September 30, 2023.

Recently Adopted Accounting Pronouncements

Accounting for Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use (ROU) asset or lease liability. A lessee making this accounting policy election will recognize lease expense over the term of the lease, generally in a straight-line pattern.

EDF adopted this ASU on a modified retrospective basis transition approach using the effective date method, which was October 1, 2022. Under this transition method, EDF applied the new requirements to only those leases that existed as of October 1, 2022, rather than at the earliest comparative period presented in the consolidated financial statements. Prior periods will be presented under the previous lease guidance. Upon transition, EDF applied the package of practical expedients permitted under the Accounting Standards Codification (ASC) 842 transition guidance. EDF also elected to apply practical expedients allowing it to: i) not reassess whether any expired or existing contracts previously assessed as not containing leases are, or contain, leases; ii) not reassess the lease classification for any expired or existing leases; and iii) not reassess initial direct costs for any existing leases. Additionally, EDF did not elect the hindsight practical expedient to determine the applicable term for leases within EDF's lease population. As a result of the adoption of ASC 842, EDF recorded ROU assets and lease liabilities of $44,702,399 and $45,769,491, respectively, on October 1, 2022. See Note 12 for additional information on leases.

Financial Instruments - Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended. The new credit-loss standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying FASB ASC 606, loans, and certain other instruments, entities will be required to use a new forward-looking "expected-loss" model that generally will result in earlier recognition of credit losses than under today's incurred-loss model. ASU 2016-13 is effective for annual periods beginning after December 15, 2022. EDF is currently evaluating the impact of the adoption of 2016-13 on its consolidated financial statements and does not believe it will have a material effect.

Comparative Financial Information

The consolidated financial statements include certain prior-year summarized information. With respect to the consolidated statement of activities, the prior-year information is presented in total, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with EDF's consolidated financial statements for the year ended September 30, 2022 from which the summarized information was derived.

Reclassifications

Certain 2022 amounts have been reclassified to conform to the 2023 presentation.

Subsequent Events

EDF considers the accounting treatment, and the related disclosures in the current fiscal year's consolidated financial statements, which may be required as the result of all events or transactions through February 9, 2024, the date the consolidated financial statements were available for issuance. There were no subsequent events requiring adjustment to the consolidated financial statements or disclosures as stated herein.

2. Liquidity and Availability of Resources

The following table reflects the EDF's financial assets reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or assets held for others. The Board has designated funds, but these designations could be drawn upon if the Board approves the action for use and are therefore not removed from financial assets below.

Pledges and with donor restrictions - temporary that are expected to occur greater than one year from the consolidated statement of financial position date are excluded from below.

September 30, 2023	
Cash and cash equivalents	$ 13,996,550
Pledges receivable, net, current portion	63,429,214
Investments, at fair value	117,779,600
Total Financial Assets	195,205,364
Less: amounts unavailable for general expenditure within one year due to:	
With donor restrictions - permanently restricted by corpus	9,816,825
Expected accumulated endowment earnings not yet appropriated for expenditure	650,000
With donor restrictions – temporary restricted contributions*	190,400,000
Total Amounts Unavailable for General Expenditure Within One Year	200,866,825
Total Financial Assets Available to Management to Meet Needs for General Expenditures Within One Year	$ (5,661,461)

* EDF has evaluated the amount of with-donor-restricted net assets that are expected to be spent in the next fiscal year and removed that amount from the chart. Amounts that are not expected to be spent in the next fiscal year are not included in the chart above.

As part of the EDF's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

EDF has evaluated its need for operating reserves and overall liquidity and has adopted in a prior year an enhanced financial reserves policy. This enhanced policy clarifies and codifies EDF's reserves planning intentions, maintains sufficient liquidity to satisfy EDF's existing obligations, provides for daily operations, and better positions EDF to pursue future strategic initiatives. EDF is committed to achieving an appropriate balance between ensuring long-term fiscal stability and deploying the maximum amount of resources in the short term to accomplish mission objectives.

3. Pledges Receivable, Net

Unconditional amounts promised to EDF, but not yet collected, have been recorded as pledges receivable. Pledges receivable are reported at net realizable value.

At fiscal year-end, pledges receivable are estimated to be collected as follows:

September 30, 2023	
In one year or less	$ 63,429,214
Between one and two years	37,404,519
Between two and three years	8,741,128
Between three and four years	2,139,178
Between four and five years	1,040,000
Five years or more	1,000,000
Gross Pledges Receivable	113,754,039
Less: present value discount (calculated at rates ranging from 2.79% to 4.55%) and allowance for uncollectible pledges	(5,766,550)
	$ 107,987,489

While EDF has an excellent record of collecting pledges receivable, management has a valuation allowance of $400,000 for uncollectible pledges as of September 30, 2023.

4. Property and Equipment, Net

At fiscal year-end, property and equipment consisted of the following:

September 30, 2023	
Leasehold improvements	$ 16,188,410
Software development	3,823,974
Computer equipment	2,778,861
Furniture and equipment	1,242,000
Building	393,319
Construction-in-progress	70,318,471
	94,745,035
Less: accumulated depreciation and amortization	(17,999,443)
	$ 76,745,592

Depreciation and amortization expense was $7,947,613 for fiscal year 2023.

Construction-in-progress consists primarily of satellite building costs incurred by MethaneSAT and computer equipment. The estimated cost to complete the construction-in-progress for the vehicle to deliver the satellite and the satellite by March 30, 2024 is estimated at $16,400,000.

5. Investments, at Fair Value

The following table summarizes the investments at fiscal year-end, in accordance with the fair value valuation levels:

September 30, 2023

	Level 1	Level 2	Total
Money market funds and cash with brokers	$ 6,820,152	$ -	$ 6,820,152
Equities	11,438,225	-	11,438,225
Fixed income	-	98,699,359	98,699,359
Other investments - subject to split-interest agreements	1,407,965	1,459,245	2,867,210
	$ 19,666,342	$ 100,158,604	119,824,946
Other investments – subject to split-interest agreements*			7,825,133
Funds valued at NAV or equivalent*			432,115
Total			$ 128,082,194

* Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been recognized in the fair value hierarchy. The fair value amounts presented in the preceding tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

As portrayed above, concentrations of EDF's investments in excess of 10% of the fair values of its portfolio included approximately (i) 83% invested in equity and debt securities, mutual funds, and exchange-traded funds; and (ii) 12% invested in money market funds and cash with brokers.

The following is a description of the valuation methodologies and inputs used for investments. There have been no changes in methodologies for the year ended September 30, 2023.

Equity securities are valued based upon quoted market prices and are included in Level 1. Level 1 securities primarily include publicly traded equity securities.

Since many fixed-income securities do not trade on a daily basis, the methodology of the pricing vendor uses available information as applicable, such as benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing. The pricing vendor considers available market observable inputs in determining the evaluation for a security. Thus, certain securities may not be priced using quoted prices, but rather determined from market observable information. These investments are included in Level 2 and are primarily comprised of corporate fixed income, and government, mortgage, and asset-backed securities.

EDF uses the NAV or its equivalent to determine the fair value of all investments that (i) do not have a readily determinable fair value and (ii) prepare their investees' financial statements consistent with the measurement principles of an investment company or an entity with the attributes of an investment company. Investments for which fair value is measured using NAV per share or its equivalent as a practical expedient have not been categorized within the fair value hierarchy, and certain related tables have been appropriately excluded from the consolidated financial statements.

Money market funds are valued based on the NAV of the shares held by EDF. NAV is based upon the fair value of the money market fund's underlying investments. EDF's investments in the money market funds can be redeemed immediately at the current NAV per share. There were no unfunded commitments as of September 30, 2023.

For EDF's investments in mutual funds, EDF has ownership interest in the mutual fund but not in the individual securities held by the fund. The assets of each mutual fund consist primarily of shares of the underlying holdings. These mutual funds are invested primarily in fixed-income and equity securities. While mutual funds are valued at the NAV of each share, they are actively traded on national securities exchanges.

EDF's investments are subject to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of those securities could occur in the near-term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

The available market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period. During fiscal year 2023, there were no transfers between the fair value hierarchy levels.

The following table summarizes investment return by net asset classification:

September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest	$ 6,151,438	$ 371,204	$ 6,522,642
Realized and unrealized gains	573,134	1,637,482	2,210,616
Investment Income	$ 6,724,572	$ 2,008,686	$ 8,733,258

The following table provides a summary of the class, fair value redemption frequency, and redemption notice period for those assets whose fair value is estimated using the NAV per share or its equivalent for which the fair value is not readily determinable:

September 30, 2023

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Funds valued at NAV or equivalent*	$ 432,115	$ -	**	**
Other investments - split-interest agreements*	7,825,133	-	***	***

* For the funds valued at NAV or equivalent, the investment objective is to invest in funds with underlying investments in technology companies primarily in the digital, green tech, and health care and biotechnology sectors. These investments are long-term and highly illiquid. The investment objective of the funds at NAV for the split-interest agreements is to approximate, as closely as practicable before expenses, the performance of the respective investment indexes over the long term.

** Redemptions are not permitted; as a result, there is no applicable notice period.

*** There are no restrictions on the redemption of these investments.

6. Notes Payable

EDF Inc.

At fiscal year-end, the note payable was as follows:

September 30, 2023		
Promissory note terminating 2029, at LIBOR (5.43% at September 30, 2023) +1.25%	$	6,366,396
	$	6,366,396

EDF Inc. is required to maintain certain financial covenants related to the borrowings and EDF Inc. was in compliance or obtained waivers with these covenants for the year ended September 30, 2023.

Annual contractual maturities of notes payable outstanding at September 30, 2023 are as follows:

Year ending September 30,		
2024	$	1,140,250
2025		1,140,250
2026		1,140,250
2027		1,140,250
2028		1,140,250
Thereafter		665,146
Total	$	6,366,396

Interest expense on debt borrowings was $406,296 in fiscal year 2023.

At September 30, 2023, EDF Inc. had an unsecured line of credit of $7,500,000 for ongoing operational requirements. The line of credit has a $2,000,000 letter of credit sublimit, of which $186,700 has been used to secure the issuance of a standby letter of credit.

7. Net Assets with Donor Restrictions and Released from with Donor Restrictions

At fiscal year-end, donor-restricted net assets (including allocation of investment gains and losses) included the following: specific donor program purposes and time restricted was $255,756,874, permanently restricted endowments was $9,816,825, and accumulated endowment earnings awaiting appropriation for expenditure was $7,012,315. During fiscal year 2023, net assets released from restrictions were $162,820,629.

8. Employee Retirement Plans

EDF Inc. maintains a 403(b) tax-deferred retirement plan, which is funded by contributions from both EDF and its employees. The EDF Inc.'s contribution is based upon employees' years of service, ranges from 3% to 8% of eligible employees' salaries, and is recorded as an expense annually. The related expense for fiscal year 2023 was approximately $5,505,000.

EDF Inc. established a 457(b) deferred-compensation plan for certain key employees that is funded by both EDF Inc. and the employees. As such, the investment allocations are directed by the employees, but the investments remain as assets of EDF Inc. until the employees retire. At September 30, 2023, the asset value of this plan was $6,473,963.

9. Joint Costs

For fiscal year 2023, EDF Inc. has allocated joint costs (for informational materials and activities that include fundraising appeals) among program and supporting services, as follows:

Year ended September 30, 2023	
Fundraising and development	$ 10,145,892
Stabilize the Climate	1,448,638
Strengthen People’s and Nature’s Ability to Thrive	1,298,083
Support People’s Health	1,251,361
Core Capacities and Education	1,210,163
Regionally Focused Work	996,252
	$ 16,350,389

The portion of cost allocated to membership activities consists of that component of membership mailings that contain information about EDF Inc. and the types of actions an individual may take with regard to a specific issue. New-member acquisition reflects the cost of materials and information that requests individuals to join EDF Inc. Membership fundraising is that component of joint costs associated with asking EDF Inc.’s current members for contributions. Additional fundraising activities that included program information were not eligible for allocation under GAAP and were treated exclusively as membership fundraising or new member acquisition expense.

10. Concentrations of Credit Risk

Cash, cash equivalents, and investments are exposed to various risks, such as interest rate, market, and credit risks. To manage such risks, EDF has a diversified investment portfolio in a variety of asset classes managed by independent investment managers under the terms of an Investment Policy Statement that is regularly reviewed by the Investment Committee. EDF’s cash, cash equivalents, and investments are placed with high-credit-quality financial institutions. EDF’s Investment Committee meets regularly to evaluate the investments, including performance thereof. Due to inherent risks and potential volatility in investment valuations, the amounts reported on the accompanying consolidated financial statements can vary substantially from year to year. EDF maintains its cash in various bank deposit accounts that exceed federally insured limits; however, EDF does not anticipate nonperformance by these financial institutions.

11. Commitments and Contingency

Governmental Audits

Government-funded activities are subject to audit by the applicable granting agencies. At September 30, 2023, there were no material obligations outstanding as a result of such audits, and management believes that no material obligations will result from any future audits of such activities.

Litigation

EDF is from time to time subject to legal actions in the normal course of business. In the opinion of EDF's management, as of September 30, 2023, the eventual resolution of these matters will not materially affect the financial position, cash flows, or change in net assets of EDF.

12. Leases

EDF adopted the provisions of ASU 2016-02 effective October 1, 2022. Leases are classified as either finance or operating leases based on the underlying terms of the agreement and the criteria included in ASC 842, *Leases*. As of September 30, 2023, EDF is the lessee in property leases in many of the 14 entities. EDF's leases are accounted for as operating and finance leases. Additionally, EDF is a sublessor of certain of its property leases. The property leases for which EDF is a sublessor are accounted for as operating leases under the lessor accounting model.

Policy Elections

Under ASC 842, an entity may elect various practical expedients that were inserted into the lease accounting standard to make the new standard easier to adopt. A practical expedient is a practical application of an exception to a rule that makes the transition to the new lease accounting standard more expedient. EDF's practical expedient and policy elections for adoption of the new standard are as follows:

- *Lease Components* – EDF has elected to not separate the non-lease components from the associated lease components.
- *Contracts* - EDF has elected to not reassess whether any expired or existing contracts contain leases.
- *Lease Classification* - EDF has elected to not reassess the lease classification for any expired or existing leases.
- *Discount Rate* – A lessee is required to measure and record a lease liability equal to the present value of the remaining lease payments, discounted using the rate implicit in the lease (or if the rate cannot be readily determined, the lessee's incremental borrowing rate). A lessee that is not a public business entity is permitted to use a risk-free discount rate for the lease, determined using a period comparable with that of the lease term, as an accounting policy election for all leases. As none of EDF's property leases have an interest rate implicit in the lease, EDF elected to use the risk-free rate for all property leases. EDF utilized the rate implicit in the lease for its equipment lease.
- *Short-Term Leases* – The standards practical expedient for short-term leases allows entities that have leases with terms of 12 months or less to be excluded from presentation on the consolidated statement of financial position. EDF has elected the short-term practical expedient for certain leases.

Operating Leases – Lessee

EDF leases office space, which EDF accounts for as operating leases, and recognized an ROU asset and liability on its consolidated statement of financial position, measured at the present value of the minimum lease payments.

EDF's leases include multiple optional renewal periods. Generally, EDF does not consider any additional renewal periods to be reasonably certain of being exercised, as comparable locations could be identified within the same trade areas with comparable lease rates.

Operating lease ROU assets are recorded in right-of-use assets, operating leases and operating lease liabilities are recorded in lease liabilities, operating leases in the consolidated statement of financial position.

The following table reconciles the undiscounted operating lease payments to the lease liabilities recorded on the consolidated statement of financial position at September 30, 2023:

Year ending September 30,	
2024 [a]	$ -
2025	3,512,233
2026	4,561,750
2027	4,230,287
2028	4,034,194
Thereafter	31,185,661
Total Minimum Lease Payments	47,524,125
Less: interest	11,400,763
Present Value of Net Minimum Lease Payments	$ 36,123,362

[a] Due to tenant improvement allowances, no payments will be made in fiscal year 2024.

Finance Leases - Lessee

EDF leases certain office equipment, which EDF accounted for as a finance lease, and recognized an ROU asset and liability on its consolidated statement of financial position, measured at the present value of the minimum lease payments. Generally, EDF does not consider any additional renewal periods to be reasonably certain of being exercised, as comparable locations could be identified within the same trade areas with comparable lease rates.

Finance lease ROU assets are recorded in right-of-use assets, finance lease and finance lease liabilities are recorded in lease liabilities, finance lease in the consolidated statement of financial position.

The following table reconciles the undiscounted finance lease payments to the lease liabilities recorded on the consolidated statement of financial position at September 30, 2023:

Year ending September 30,	
2024	$ 57,317
2025	57,317
Total Minimum Lease Payments	114,634
Less: interest	5,118
Present Value of Net Minimum Lease Payments	$ 109,516

Other Lessee Disclosures

The following tables summarize information related to the lease assets and liabilities:

Year ended September 30, 2023		
Lease costs:		
Finance lease cost:		
Amortization of right-of-use assets	$	53,584
Interest on lease liabilities		6,082
Operating lease cost		12,046,542
Total Lease Costs	$	12,106,208

Year ended September 30, 2023		
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	9,512,362
Financing cash flows from finance leases		57,317

Weighted-average remaining lease term – finance leases	2.08 years
Weighted-average discount rate – finance leases	4.42%
Weighted-average remaining lease term – operating leases	10.35 years
Weighted-average discount rate – operating leases	4.03%

Lessor Disclosures

EDF signed an agreement to sublet a portion of the space to an unrelated entity.

EDF's sublease is accounted for as an operating lease under the lessor accounting model. For a sublease that has been classified as an operating lease under ASC 842, a sublessor would recognize the lease payments as income in profit or loss over the sublease term on a straight-line basis unless another systematic and rational basis is more representative of the pattern in which benefit is expected to be derived from the use of the underlying asset. EDF followed the guidance in ASC 842 and recognized the lease payments as income during fiscal year 2023 on a straight-line basis. Sublease rental income for the year ended September 30, 2023 was $413,229 and is included in fees, royalties, and other income in the consolidated statements of activities.
The following is a schedule of future undiscounted lease payments to be received from subleases:

Year ending September 30,		
2024	$	413,229
2025		103,317
	$	516,546

13. With Donor Restrictions - Permanently Restricted by Corpus

The Endowment

EDF Inc.'s permanent endowment consists of numerous funds, established for a variety of purposes and consisting entirely of donor-restricted funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Return Objectives and Risk Parameters

EDF Inc. has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board, the endowment assets are invested with a focus on earning market returns or better while assuming a moderate level of investment risk.

Spending Policy and How the Investment Objectives Relate to Spending Policy

EDF Inc. has a policy of annually appropriating for expenditure an amount of up to 5% of the average fair market value of the donor-restricted endowment, measured as of the last day of the calendar quarter for the 20 quarters immediately preceding the fiscal year in which the appropriation for expenditure is approved. In establishing this policy, EDF Inc.'s management has considered the long-term expected return on its endowment. This is consistent with EDF Inc.'s objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return. Accumulated earnings not yet appropriated for expenditure, which are expected to be appropriated in the next fiscal year, are $650,000.

Endowment Net Asset Composition

September 30, 2023		
Donor-restricted endowment funds - permanent	$	9,816,825
Accumulated earnings not yet appropriated for expenditure - temporary		7,012,315
Total Funds	$	16,829,140

Changes in Endowment Net Assets by Fiscal Year

Year ended September 30, 2023		
Net Assets, beginning of year	$	15,066,407
Current-year additions		416,080
Investment returns		1,961,223
Current-year appropriation for expenditures		(614,570)
Net Assets, end of year	$	16,829,140

Interpretation of Relevant Law

NYPMIFA is applicable to EDF Inc.'s donor-restricted endowment funds. Due to unfavorable market fluctuations, from time to time, the fair value of assets associated with individual donor-restricted endowment funds may decline below the historical dollar value of the donor's original, permanently restricted contribution. Under the terms of NYPMIFA, EDF Inc. has no responsibility to restore such decrease in value. There were no such deficiencies in fiscal year 2023.

14. Conditional Grants

EDF has grant agreements with several donors that consist of providing conditional funding in future years, amounting to approximately $30,217,000 at September 30, 2023. A corresponding receivable has not been recorded on the consolidated statement of financial position, as the conditional grants are contingent upon incurring qualifying expenditures and fulfilling milestones. Conditional promises to give are recognized when the conditions on which they depend upon are substantially met. Until that point, any amounts that are received are recorded as refundable advances.