Woodwell Climate Research Center

Financial Statements,
Including Uniform Guidance Reports
and Independent Auditor's Report

June 30, 2023 and 2022

Woodwell Climate Research Center

Financial Statements
June 30, 2023 and 2022

Contents

ROGERS & COMPANY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Woodwell Climate Research Center

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Woodwell Climate Research Center ("the Center"), which comprise the statement of financial position as of June 30, 2023; the related statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2023, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 Center 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.

Other Matter

The financial statements of the Center as of June 30, 2022, were audited by other auditors whose report, dated November 29, 2022, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center'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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center'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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by* Government Auditing Standards**

In accordance with *Government Auditing Standards,* we have also issued our report dated March 21, 2024, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Rogers + Company PLLC

Vienna, Virginia
March 21, 2024

Woodwell Climate Research Center

Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	$ 30,758,447	$ 31,965,737
Investments *(Note 6)*	9,968,619	9,122,559
Contracts receivable *(Note 4)*	2,041,251	2,048,151
Federal grants receivable	1,070,468	856,219
Other grants and contributions receivable, net *(Note 7)*	13,656,030	13,900,446
Prepaid expenses and other assets	238,606	320,642
Beneficial interest in real estate trust assets *(Note 8)*	212,651	212,651
Bond proceeds held in trust for debt retirement	124,662	10,803
Property and equipment, net *(Note 9)*	5,532,742	4,685,284
Total assets	$ 63,603,476	$ 63,122,492
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 2,662,833	$ 1,641,618
Refundable advances	2,195	14,869
Deferred contract revenue *(Note 4)*	-	417,185
Liability under charitable gift annuities	72,297	96,253
Loans payable *(Note 10)*	947,276	1,062,649
Total liabilities	3,684,601	3,232,574
Net Assets *(Notes 12 and 13)*		
Without donor restrictions:		
Undesignated	4,878,117	7,227,554
Board-designated	10,253,432	7,588,661
Total without donor restrictions	15,131,549	14,816,215
With donor restrictions	44,787,326	45,073,703
Total net assets	59,918,875	59,889,918
Total liabilities and net assets	$ 63,603,476	$ 63,122,492

See accompanying notes.

Woodwell Climate Research Center

Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants:			
Federal	$ -	$ 3,000,106	$ 3,000,106
Foundations and other	9,872,076	5,397,758	15,269,834
Contract revenue	3,220,197	996,381	4,216,578
Investment return, net	443,006	846,061	1,289,067
Change in value of split-interest agreements	12,806	-	12,806
Other income	37,592	-	37,592
Released from restrictions	10,526,683	(10,526,683)	-
Total revenue and support	24,112,360	(286,377)	23,825,983
Expenses			
Program services:			
Policy relevant research	11,233,018	-	11,233,018
Center funded science	3,523,883	-	3,523,883
Policy engagement education and communication	1,831,966	-	1,831,966
Total program services	16,588,867	-	16,588,867
Supporting services:			
Management and general	5,504,269	-	5,504,269
Fundraising	1,703,890	-	1,703,890
Total supporting services	7,208,159	-	7,208,159
Total expenses	23,797,026	-	23,797,026
Change in Net Assets	315,334	(286,377)	28,957
Net Assets, beginning of year	14,816,215	45,073,703	59,889,918
Net Assets, end of year	$ 15,131,549	$ 44,787,326	$ 59,918,875

See accompanying notes.

Woodwell Climate Research Center

Statement of Activities
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants:			
Federal	$ -	$ 2,692,467	$ 2,692,467
Foundations and other	7,405,549	31,994,870	39,400,419
Contract revenue	4,525,132	-	4,525,132
Donated equipment	77,235	-	77,235
Investment return, net	(446,697)	(771,340)	(1,218,037)
Change in value of split-interest agreements	(2,962)		(2,962)
Other income	28,659	-	28,659
Released from restrictions	9,361,986	(9,361,986)	-
Total revenue and support	20,948,902	24,554,011	45,502,913
Expenses			
Program services:			
Policy relevant research	6,549,649	-	6,549,649
Center funded science	1,924,415	-	1,924,415
Policy engagement education and communication	4,198,676	-	4,198,676
Total program services	12,672,740	-	12,672,740
Supporting services:			
Management and general	3,385,532	-	3,385,532
Fundraising	1,553,032	-	1,553,032
Total supporting services	4,938,564	-	4,938,564
Total expenses	17,611,304	-	17,611,304
Change in Net Assets	3,337,598	24,554,011	27,891,609
Net Assets, beginning of year	11,478,617	20,519,692	31,998,309
Net Assets, end of year	$ 14,816,215	$ 45,073,703	$ 59,889,918

See accompanying notes.

Woodwell Climate Research Center

Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services				Supporting Services			
	Policy Relevant Research	Center Funded Science	Policy Engagement Education & Communication	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries, wages, and benefits	$ 5,960,761	$ 1,987,950	$ 1,207,113	$ 9,155,824	$ 3,373,265	$ 1,308,603	$ 4,681,868	$ 13,837,692
Professional fees	785,424	401,565	292,275	1,479,264	1,513,785	78,641	1,592,426	3,071,690
Travel	753,500	159,091	158,907	1,071,498	136,165	165,230	301,395	1,372,893
Materials and Supplies	289,928	94,371	55,908	440,207	8,807	113,212	122,019	562,226
Equipment	45,052	26,732	-	71,784	9,281	-	9,281	81,065
Communication	52,335	10,840	3,432	66,607	173,400	25,625	199,025	265,632
Facilities	-	-	-	-	140,087	-	140,087	140,087
Depreciation and amortization	-	403,597	-	403,597	84,557	-	84,557	488,154
Subawards	2,959,724	249,949	-	3,209,673	-	-	-	3,209,673
Common costs	386,294	189,788	114,331	690,413	64,922	12,579	77,501	767,914
Total Expenses	$ 11,233,018	$ 3,523,883	$ 1,831,966	$ 16,588,867	$ 5,504,269	$ 1,703,890	$ 7,208,159	$ 23,797,026

See accompanying notes.

Woodwell Climate Research Center

Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program Services				Supporting Services			
	Policy Relevant Research	Center Funded Science	Policy Engagement Education & Communication	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries, wages, and benefits	$ 3,871,448	$ 1,484,935	$ 1,842,641	$ 7,199,024	$ 2,398,189	$ 1,138,389	$ 3,536,578	$ 10,735,602
Professional fees	583,248	149,879	524,879	1,258,006	473,520	72,706	546,226	1,804,232
Travel	280,038	70,636	102,533	453,207	29,346	83,880	113,226	566,433
Materials and Supplies	232,175	34,696	78,990	345,861	423,501	106,844	530,345	876,206
Equipment	74,298	7,492	456,376	538,166	-	-	-	538,166
Communication	130,573	25,945	46,410	202,928	306,673	34,568	341,241	544,169
Facilities	2,579	6,294	-	8,873	273,978	-	273,978	282,851
Depreciation and amortization	874	-	-	874	548,743	-	548,743	549,617
Subawards	882,534	-	831,494	1,714,028	-	-	-	1,714,028
Allocation of common costs	491,882	144,538	315,353	951,773	(1,068,418)	116,645	(951,773)	-
Total Expenses	$ 6,549,649	$ 1,924,415	$ 4,198,676	$ 12,672,740	$ 3,385,532	$ 1,553,032	$ 4,938,564	$ 17,611,304

See accompanying notes.

Woodwell Climate Research Center

Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	$ 28,957	$ 27,891,609
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	488,154	549,617
Net unrealized and realized (gain) loss on investments	(853,694)	1,352,813
Change in present value discount – contribution receivable	75,381	569,635
Change in value of charitable gift annuities	(12,806)	2,962
Donated capitalized property and equipment	-	(77,235)
Endowment contributions received	(1,507,277)	(110,200)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Contracts receivable	6,900	1,728,502
Federal grants receivable	(214,249)	(346,712)
Other grants and contributions receivable, net	169,035	(12,213,464)
Prepaid expenses and other assets	82,036	(31,129)
Increase (decrease) in:		
Accounts payable and accrued expenses	1,021,215	558,490
Refundable advances	(12,674)	12,207
Deferred contract revenue	(417,185)	(264,477)
Net cash (used in) provided by operating activities	(1,146,207)	19,622,618
Cash Flows from Investing Activities		
Purchases and reinvested interest and dividends – investments	(2,049,684)	(1,622,545)
Proceeds from sales of investments	2,057,318	1,501,662
Purchases of property and equipment	(1,335,612)	(363,383)
Net cash used in investing activities	(1,327,978)	(484,266)
Cash Flows from Financing Activities		
Net change in bond proceeds held in trust	(113,859)	877
Principal payments on loans payable	(115,373)	(87,633)
Payments on charitable gift annuities	(11,150)	(11,149)
Endowment contributions received	1,507,277	110,200
Net cash provided by financing activities	1,266,895	12,295
Net (Decrease) Increase in Cash and Cash Equivalents	(1,207,290)	19,150,647
Cash and Cash Equivalents, beginning of year	31,965,737	12,815,090
Cash and Cash Equivalents, end of year	$ 30,758,447	$ 31,965,737
Supplementary Disclosure of Cash Flow Information		
Cash paid for interest	$ (12,924)	$ (2,655)
Donated capitalized property and equipment	$ -	$ 77,235

1. Nature of Operations

Woodwell Climate Research Center ("the Center") conducts science for solutions at the nexus of climate, people, and nature—solutions that are urgently needed to propel us toward a more equitable, healthy, and sustainable world. Originally founded as the Woods Hole Research Center in 1985, the Center has a track record of partnering with a global network of communities and leaders for just, meaningful impact to address the climate crisis.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Center's financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions also include the Board-designated fund.

- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. The Center reports contributions and grants restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions and grants are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash Equivalents

For the purpose of the statements of cash flows, the Center considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase. Excluded from this definition of cash equivalents are amounts held for investment.

2. Summary of Significant Accounting Policies (continued)

Investments

Investments are recorded at fair value based on quoted market prices. Realized and unrealized gains and losses, net of investment management fees, are reported as a component of net investment return in the accompanying statements of activities. Money market and short-term investment funds, held as a portion of the Center's investment portfolio, are not considered to be cash equivalents for purposes of cash flows.

Contracts Receivable

The Center's contracts receivable are all due in less than one year and are recorded at net realizable value. When necessary, an allowance for uncollectible accounts receivable is determined based on management's best estimate of the outstanding uncollectible accounts. No allowance for doubtful accounts is recorded, as management believes that all contracts receivable are fully collectible.

Federal Grants Receivable

Grants receivable consist of amounts due to be reimbursed to the Center for expenses incurred under grant agreements with federal and local government agencies. The entire amount is expected to be collected within one year, and is recorded at net realizable value. No allowance for doubtful accounts is recorded, as management believes that all grants receivables are fully collectible.

Other Grants and Contributions Receivable

Contributions receivable represent unconditional amounts committed to the Center. Contributions receivable are reflected at either net realizable value, or at net present value based on projected cash flows. The Center's policy is to charge-off uncollectible receivables based upon management's judgement and analysis of the creditworthiness of the donors, collection experience, and other relevant factors. No allowance was provided for doubtful receivables at both June 30, 2023 and 2022.

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment acquisitions with a cost in excess of $5,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to 40 years. Upon disposal of depreciable assets, the cost and related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to income. Expenditures for repairs and maintenance are expensed as incurred.

Revenue Recognition

The Center recognizes contributions and grants when cash, securities, or other assets, or an unconditional promise to give, is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Center's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Center has incurred expenditures in compliance with specific grant provisions. Costs incurred in excess of cash received are reflected as grants receivable in the accompanying statements of financial position. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the accompanying statements of financial position.

Contract services revenues are generated from federal and local government agencies and are generally cost reimbursement arrangements where revenue is recognized at the time costs are incurred, which is when the sole performance obligation is satisfied.

Revenue from all other sources is recognized when earned.

2. Summary of Significant Accounting Policies (continued)

In-Kind Contributions

The value of contributions that enhance a nonfinancial asset, which are considered specialized and can be estimated, and would have been purchased if not donated, are reflected in the accompanying statements of activities as in-kind contributions. In-kind contributions are recognized as revenue and expense in the accompanying statements of activities at their estimated fair value, as provided by the donor, at the date of receipt, or calculated fair value of use of property in the period the property is used.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through March 21, 2024, the date the financial statements were available to be issued.

3. Liquidity and Availability

The Center has a goal to maintain financial assets on hand to meet 60 days of normal operating expenses. As described in Note 11 to the financial statements, the Center also has a committed line of credit available in the amount of $350,000, which it could draw upon in the event of an unanticipated liquidity need. There was no outstanding balance on this line of credit at both June 30, 2023 and 2022.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at June 30:

	2023	2022
Cash and cash equivalents	$ 30,758,447	$ 31,965,737
Investments	9,968,619	9,122,559
Contracts receivable	2,041,251	2,048,151
Contributions receivable, net	13,656,030	13,900,446
Total financial assets	56,424,347	57,036,893
Less: amounts unavailable for general expenditures:		
Amounts held in trust for debt expenses and retirement	(174,700)	(55,463)
Contributions receivable due in more than one year	(9,161,235)	(8,300,266)
Endowment investments	(10,442,799)	(8,277,290)
Add: estimated amount of endowment available for appropriation	475,000	331,000
Total available for general expenditures	$ 37,120,613	$ 40,734,874

4. Contract Balances

The timing of billings, cash collections, and revenue recognition result in contract assets and contract liabilities associated with revenue from exchange transactions. Contract assets consist entirely of trade accounts receivable, which are recognized only to the extent it is probable that the Center will collect substantially all of the consideration to which it is entitled in exchange for the services that will be or have been transferred. These amounts are included in contracts receivable reported in the statements of financial position. Contract liabilities consist entirely of deferred revenue that results when the Center receives advance payments from customers before revenue is recognized.

Balances in these accounts as of the beginning and end of the years ended June 30, 2023 and 2022 are as follows:

	June 30, 2023	June 30, 2022	June 30, 2021
Contracts receivable	$ 2,041,251	$ 2,048,151	$ 133,895
Deferred contract revenue	$ -	$ 417,185	$ 681,663

5. Concentrations of Credit Risk

Financial instruments that potentially subject the Center to significant concentrations of credit risk consist of cash and cash equivalents, and investments. The Center maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Center has not experienced any credit losses on its cash and cash equivalents, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

6. Investments and Fair Value Measurements

Net investment return consists of the following for the years ended June 30:

	2023	2022
Interest and dividends	$ 502,922	$ 193,697
Net unrealized and realized gain (loss)	853,694	(1,352,813)
Less: investment management fees	(67,549)	(58,921)
Total investment return, net	$ 1,289,067	$ (1,218,037)

The Center follows Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurements and Disclosures,* for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. The Center recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

All of the Center's financial investments were measured at fair value on a recurring basis as of June 30, 2023 and 2022 using Level 1 inputs, except for investments in fixed-income securities, for which the fair values were measured using Level 2 inputs. The fair values of short-term investment funds, equities, mutual funds, and exchange-traded funds were based on quoted market prices as of each June 30. The fair values of fixed-income securities were estimated based on yields and maturities of similar securities. The Center's liability under charitable gift annuities was measured at fair value on a recurring basis as of June 30, 2023 and 2022 using Level 2 inputs, based on market interest rates and estimated life expectancies of the annuitants. There have been no changes to the valuation methodologies used at June 30, 2023 and 2022.

6. Investments and Fair Value Measurements (continued)

The following table presents the Center's fair value hierarchy for those investments measured on a recurring basis at June 30, 2023:

	Level 1	Level 2	Level 3	Total
Short-term investment funds	$ 437,475	$ -	$ -	$ 437,475
Equities and ETFs:				
Materials	167,602	-	-	167,602
Industrial goods	485,911	-	-	485,911
Consumer discretionary	567,353	-	-	567,353
Consumer staples	421,655	-	-	421,655
Health care	758,577	-	-	758,577
Financial services	528,665	-	-	528,665
Technology	1,367,145	-	-	1,367,145
Telecommunications	262,145	-	-	262,145
Utilities	109,573	-	-	109,573
Real estate	192,577	-	-	192,577
Mutual funds:				
International funds	973,367	-	-	973,367
Fixed income securities:				
Corporate debt	-	2,470,463	-	2,470,463
Government	-	1,226,111	-	1,226,111
Total investments	$ 6,272,045	$ 3,696,574	$ -	$ 9,968,619

6. Investments and Fair Value Measurements (continued)

The following table presents the Center's fair value hierarchy for those investments measured on a recurring basis at June 30, 2022:

	Level 1	Level 2	Level 3	Total
Short-term investment funds	$ 213,376	$ -	$ -	$ 213,376
Equities and ETFs:				
Materials	138,620	-	-	138,620
Industrial goods	430,458	-	-	430,458
Consumer discretionary	485,577	-	-	485,577
Consumer staples	354,635	-	-	354,635
Health care	719,202	-	-	719,202
Financial services	526,952	-	-	526,952
Technology	1,203,062	-	-	1,203,062
Telecommunications	264,735	-	-	264,735
Utilities	115,910	-	-	115,910
Real estate	160,262	-	-	160,262
Mutual funds:				
Bond funds	105,550	-	-	105,550
International funds	811,149	-	-	811,149
Fixed income securities:				
Corporate debt	-	2,430,120	-	2,430,120
Government	-	1,162,951	-	1,162,951
Total investments	$ 5,529,488	$ 3,593,071	$ -	$ 9,122,559

7. Contributions Receivable

Contributions receivable consist of the following at June 30:

	2023	2022
Due in less than one year	$ 5,196,910	$ 5,600,180
Due in one to five years	9,161,235	8,927,000
Total contributions receivable	14,358,145	14,527,180
Less: present value discount *(4% and 3%, respectively)*	(702,115)	(626,734)
Contributions receivable, net	$ 13,656,030	$ 13,900,446

8. Beneficial Interest in Real Estate Trust Assets

The Center entered into a joint venture agreement with an unrelated third party through which a small portion of land acquired in connection with the Ordway Campus was contributed by the Center and a similar parcel of land was contributed by the joint venturer. The property was placed in trust, after which the joint venturer gifted his interest in the property to the Center. The carrying value of the Center's interest in the Trust was $212,651 at both June 30, 2023 and 2022.

9. Property and Equipment

Property and equipment consists of the following at June 30:

	2023	2022
Land	$ 517,571	$ 517,571
Building and building improvements	10,516,042	11,266,780
Furniture, equipment, and software	4,224,208	2,062,699
Construction in progress	-	75,156
Total property and equipment	15,257,821	13,922,206
Less: accumulated depreciation	(9,725,079)	(9,236,922)
Property and equipment, net	$ 5,532,742	$ 4,685,284

10. Loans Payable

During the year ended June 30, 2003, the Center completed construction of and placed into service a new headquarters building (the Ordway Campus) in Falmouth, Massachusetts. To finance the construction, the Center raised restricted contributions from the general public, designated a portion of unrestricted net assets to be used for the campaign, and entered into a loan agreement with the Massachusetts Health and Educational Facilities Authority (MHEFA) for a total loan amount of $2,795,000. That loan agreement was amended during the year ended June 30, 2010, and the Center borrowed an additional $603,900 from MHEFA to help finance improvements made to an adjacent building (the Carriage House).

The Center obtained a $2.6 million direct pay letter of credit to provide security for the MHEFA loans, for which it pays an annual fee equal to 2.00% of the total amounts outstanding on the MHEFA loans. The loans require level annual principal payments and interest on the unpaid principal accrues and is payable monthly at a variable rate, 2.93% and 0.756% as of June 30, 2023 and 2022, respectively. The intention is to keep the fair market value of the loan equal to its outstanding principal balance. Substantially all business assets of the Center have been pledged as collateral in connection with the loan agreements. The Center is scheduled to make total remaining principal payments of $1,062,649 in annual installments of $114,192 through June 2031. The remaining outstanding principal will be retired through annual draws against the debt service reserve funds held in trust. Interest expense totaled $12,924 and $2,665 for the years ended June 30, 2023 and 2022, respectively.

Future principal payments under the loans are as follows at June 30:

2024	$ 114,192
2025	114,192
2026	114,192
2027	114,192
2028	114,192
Thereafter	376,316
Total future principal payments	$ 947,276

11. Line of Credit

The Center maintains a $350,000 revolving line of credit to finance short-term working capital needs. Borrowings under this facility are payable on demand, and are secured by a security interest in the Center's investments. There was no outstanding balance as of June 30, 2023 and 2022.

12. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following at June 30:

	2023	2022
Purpose restricted:		
Climate Solutions	$ 5,431,907	$ 5,315,828
Audacious Project	24,025,310	24,659,328
Research	7,391,023	8,737,920
Accumulated earnings on endowed funds	2,542,130	1,932,388
Time restricted	-	538,560
Perpetual:		
Endowments corpuses	5,396,956	3,889,679
Total net assets with donor restrictions	$ 44,787,326	$ 45,073,703

The composition of the net assets held in perpetuity are as follows at June 30:

	2023	2022
Sara Shallenberger Brown Chair and Endowment	$ 2,500,000	$ 2,500,000
Houghton Carbon Catalyst Fund	498,850	-
George Woodwell Chair of Conservation	1,197,106	1,034,379
General support	1,201,000	355,300
Total perpetual donor restrictions	$ 5,396,956	$ 3,889,679

13. Endowments

The Center has received several contributions establishing permanent endowments. During 2002, the Center received a total of $2.5 million from a single contributor that provides for a $2 million endowment to fund the Sara Shallenberger Brown Chair of Environmental Policy. The primary focus of the Chair is to connect science, conservation, and human affairs nationally and internationally and to incorporate the findings of science into the decisions of governments. The remaining $500,000 is to support the Center's general endowment, the earnings on which are available for general support. The Center has also received contributions to fund the George Woodwell Chair of Conservation, the Houghton Carbon Catalyst Fund, and other smaller endowments. The Center may appropriate annually for operating purposes earnings on general endowment investments related to these gifts.

Interpretation of Relevant Law

The Center is subject to the Massachusetts Prudent Management of Institutional Funds Act (MPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions. The original donor gifts are reported as net assets with perpetual donor restrictions. These endowment funds are invested in a pool with all other investments of the Center. The returns on the endowment fund investments have been reported as increases in net assets with donor restrictions in the statements of activities. Unexpended earnings on these endowments are reported as net assets with temporary donor restrictions until appropriated for expenditure by the Center.

Risk Objectives, Risk Parameters, and Strategies

The Center has adopted an asset allocation policy, monitored through its Investment Policy, that is a moderate balance of equities, fixed income and cash with a target of 60-70% equities and 30-40% fixed income. These change slightly as risk is monitored and the fund manager is given a target and 5% latitude for market impact and manager decisions. The equity investment style is an "All Cap Strategy," which is benchmarked to the S&P 1500. Equity performance, if applicable, is measured against the benchmark index over market cycle (typically 3–5 years). The equity portion of the portfolio uses a growth-at-a-reasonable-price discipline. The fixed income allocation may hold taxable government agency bonds and socially screened corporate bonds. Fixed income performance is benchmarked to the Barclay's Gov/Credit Interim Bond Index. Allocation percentages are meant to be soft guidelines rather than absolute portfolio mandates as described above. Investment goals are primarily capital appreciation and secondarily income generation at this time.

13. Endowments (continued)

<u>Spending Policies</u>

Sara Shallenberger Brown Chair and Endowment - The donor requested that the investment income generated by the Chair and the endowment each year be used for general operations. For the years ended June 30, 2023 and 2022, the Board of Directors appropriated for expenditure $156,986 and $-0-, respectively, of accumulated earnings.

Houghton Carbon Catalyst Fund - The donor requested that the investment income generated by the Chair each year be used for Carbon research once the Chair reached a certain monetary level. For the years ended June 30, 2023 and 2022, the Board of Directors appropriated for expenditure $7,221 and $-0-, respectively.

George Woodwell Chair of Conservation - The donors requested that the investment income generated by the Chair each year be used for general operations once the Chair reached a certain monetary level. For the years ended June 30, 2023 and 2022, the Board of Directors appropriated for expenditure $67,951 and $-0-, respectively.

General Support Endowments - Investment income or loss are reported as changes in net assets with temporary donor restrictions until appropriated by the Board of Directors. For the years ended June 30, 2023 and 2022, the Board of Directors appropriated for expenditure $4,161 and $-0-, respectively.

<u>Funds with Deficiencies</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor, or MPMIFA, requires the Center to retain as funds of perpetual duration. Deficiencies result from unfavorable market fluctuations that occurred after the investment of restricted contributions. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2023 and 2022, there were no such deficiencies.

13. Endowments (continued)

Composition and Changes in Endowment Funds

The following table represents the composition and changes in endowment funds for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2022	$ 2,455,223	$ 5,822,067	$ 8,277,290
Contributions	-	1,507,277	1,507,277
Investment return	189,602	846,061	1,035,663
Appropriation for expenditures	(141,112)	(236,319)	(377,431)
Endowment net assets, June 30, 2023	$ 2,503,713	$ 7,939,086	$ 10,442,799

The following table represents the composition and changes in endowment funds for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2021	$ 2,219,261	$ 6,483,207	$ 8,702,468
Contributions	500,000	110,200	610,200
Investment return	(264,038)	(771,340)	(1,035,378)
Appropriation for expenditures	-	-	-
Endowment net assets, June 30, 2022	$ 2,455,223	$ 5,822,067	$ 8,277,290

14. Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The majority of expenses are recorded directly to specific programs and functions, using the direct allocation method. Expenses that are allocated include salaries and related expenses, and depreciation, which are allocated on the basis of estimates of time and effort.

15. Commitment and Contingencies

Federal Cooperative and Grant Agreements

Funds received from federal and local government agencies are subject to audit under the provisions of these grant agreements. The ultimate determination of amounts received under these grant agreements is based upon the allowance of costs reported to and accepted by the oversight agencies. Until such grant agreements are closed out, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability exists.

16. Retirement Plan

The Center has a contributory defined contribution pension plan covering substantially all full-time employees. Plan contributions are made on behalf of eligible employees through individual annuities with the Teachers Insurance and Annuity Association and College Retirement Equities Fund. The contributions are made on a semi-monthly basis at 10% of eligible compensation. Employer contributions to the plan for the years ended June 30, 2023 and 2022 were $701,683 and $634,244, respectively.

17. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code (IRC), the Center is exempt from the payment of taxes on income other than net unrelated business income. No provisions for income tax are required for the years ended June 30, 2023 and 2022, as the Center had no unrelated business income. Contributions to the Center are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management has reviewed all open tax years for all tax jurisdictions and has concluded that the Center has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

SUPPLEMENTARY SCHEDULE AND REPORTS REQUIRED BY THE UNIFORM GUIDANCE

ROGERS & COMPANY

Rogers & Company PLLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Woodwell Climate Research Center

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Woodwell Climate Research Center ("the Center"), which comprise the statement of financial position as of June 30, 2023; the related statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the financial statements, and have issued our report thereon dated March 21, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Report on Internal Control over Financial Reporting (continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers + Company PLLC

Vienna, Virginia
March 21, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Woodwell Climate Research Center

Report on Compliance for Each Major Federal Program

Opinion on the Major Federal Program

We have audited Woodwell Climate Research Center's ("the Center") compliance with the types of compliance requirements as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Center's major federal program for the year ended June 30, 2023. The Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Center's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rogers + Company PLLC

Vienna, Virginia
March 21, 2024

Woodwell Climate Research Center

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Research and Development Cluster				
U.S. Department of Agriculture				
Forest Service				
Direct Programs				
Agriculture and Food Initiative (AFRI)	10.310	2020-67021-32467	$ 118,609	$ 320,733
Total U.S. Department of Agriculture			118,609	320,733
U.S. Department of the Interior				
National Climate Change and Wildlife Science Center	15.820			
Pass-through programs from				
University of Massachusetts - Amherst		21-016188-A00	70,879	154,636
University of Massachusetts - Amherst		22-015184-G-00	-	63,194
Total U.S. Department of the Interior			70,879	217,830
National Aeronautics and Space Administration				
Direct programs				
Science Programs	43.001		1,258	193,585
Geosciences	43.050		-	3,694
Pass-through programs from				
Northern Arizona University		1004072-02	-	169,429
Northern Arizona University		1005159-02/80NSSC22K1247	-	39,196
Northern Arizona University		80NSSC22K1244	-	3,936
University of Vermont		AWD00001319SUB00000440	-	1,087
Total National Aeronautics and Space Administration			1,258	410,927

(continued on next page)

Woodwell Climate Research Center

Schedule of Expenditures of Federal Awards (continued)
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Research and Development Cluster (continued)				
National Science Foundation				
Direct programs				
Mathematical and physical sciences	47.049		-	39,375
Geosciences	47.050		64,030	882,774
Pass-through programs from				
University of Alaska Fairbanks		UA-21-0138	-	55,500
California Polytech State University		AWD00001319SUB00000440	-	37,695
Biological Sciences	47.074		98,238	616,622
Polar Programs	47.078		8,656	418,486
Total National Science Foundation			170,924	2,050,452
U.S. Environmental Protection Agency				
National Estuary Program	66.456			
Pass-through programs from				
Commonwealth of Massachusetts		EPA-CE00A00623	-	164
Total U.S. Environmental Protection Agency			-	164
Total Research and Development Cluster			**$ 361,670**	**$ 3,000,106**

See accompanying notes to the schedule of expenditures of federal awards.

Woodwell Climate Research Center

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the Center under the programs of the federal government for the year ended June 30, 2023. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the Center, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Center.

2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rates

The Center did not elect to use the 10% *de minimis* indirect cost rate allowed under the Uniform Guidance.

Woodwell Climate Research Center

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
• Material weakness(es) identified?	______	Yes	X	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	______	Yes	X	None reported
Noncompliance material to financial statements noted?	______	Yes	X	No

Federal Awards

Internal control over the major program:				
• Material weakness(es) identified?	______	Yes	X	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	______	Yes	X	None reported
Type of auditor's report issued on compliance for the major program:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	______	Yes	X	No

Identification of the major program:

Assistance Listing Number	Name of Federal Program or Cluster Title
N/A	Research and Development Cluster

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee?	X	Yes	______	No

Woodwell Climate Research Center

Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2023

Section II – Findings – Financial Statement Audit

There were no financial statement findings reported during the 2023 audit.

Section III – Findings and Questioned Costs – Major Federal Award Programs Audit

There were no findings or questioned costs over major federal awards reported during the 2023 audit.

Woodwell Climate Research Center

Corrective Action Plan
For the Year Ended June 30, 2023

There were no findings for the year ended June 30, 2023, and therefore, a corrective action plan was not needed.

Woodwell Climate Research Center

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Woodwell Climate Research Center

Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

March 21, 2024

Woodwell Climate Research Center ("the Center") respectfully submits the following Schedule of Prior Audit Findings for the year ended June 30, 2023.

Name and address of independent public accounting firm:

Rogers and Company PLLC
8300 Boone Blvd, Suite 600
Vienna, Virginia, 22182

Audit Period:
07/01/2022 to 06/30/2023

Finding 2022-01 – Material Weakness – Grant and contribution agreements need to be more thoroughly analyzed

Condition: The finding was a material weakness stating that grants and pledges received by the Center in support of the Audacious Project were not sufficiently analyzed to ensure amounts were correctly recorded in the accounting records.

Recommendation: The Center should thoroughly analyze all agreements to determine whether the criteria for recognition have been met (i.e. unconditional promises to give have been made by donors) so that amounts can be properly reported in the financial statements as well as in the Center's annual information returns.

Current Status: During the current year, the Center took appropriate measures to implement the prior year auditor's recommendations. The Center hired a professional service firm to conduct a Business Opportunity Assessment which consisted of a review of the finance function and the development of recommendations to improve and streamline the structure, processes and systems within the Center's Finance function. These recommendations included a plan to address the recommendations from last year's audit. The Center reviewed all grant and contribution agreements and revamped the chart of accounts. In addition, the center implemented tools to better track grant funds. These tools helped to increase clarity and process for applying the requirements under the revenue recognition standards. The Center re-organized its Finance structure which included the creation of a new position, the Director of Grants and Contracts. This position has been instrumental in improving communication across the Finance team and Sponsored Research

Office related supporting the management and analysis of on-going and new grant agreements. The Center also hired a new Vice President of Finance and other team members to bolster the internal finance function and to provide better services across the organization. No additional follow-up recommendations are being made as a result of our current audit.