

Environmental Defense Action Fund

Financial Statements

Years Ended September 30, 2021 and 2020

Environmental Defense Action Fund

Financial Statements
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Environmental Defense Action Fund

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of the Environmental Defense Action Fund (The Action Fund), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Action Fund as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Financial Statements section of our report. We are required to be independent of The Action Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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 The Action Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Action Fund'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.

BDO USA, LLP

January 28, 2022

Environmental Defense Action Fund

Statements of Financial Position

<i>September 30,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 2,944,926	\$ 2,819,714
Temporary investments, at fair value	1,082,778	2,575,851
Prepaid expenses and other assets	566,128	268,549
Pledges receivable	1,250,000	1,317,750
Intercompany receivable	-	569,175
Total Assets	\$ 5,843,832	\$ 7,551,039
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 362,311	\$ 1,895,829
Other liabilities	174,000	55,000
Intercompany payables	680,495	-
Total Liabilities	1,216,806	1,950,829
Commitments and Contingencies		
Net Assets		
Without donor restrictions	2,213,457	1,474,906
With donor restrictions	2,413,569	4,125,304
Total Net Assets	4,627,026	5,600,210
Total Liabilities and Net Assets	\$ 5,843,832	\$ 7,551,039

See accompanying notes to financial statements.

Environmental Defense Action Fund

Statement of Activities

Year ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue			
Support:			
Contributions and membership	\$ 4,984,267	\$ 4,019,877	\$ 9,004,144
Foundations and other institutional giving	-	3,767,374	3,767,374
Grant from EDF	6,651,598	-	6,651,598
Bequests and other planned giving	5,000	-	5,000
Net assets released from restrictions	9,498,986	(9,498,986)	-
Total Support	21,139,851	(1,711,735)	19,428,116
Revenue:			
Fees, royalties, and other income	169,702	-	169,702
Total Operating Support and Revenue	21,309,553	(1,711,735)	19,597,818
Operating Expenses			
Program services:			
Scientific research, economic analysis, and policy development:			
Climate and energy	15,520,509	-	15,520,509
Oceans	2,188,862	-	2,188,862
Ecosystems	1,046,374	-	1,046,374
Health	49,821	-	49,821
Education	32,509	-	32,509
Total Program Services	18,838,075	-	18,838,075
Supporting services:			
Management and general	58,892	-	58,892
Fundraising	1,674,809	-	1,674,809
Total Supporting Services	1,733,701	-	1,733,701
Total Operating Expenses	20,571,776	-	20,571,776
Change in Net Assets from Operations	737,777	(1,711,735)	(973,958)
Change in Net Assets from Non-Operating Activities			
Net realized and unrealized gain	774	-	774
Change in Net Assets	738,551	(1,711,735)	(973,184)
Net Assets, beginning of year	1,474,906	4,125,304	5,600,210
Net Assets, end of year	\$ 2,213,457	\$ 2,413,569	\$ 4,627,026

See accompanying notes to financial statements.

Environmental Defense Action Fund

Statement of Activities

Year ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue			
Support:			
Contributions and membership	\$ 8,174,257	\$ 6,591,083	\$ 14,765,340
Foundations and other institutional giving	1,060,000	2,393,275	3,453,275
Grant from EDF	8,724,879	-	8,724,879
Bequests and other planned giving	12,096	-	12,096
Net assets released from restrictions	6,929,458	(6,929,458)	-
Total Support	24,900,690	2,054,900	26,955,590
Revenue:			
Fees, royalties, and other income	2,158	-	2,158
Total Operating Support and Revenue	24,902,848	2,054,900	26,957,748
Operating Expenses			
Program services:			
Scientific research, economic analysis, and policy development:			
Climate and energy	20,923,754	-	20,923,754
Oceans	1,363,127	-	1,363,127
Ecosystems	2,042,287	-	2,042,287
Health	198,444	-	198,444
Education	40,061	-	40,061
Total Program Services	24,567,673	-	24,567,673
Supporting services:			
Management and general	74,240	-	74,240
Fundraising	2,732,033	-	2,732,033
Total Supporting Services	2,806,273	-	2,806,273
Total Operating Expenses	27,373,946	-	27,373,946
Change in Net Assets from Operations	(2,471,098)	2,054,900	(416,198)
Change in Net Assets from Non-Operating Activities			
Net realized and unrealized loss	(196)	-	(196)
Change in Net Assets	(2,471,294)	2,054,900	(416,394)
Net Assets, beginning of year	3,946,200	2,070,404	6,016,604
Net Assets, end of year	\$ 1,474,906	\$ 4,125,304	\$ 5,600,210

See accompanying notes to financial statements.

Environmental Defense Action Fund

Statement of Functional Expenses

Year ended September 30, 2021

	Program Services					Supporting Services		Total
	Climate and Energy	Oceans	Ecosystems	Health	Education	Management and General	Fundraising	
Salaries and wages	\$ 3,689,265	\$ 808,638	\$ 220,495	\$ 37,435	\$ 23,835	\$ 27,613	\$ 61,313	\$ 4,868,594
Benefits and other employee costs	1,057,935	235,427	65,905	10,786	6,864	7,953	17,659	1,402,529
Total Personnel Expense	4,747,200	1,044,065	286,400	48,221	30,699	35,566	78,972	6,271,123
Professional and consulting fees	4,136,578	977,411	656,442	69	-	4,432	1,477,501	7,252,433
Advertising and promotions	4,192,512	1,367	18,463	31	-	-	58	4,212,431
Grants and other contributions	1,898,981	115,000	57,000	-	-	-	-	2,070,981
Subscriptions and dues	287,369	12,694	11,251	288	-	-	537	312,139
Printing	233,134	30,266	14,905	687	-	-	1,280	280,272
Other	24,735	8,059	1,913	525	1,810	18,894	116,461	172,397
Total Non-Personnel Expense	10,773,309	1,144,797	759,974	1,600	1,810	23,326	1,595,837	14,300,653
Total	\$15,520,509	\$ 2,188,862	\$ 1,046,374	\$ 49,821	\$ 32,509	\$ 58,892	\$ 1,674,809	\$20,571,776

See accompanying notes to financial statements.

Environmental Defense Action Fund

Statement of Functional Expenses

Year ended September 30, 2020

	Program Services					Supporting Services		Total
	Climate and Energy	Oceans	Ecosystems	Health	Education	Management and General	Fundraising	
Salaries and wages	\$ 4,375,655	\$ 370,723	\$ 41,532	\$ 45,997	\$ 27,510	\$ 31,871	\$ 73,032	\$ 4,966,320
Benefits and other employee costs	1,258,151	109,483	11,691	12,223	7,279	8,433	19,415	1,426,675
Total Personnel Expense	5,633,806	480,206	53,223	58,220	34,789	40,304	92,447	6,392,995
Professional and consulting fees	4,083,246	497,228	398,134	1,382	3,332	3,860	2,446,487	7,433,669
Grants and other contributions	5,765,800	303,510	1,300,500	3,500	-	-	-	7,373,310
Advertising and promotions	4,596,278	3,942	243,700	130,500	-	-	794	4,975,214
Subscriptions and dues	441,210	9,673	12,819	1,220	-	-	1,937	466,859
Printing	312,244	21,013	28,021	2,668	-	-	4,235	368,181
Other	91,170	47,555	5,890	954	1,940	30,076	186,133	363,718
Total Non-Personnel Expense	15,289,948	882,921	1,989,064	140,224	5,272	33,936	2,639,586	20,980,951
Total	\$20,923,754	\$ 1,363,127	\$ 2,042,287	\$ 198,444	\$ 40,061	\$ 74,240	\$ 2,732,033	\$27,373,946

See accompanying notes to financial statements.

Environmental Defense Action Fund

Statements of Cash Flows

<i>Year ended September 30,</i>	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ (973,184)	\$ (416,394)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Donated securities	(6,124)	(20,077)
Proceeds from donated securities	-	8,211
Net realized and unrealized losses on investments	(774)	196
Changes in:		
Prepaid expenses and other assets	(297,579)	(139,650)
Pledges receivable	67,750	(1,222,750)
Accounts payable and accrued expenses	(1,533,518)	910,464
Other liabilities	119,000	15,000
Intercompany receivable	1,249,670	(3,262,699)
Net Cash Used in Operating Activities	(1,374,759)	(4,127,699)
Cash Flows from Investing Activities		
Proceeds from sale of investments	1,500,000	-
Purchase of investments	(29)	(1,502,026)
Net Cash Provided by (Used in) Investing Activities	1,499,971	(1,502,026)
Net Increase (Decrease) in Cash and Cash Equivalents	125,212	(5,629,725)
Cash and Cash Equivalents, beginning of year	2,819,714	8,449,439
Cash and Cash Equivalents, end of year	\$ 2,944,926	\$ 2,819,714

See accompanying notes to financial statements.

Environmental Defense Action Fund

Notes to Financial Statements

1. Organization and Summary of Significant Accounting Policies

Organization

The Environmental Defense Action Fund (The Action Fund), an advocacy partner of Environmental Defense Fund Incorporated (EDF), 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 Internal Revenue Code. It receives support from individuals and other contributors.

The Action Fund builds political power to protect our environment and the health of American families. The Action Fund works with allies across the country to combat climate change, reduce pollution, and promote sustainable prosperity. This means educating legislators about new innovative solutions, working across the aisle to build political momentum, mobilizing constituents to advocate for elected officials at every level to stand up for our health and environment, and working to elect pro-environment candidates at every level.

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

Basis of Accounting

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

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 assets defined below are in the statements of financial position, and the amounts of change in each of those classes of net assets are displayed in the statements 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 The Action Fund. 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.

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Notes to Financial Statements

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. The Action Fund 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 restriction and reported in the statements of activities as net assets released from restrictions.

Net assets with donor restrictions may include 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. Currently, The Action Fund has no net assets with donor restrictions to be held in perpetuity.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statements 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 financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of The Action Fund. 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. Certain expenses are allocated by EDF to The Action Fund based on usage or allocation methods determined by management.

Use of Estimates

The preparation of the financial statements in conformity with U.S. 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

The Action Fund 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.

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The Action Fund 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.

Cash and Cash Equivalents

For financial reporting purposes, The Action Fund 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.

Long-Lived Assets

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, 2021 and 2020, 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

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

Investments

U.S. 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 (i) quoted prices - those investments, or similar investments, in active markets; (ii) quoted prices - those investments, or similar investments, in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets include those investments or similar investments that are redeemable at or near the statements 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.

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Notes to Financial Statements

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

It is The Action Fund's policy to sell donated equity securities upon receipt.

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

Valuation Allowances

The Action Fund 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.

Revenue Recognition

Contributions - Contributions and grants, including unconditional promises to give (pledges) to The Action Fund, 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.

Bequests - Unconditional 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.

Donated Goods and Services - Donated goods and services are recognized at their fair values at the dates of donation. Contributions of services are also recognized at fair value when they are received, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

Accounting for Uncertainty in Income Taxes

In accordance with U.S. GAAP, The Action Fund 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. The Action Fund does not believe 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

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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 The Action Fund's financial statements.

Recently Adopted Accounting Pronouncements

Revenue from Contracts with Customers (Topic 606)

The Action Fund adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (ASC 606), on October 1, 2020. The Action Fund recognizes revenue when control of the promised goods or services are transferred to outside parties in an amount that reflects the consideration the Action Fund expects to be entitled to in exchange for those goods or services. ASC 606 also requires new and expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with outside parties. The Action Fund has identified fees and other income as revenues subject to the adoption of ASC 606. These revenues are not significant to the Action Fund's overall revenue. The adoption of ASC 606 did not have a material impact on the financial position, changes in net assets, cash flows, business processes, controls, or systems of the Action Fund.

Membership payments are considered as non-exchange transactions and recorded as contributions from organizations and individuals. The publications that the Action Fund provides to members or donors is considered de minimis as it is also available for distribution to non-member/non-donors.

Fair Value Measurement: Disclosure Framework - Changes to Disclosure Requirements for Fair Value Measurement

ASU 2018-13, *Fair Value Measurement: Disclosure Framework - Changes to Disclosure Requirements for Fair Value Measurement*, was issued as part of the FASB disclosure framework project to improve the effectiveness of disclosures about fair value measurements required under ASC 820. ASU 2018-13 amends the disclosure requirements for recurring and nonrecurring fair value measurements by removing, modifying, and adding certain disclosures. The Action Fund adopted this ASU in fiscal year 2021 and there was no significant impact on the financial statements.

Accounting Pronouncements Issued but Not Yet Adopted

Leases

On February 25, 2016, the FASB issued ASU 2016-02, *Leases*, which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The FASB also issued ASU 2020-05, which deferred the effective date for The Action Fund until annual periods beginning after December 15, 2021. The Action Fund is currently evaluating the impact of the adoption of ASU 2016-02.

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Notes to Financial Statements

Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU 2020-07 (the Update), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The Update requires not-for-profits to present contributed nonfinancial assets as a separate line item on the statement of activities, and to disclose information regarding each type of contributed nonfinancial assets. The Update is effective for financial statements issued for fiscal years beginning after June 15, 2021, and interim periods within fiscal years beginning after June 15, 2022, with early application permitted. The Action Fund is currently evaluating the impact of the adoption of ASU 2020-07.

Reclassifications

Certain 2020 amounts have been reclassified to conform to the 2021 presentation.

Subsequent Events

The Action Fund considers the accounting treatment, and the related disclosures in the current fiscal year's financial statements, which may be required as the result of all events or transactions through January 28, 2022, the date the financial statements were available for issuance. There were no subsequent events requiring adjustment to the financial statements or disclosures.

2. Liquidity and Availability of Resources

The following table reflects The Action Fund'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.

<i>September 30,</i>	2021	2020
Cash and cash equivalents	\$ 2,944,926	\$ 2,819,714
Temporary investments, at fair value	1,082,778	2,575,851
Pledges receivable	1,250,000	1,317,750
Intercompany receivable	-	569,175
Financial Assets	5,277,704	7,282,490
Less: amounts unavailable for general expenditure within one year due to:		
Donor-imposed restrictions	2,413,569	4,125,304
Total Financial Assets Available to Management to Meet Needs for General Expenditures Within One Year	\$ 2,864,135	\$ 3,157,186

As part of The Action Fund'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.

In addition to financial assets available to meet general expenditures over the next 12 months, The Action Fund operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

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Notes to Financial Statements

3. Pledges Receivable

Unconditional amounts promised to The Action Fund, but not yet collected, have been recorded as pledges receivable.

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

<i>September 30,</i>	2021	2020
In one year or less	\$ 1,250,000	\$ 1,282,750
Between one and two years	-	35,000
Pledges Receivable	\$ 1,250,000	\$ 1,317,750

Since The Action Fund has an excellent record of collecting pledges receivable, management has not recorded a valuation allowance for uncollectible pledges as of September 30, 2021 and 2020.

4. Temporary Investments, at Fair Value

The following tables summarize the investments of The Action Fund's assets at fiscal year-end, in accordance with the fair value valuation levels:

September 30, 2021

	Level 1	Total
Money market funds	\$ 1,082,778	\$ 1,082,778
Total	\$ 1,082,778	\$ 1,082,778

September 30, 2020

	Level 1	Total
Money market funds	\$ 2,575,851	\$ 2,575,851
Total	\$ 2,575,851	\$ 2,575,851

Money market funds are valued based on the net asset value (NAV) of the shares held by The Action Fund. NAV is based upon the fair value of the money market fund's underlying investments. The Action Fund'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, 2021 and 2020.

The Action Fund'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 financial statements. To manage such risks, The Action Fund has an investment portfolio managed by independent investment managers under the terms of an Investment Policy Statement, which is regularly reviewed by The Action Fund's Investment Committee. Due to inherent risks and potential volatility in investment valuations, the amounts reported on the accompanying financial statements can vary substantially from year to year.

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Notes to 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 years 2021 and 2020, there were no transfers between the fair value hierarchy levels.

5. Net Assets with Donor Restrictions

At fiscal year-end, donor-restricted net assets (including allocation of investment gains and losses) were categorized as follows:

<i>September 30,</i>	2021	2020
Restricted by purpose:		
Climate and energy	\$ 2,247,118	\$ 3,128,670
Oceans	83,340	956,634
Ecosystems	83,111	40,000
	\$ 2,413,569	\$ 4,125,304

During the fiscal year, net assets released from restrictions were for the following:

<i>Year ended September 30,</i>	2021	2020
Climate and energy	\$ 7,273,702	\$ 5,705,575
Oceans	1,500,294	844,633
Ecosystems	724,990	259,250
Subtotal	9,498,986	6,809,458
Time restrictions satisfied	-	120,000
	\$ 9,498,986	\$ 6,929,458

6. Concentrations of Credit Risk

The Action Fund maintains its cash and cash equivalents in both interest-bearing and noninterest-bearing accounts that, at times, may exceed Federal Deposit Insurance Corporation (FDIC) insurance limits. The Action Fund may have cash deposits at financial institutions in excess of FDIC insurance limits. The Action Fund's investments are placed with high-credit-quality financial institutions with strong credit ratings, and management believes that credit risk related to these accounts is minimal. The Action Fund has not experienced any losses in such accounts, and management believes The Action Fund is not exposed to any significant credit risk.

7. Related Parties

The Action Fund received grants of \$6,651,598 and \$8,724,879, for the years ended September 30, 2021 and 2020, respectively, from EDF, representing a portion of the grass-roots lobbying and the direct lobbying allowances permitted by EDF as a 501(c)(3) organization.

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Notes to Financial Statements

The Action Fund includes among its activity, intercompany payables of \$680,495 as of September 30, 2021; the amount is payable to EDF on demand. There were intercompany receivables of \$569,175 outstanding as of September 30, 2020.

8. Commitments and Contingency

Litigation

The Action Fund is, from time-to-time, subject to legal actions in the normal course of business. In the opinion of The Action Fund's management, as of September 30, 2021 and 2020, the eventual resolution of these matters will not materially affect the financial position, cash flows, or change in net assets of The Action Fund.

Interpretation of Relevant Law

NYPMIFA is applicable to The Action Fund'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, The Action Fund has no responsibility to restore such decrease in value. There were no such deficiencies in fiscal year 2021 and 2020.

9. Risks and Uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full impact that the pandemic will have on The Action Fund's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

On March 27, 2020, The President signed into law the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). On December 27, 2020, the President signed the Consolidated Appropriations Act, 2021 (the Act), which includes \$900 billion in stimulus relief as a result of COVID-19. On March 11, 2021, the President signed the American Rescue Plan Act (ARP) of 2021 into law. The \$1.9 trillion package is intended to combat the COVID-19 pandemic, including the public health and economic impacts. The Action Fund did not apply for funding under the CARES Act, the Act, or the ARP.