

ecoAmerica
**Financial Statements
and Independent Auditor's Report**
December 31, 2019 and 2018

ecoAmerica

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Independent Auditor's Report

To the Board of Directors
ecoAmerica
Washington, DC

We have audited the accompanying financial statements of ecoAmerica, which comprise the statements of financial position as of December 31, 2019 and 2018, the related statements of activities and change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ecoAmerica as of December 31, 2019 and 2018, 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.



Bethesda, Maryland
September 30, 2020

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Statements of Financial Position
December 31, 2019 and 2018

	<u>Assets</u>	
	<u>2019</u>	<u>2018</u>
Current assets		
Cash and cash equivalents	\$ 251,747	\$ 1,234,729
Accounts and sponsorship receivable, net	53,532	46,536
Pledges and grants receivable, current	596,000	26,000
Investments	-	52,068
Deferred rent asset, current	858	-
Prepaid expenses	40,707	95,221
	<u>942,844</u>	<u>1,454,554</u>
Total current assets	942,844	1,454,554
Property and equipment, net	21,316	37,821
Pledges and grants receivable, net of current portion	479,497	-
Deposits	26,946	25,416
Deferred rent asset, net of current portion	4,110	-
Intangible asset	4,000	4,000
	<u>\$ 1,478,713</u>	<u>\$ 1,521,791</u>
	<u>Liabilities and Net Assets</u>	
Liabilities		
Accounts payable and accrued expenses	\$ 154,056	\$ 134,610
Deferred revenue	30,154	8,792
Deferred rent liability	-	29,351
Notes payable	300,000	200,000
	<u>484,210</u>	<u>372,753</u>
Total current liabilities	484,210	372,753
Net assets		
Net assets (deficit) without donor restrictions	(261,009)	1,041,686
Net assets with donor restrictions	1,255,512	107,352
	<u>994,503</u>	<u>1,149,038</u>
Total net assets	994,503	1,149,038
	<u>\$ 1,478,713</u>	<u>\$ 1,521,791</u>

See Notes to Financial Statements.

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**Statements of Activities and Change in Net Assets
Years Ended December 31, 2019 and 2018**

	2019			2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenue						
Contributions and grants	\$ 736,224	\$ 1,899,497	\$ 2,635,721	\$ 592,274	\$ 1,095,232	\$ 1,687,506
Sponsorship revenue	24,050	16,913	40,963	-	71,750	71,750
Conference revenue	64,776	-	64,776	-	-	-
Investment income	167	-	167	1,783	-	1,783
Rental income	6,311	-	6,311	-	-	-
Miscellaneous revenue	6,362	-	6,362	23,757	-	23,757
Net assets released from restrictions - satisfaction of restrictions	768,250	(768,250)	-	3,125,067	(3,125,067)	-
Total support and revenue	1,606,140	1,148,160	2,754,300	3,742,881	(1,958,085)	1,784,796
Expenses						
Program services	2,138,806	-	2,138,806	2,278,812	-	2,278,812
Supporting services						
General and administration	461,814	-	461,814	468,234	-	468,234
Fundraising	308,215	-	308,215	300,467	-	300,467
Total supporting services	770,029	-	770,029	768,701	-	768,701
Total expenses	2,908,835	-	2,908,835	3,047,513	-	3,047,513
Change in net assets	(1,302,695)	1,148,160	(154,535)	695,368	(1,958,085)	(1,262,717)
Net assets, beginning of year	1,041,686	107,352	1,149,038	346,318	2,065,437	2,411,755
Net assets (deficit), end of year	\$ (261,009)	\$ 1,255,512	\$ 994,503	\$ 1,041,686	\$ 107,352	\$ 1,149,038

See Notes to Financial Statements.

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Statement of Functional Expenses
Year Ended December 31, 2019

	Program services	Supporting services			Total expenses
		General and administration	Fundraising	Subtotal	
Salaries	\$ 1,058,546	\$ 308,565	\$ 142,637	\$ 451,202	\$ 1,509,748
Research	50,524	-	-	-	50,524
Partner support	113,544	-	-	-	113,544
Professional fees	19,778	46,506	35,260	81,766	101,544
Travel, meals and entertainment	199,929	28,427	43,953	72,380	272,309
Marketing	32,071	22	5,000	5,022	37,093
Rent	-	222,677	-	222,677	222,677
Employee benefits	129,218	46,483	17,227	63,710	192,928
Printing	16,423	-	1,952	1,952	18,375
Payroll taxes	87,915	25,589	11,845	37,434	125,349
Miscellaneous program expenses	12,808	-	-	-	12,808
Office supplies	7,295	15,350	445	15,795	23,090
Utilities, telecommunications and data	16,880	41,805	2,229	44,034	60,914
Equipment and venue rental	85,603	-	-	-	85,603
Miscellaneous	1,246	5,339	3,344	8,683	9,929
Postage and delivery	946	1,363	1,246	2,609	3,555
Depreciation and amortization	-	17,664	-	17,664	17,664
Insurance	-	21,899	-	21,899	21,899
Website maintenance	11,666	-	-	-	11,666
Dues and subscriptions	1,044	194	3,447	3,641	4,685
Interest	-	12,931	-	12,931	12,931
Overhead allocation	293,370	(333,000)	39,630	(293,370)	-
Total expenses	\$ 2,138,806	\$ 461,814	\$ 308,215	\$ 770,029	\$ 2,908,835

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Statement of Functional Expenses
Year Ended December 31, 2018

	Program services	Supporting services			Total expenses
		General and administration	Fundraising	Subtotal	
Salaries	\$ 1,242,003	\$ 315,069	\$ 167,048	\$ 482,117	\$ 1,724,120
Research	54,546	-	-	-	54,546
Partner support	242,461	-	-	-	242,461
Professional fees	152	42,704	2,009	44,713	44,865
Travel, meals and entertainment	44,072	43,986	45,993	89,979	134,051
Marketing	46,631	-	35	35	46,666
Rent	-	260,938	-	260,938	260,938
Employee benefits	142,353	43,046	19,522	62,568	204,921
Printing	4,603	468	859	1,327	5,930
Payroll taxes	97,385	24,865	13,516	38,381	135,766
Miscellaneous program expenses	11,103	-	475	475	11,578
Office supplies	809	17,965	458	18,423	19,232
Utilities, telecommunications and data	14,902	43,478	1,562	45,040	59,942
Equipment and venue rental	7,149	-	-	-	7,149
Miscellaneous	180	1,771	313	2,084	2,264
Postage and delivery	1,394	1,019	1,206	2,225	3,619
Depreciation and amortization	-	25,891	-	25,891	25,891
Insurance	-	23,186	-	23,186	23,186
Website maintenance	35,728	-	1,600	1,600	37,328
Dues and subscriptions	1,244	66	875	941	2,185
Interest	-	875	-	875	875
Overhead allocation	332,097	(377,093)	44,996	(332,097)	-
Total expenses	\$ 2,278,812	\$ 468,234	\$ 300,467	\$ 768,701	\$ 3,047,513

See Notes to Financial Statements.

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Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ (154,535)	\$ (1,262,717)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Amortization of discount on pledges receivable	35,503	-
Depreciation and amortization	17,664	25,891
Donated investments	(104,096)	(66,266)
Realized (gain) loss on investments	26	(1,602)
Gain on disposal of property and equipment	(174)	(271)
Changes in		
Accounts and sponsorship receivable	(6,996)	(37,346)
Pledges and grants receivable	(1,085,000)	1,522,475
Prepaid expenses	54,514	(68,620)
Deposits	(1,530)	(50)
Deferred rent asset	(4,968)	-
Accounts payable and accrued expenses	19,446	(59,657)
Deferred revenue	21,362	8,792
Deferred rent liability	(29,351)	29,351
	<u>(1,238,135)</u>	<u>89,980</u>
Net cash provided by (used in) operating activities		
Cash flows provided by investing activities		
Proceeds from sales of investments	156,138	66,430
Purchases of property and equipment	(1,534)	(24,191)
Proceeds from sale of property and equipment	549	635
	<u>155,153</u>	<u>42,874</u>
Net cash provided by investing activities		
Cash flows from financing activities		
Proceeds from notes payable	100,000	200,000
	<u>100,000</u>	<u>200,000</u>
Net cash provided by financing activities		
Net increase (decrease) in cash and cash equivalents	(982,982)	332,854
Cash and cash equivalents, beginning of year	<u>1,234,729</u>	<u>901,875</u>
Cash and cash equivalents, end of year	<u>\$ 251,747</u>	<u>\$ 1,234,729</u>
Supplemental disclosures of cash flow information		
Interest paid for notes payable	<u>\$ 612</u>	<u>\$ -</u>

See Notes to Financial Statements.

**Notes to Financial Statements
December 31, 2019 and 2018**

Note 1 - Organization and summary of significant accounting policies

Organization and nature of activities

ecoAmerica is an environmental nonprofit organization. It operates one program that uses psychographic research, strategic partnerships and engagement marketing to build a critical mass of institutional leadership, public support, and political will for climate solutions in the United States. ecoAmerica's program activities consist of the following five main components:

1. ecoAmerica engages trusted national leaders outside of typical environmental spheres—primarily from the faith, health, and local communities' sectors but also in higher education and business. These leaders convene quarterly, share ideas and learning, and strategize on climate change action.
2. The organization recruits and supports major national institutions in its target sectors and helps them make climate change a visible national priority for their organizations, engaging their millions of members to move society toward climate solutions.
3. It provides these institutions and leaders with comprehensive, tailored guidance, resources, training, and other support to help them lead on climate solutions and inspire their constituents to do the same.
4. ecoAmerica organizes summits, forums, webinars, workshops and other events designed to inspire action, share best practices and build independent and collective action for climate solutions.
5. Finally, ecoAmerica conducts and shares values, communications and messaging research and polling to help its partners and the climate movement understand which Americans are ready to move on climate and how best to reach them and inspire action.

Basis of accounting

ecoAmerica prepares its financial statements on the accrual basis of accounting. Consequently, revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Cash and cash equivalents

Cash and cash equivalents consist of cash in operating and money market bank accounts, cash on hand, and highly-liquid investments with original maturities of 90 days or less.

Cash consists of cash balances maintained on deposit at one bank, which, at times, may exceed federally insured limits. ecoAmerica had funds in excess of the Federal Deposit Insurance Corporation ("FDIC") insured limits of approximately \$45,000 as of December 31, 2019.

Investments

Donated investments are reflected as contributions at their fair values at date of receipt. Money market funds held in investment accounts with investment institutions are classified as investments on the statements of financial position. It is reasonably possible that changes in interest rate and market risk in the near term could result in a change in fair value of investment balances, which could be material. ecoAmerica received donated investments with a fair value of \$104,096 and \$66,266 for the years ended December 31, 2019 and 2018, respectively, which were converted to cash nearly immediately. Donated securities converted to cash nearly immediately are reflected in

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Notes to Financial Statements December 31, 2019 and 2018

the statements of cash flows as cash flows from operating activities. Any gain or loss from sale of donated investments are recognized as investment income in the statements of activities and change in net assets.

Accounts and sponsorship receivable

ecoAmerica records accounts and sponsorship receivable, net of an allowance for doubtful accounts. The allowance is determined based on a review of the estimated collectibility of the specific assets, plus a general provision based on historical loss experience and existing economic conditions. Uncollectible amounts are charged off against the allowance for doubtful accounts once management determines an account, or a portion thereof, to be worthless. Based on management's evaluation of the collectibility of accounts and sponsorship receivables, the allowance for doubtful accounts at December 31, 2019 and 2018 was \$0.

Pledges and grants receivable

Unconditional promises to give that are expected to be collected within one year are reflected as current pledges receivable and are recorded at their net realizable values in the period in which ecoAmerica is notified by the donor of his or her commitment to make a contribution. Unconditional promises to give that are expected to be collected in future years are reflected as long-term pledges receivable and are recorded at their net present value using a risk adjusted discount rate. Amortization of the discount on long-term pledges receivable are recognized as contributions and grants revenue. At December 31, 2019 and 2018, long-term pledges receivable are recorded at net realizable value which is not materially different than the discounted value of the pledges receivable.

Grants receivable represents amounts due to ecoAmerica for costs incurred under reimbursable grants, whether billed or unbilled.

Management evaluates the need for allowances based on a review of the estimated collectibility of the specific accounts, plus a general provision based on historical loss experience and existing economic conditions. Uncollectible amounts are charged off against the allowance for doubtful accounts once management determines an account, or a portion thereof, to be uncollectible. Management considers pledges and grants receivable at December 31, 2019 and 2018 to be fully collectible, and accordingly, no allowance was considered necessary.

Property and equipment

Property and equipment is recorded at cost or, if donated, at fair value at the date of donation. ecoAmerica provides for depreciation and amortization on property and equipment using the straight-line method over the useful lives of the assets, ranging from three to five years. ecoAmerica capitalizes purchases of property and equipment with a cost of \$1,000 or more with an estimated useful life of greater than one year.

ecoAmerica has capitalized certain website development costs incurred during the application development stage. Subsequent costs to maintain and operate the website are expensed as incurred. Capitalized website development costs are being amortized using the straight-line method over three years. Amortization expense was \$9,975 and \$12,963 for the years ended December 31, 2019 and 2018, respectively. Total accumulated amortization at December 31, 2019 and 2018 was \$661,133 and \$651,158, respectively.

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Notes to Financial Statements December 31, 2019 and 2018

Intangible asset

The intangible asset consists of a donated website domain, which ecoAmerica estimated had a fair value of \$4,000 when received. ecoAmerica applies the provisions of Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 350, *Intangibles - Goodwill and Other*, whereby intangible assets determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually in accordance with the provisions of FASB ASC Topic 350. ecoAmerica selected December 31 as the annual testing date and determined that as of December 31, 2019, no impairment exists.

Net assets

ecoAmerica is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets with donor restrictions are contributions with donor-imposed time and/or program-specific restrictions. These restrictions require that resources be used for specific purposes and/or in a certain period. Net assets with donor restrictions become net assets without donor restrictions when the time restrictions expire or the funds are used for their restricted purposes and are reported in the statements of activities and change in net assets as net assets released from restrictions. Net asset with donor restrictions related to pledges receivable become net assets without donor restrictions when the pledge payments become due and/or the funds are used for their restricted purposes. Net assets with donor restrictions at December 31, 2019 and 2018 are classified within the statements of financial position as follows:

	December 31,	
	2019	2018
Cash and cash equivalents	\$ 165,102	\$ 42,702
Accounts and sponsorship receivable, net	15,913	38,650
Pledges and grants receivable	1,074,497	26,000
	<u>\$ 1,255,512</u>	<u>\$ 107,352</u>

Revenue recognition

ecoAmerica records contributions as revenue when they are unconditionally pledged by the donor or when received in cash if not pledged. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where ecoAmerica must overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if ecoAmerica fails to overcome the barrier. Any funding received prior to overcoming the barrier is recognized as a refundable advance. At December 31, 2019 and 2018, ecoAmerica had no refundable advances related to contributions.

Conference revenue is comprised of conference registrations. Revenue from these events is recognized upon the occurrence of the events. Conference revenue received in advance and not yet earned is deferred to the applicable period.

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Notes to Financial Statements December 31, 2019 and 2018

Sponsorship income, for which there are no conditions surrounding the sponsorship, is recorded as sponsorship revenue for the portion of the payment that represents the fair value of the benefits provided, which is usually upon the event being held. The remaining portion is recorded as revenue without donor restrictions or revenue with donor restrictions depending on when the event or meeting takes place and/or the existence of any other donor restrictions. When the event or meeting occurs, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions.

Functional allocation of expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities and change in net assets. ecoAmerica allocates overhead expenses to all programs based on labor hours expended in the specific program areas.

Income taxes

ecoAmerica is exempt from federal tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements do not include a provision for federal and state income taxes. ecoAmerica did not have any unrelated business income for the years ended December 31, 2019 and 2018. ecoAmerica recognizes interest expense and penalties on income taxes related to uncertain tax positions in general and administration expenses on the statements of activities and change in net assets and accounts payable and accrued expenses on the statements of financial position. There is no provision in these financial statements for penalties and interest on income taxes related to uncertain tax positions for the years ended December 31, 2019 and 2018. Tax years prior to 2016 are no longer subject to examination by the IRS or the tax jurisdictions of California or the District of Columbia.

Use of estimates

Management uses estimates and assumptions in preparing these financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

Adoption of new accounting principles

During the year ended December 31, 2019, ecoAmerica adopted the provisions of FASB Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. This ASU provides new revenue recognition guidance that superseded existing revenue recognition guidance. The update, as amended, requires the recognition of revenue related to the transfer of goods or services to customers which reflects the consideration to which ecoAmerica expects to be entitled in exchange for those goods or services. Adopting the new standard did not have a material effect on the timing of ecoAmerica's revenue recognition for the year ended December 31, 2019.

During the year ended December 31, 2019, ecoAmerica also adopted the provisions of FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. Adopting the new standard did not have a material effect on ecoAmerica's revenue recognition for the year ended December 31, 2019.

During the year ended December 31, 2018, ecoAmerica adopted FASB ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*.

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**Notes to Financial Statements
December 31, 2019 and 2018**

Reclassifications

Certain reclassifications have been made to the 2018 amounts to conform to the 2019 presentation.

Subsequent events

ecoAmerica has evaluated events and transactions for potential recognition or disclosure through September 30, 2020, the date the financial statements were available to be issued. See Note 12 for the subsequent events disclosure.

Note 2 - Liquidity and availability of resources

The following table reflects ecoAmerica's financial assets as of December 31, 2019 and 2018, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position. Amounts not available include net assets with donor imposed restrictions.

	2019	2018
Financial assets		
Cash and cash equivalents	\$ 251,747	\$ 1,234,729
Accounts and sponsorship receivable, net	53,532	46,536
Pledges and grants receivable, net	1,075,497	26,000
Investments	-	52,068
	1,380,776	1,359,333
Less those unavailable for general expenditure within one year:		
Net assets with donor restrictions	(1,255,512)	(107,352)
Add net assets with time restrictions to be met in less than a year	445,000	93,250
	(810,512)	(14,102)
Financial assets available to meet cash needs for general expenditures within one year	\$ 570,264	\$ 1,345,231

As of December 31, 2019, ecoAmerica has a revolving demand note which ecoAmerica may draw upon, when necessary, to provide additional cash for general expenditures. See Note 6 for additional information.

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**Notes to Financial Statements
December 31, 2019 and 2018**

Note 3 - Pledges and grants receivable

Pledges and grants receivable consist of the following:

	December 31,	
	2019	2018
Receivables due in less than one year	\$ 596,000	\$ 26,000
Receivables due in one to five years	515,000	-
Total pledges and grants receivable	1,111,000	26,000
Less unamortized discount (4.75 - 5 percent)	(35,503)	-
Net pledges and grants receivable	1,075,497	26,000
Less current portion	596,000	26,000
Pledges and grants receivable, net of current portion	\$ 479,497	\$ -

Note 4 - Investments

Investments consist of the following:

	December 31,	
	2019	2018
Equity securities	\$ -	\$ 52,068

Investment income consists of the following:

	Year ended December 31,	
	2019	2018
Interest and dividends	\$ 193	\$ 181
Realized gain (loss) on investments	(26)	1,602
	\$ 167	\$ 1,783

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**Notes to Financial Statements
December 31, 2019 and 2018**

Note 5 - Property and equipment

Property and equipment includes:

	December 31,	
	2019	2018
Computers and equipment	\$ 117,848	\$ 125,064
Furniture	42,818	42,818
Website	672,643	672,643
Leasehold improvements	8,269	8,269
	841,578	848,794
Less accumulated depreciation and amortization	(820,262)	(810,973)
	\$ 21,316	\$ 37,821

Note 6 - Notes payable

In 2018, ecoAmerica obtained an interest-bearing revolving demand note from ecoAmerica's President in the amount of \$500,000. During 2019, \$100,000 was drawn on the note and recorded as a current liability as of December 31, 2019. Interest expense of \$612 and \$0 was reported in the accompanying statements of activities and change in net assets for the years ended December 31, 2019 and 2018, respectively. The note bears interest at the prime rate plus two percent (6.75% at December 31, 2019).

In 2018, ecoAmerica obtained a noninterest-bearing note payable from a community foundation's donor-advised fund, for which the President serves as the fund's advisor in the amount of \$200,000. During 2018, \$200,000 was drawn on the note and is recorded as a current liability as of December 31, 2019 and 2018. Imputed interest expense of \$10,583 and \$875 was reported in the accompanying statements of activities and change in net assets for the years ended December 31, 2019 and 2018, respectively, and recorded as contribution revenue and interest expense using a rate of 5.25%.

Subsequent to December 31, 2019, ecoAmerica made principal payments of \$200,000 on the notes payable as of September 30, 2020.

Note 7 - Net assets

Net assets with donor restrictions consist of the following:

	December 31,	
	2019	2018
Purpose restrictions	\$ 331,015	\$ 14,102
Time restrictions	924,497	93,250
	\$ 1,255,512	\$ 107,352

Net assets with purpose restrictions are restricted for the MomentUS program. Net assets with purpose restrictions may also have time restrictions.

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Notes to Financial Statements December 31, 2019 and 2018

Note 8 - Retirement plan

ecoAmerica provides a 401(k) retirement plan available to any employee who meets certain eligibility requirements. ecoAmerica will contribute 3 percent of eligible compensation. ecoAmerica's matching contributions to the plan amounted to \$39,764 and \$43,621 for the years ended December 31, 2019 and 2018, respectively.

Note 9 - Concentration

Pledges received from three donors represent approximately 53 and 28 percent of total support and revenue in the statements of activities and change in net assets for the years ended December 31, 2019 and 2018, respectively, and 81 and 0 percent of total pledges receivable at 2019 and 2018, respectively.

Note 10 - Commitments

ecoAmerica leases office space in Washington, DC and California. The California lease expired in February 2018 and ecoAmerica entered into a month-to-month for WeWork workspace.

ecoAmerica's Washington, DC lease was to expire in May 2018. In March 2018, ecoAmerica renewed the lease for three years. The renewed lease, which expires May 2021, provides for annual increases in monthly rent expense, plus ecoAmerica's pro rata share of real estate taxes. As part of the lease agreement, the lessor provided ecoAmerica with two months of rent abatement. In November 2019, the remaining lease obligation was incurred by a third party, CoveHQ. ecoAmerica entered into an agreement with CoveHQ for the remainder of the initial lease term with payments starting in December 2019. The agreement provides for annual increases in monthly rent expense. In accordance with the *Operating Lease* topic of the FASB ASC, rent expense is accrued and recognized on a straight-line basis over the term of the lease. Rent escalation will be amortized over the life of the lease on a straight-line basis. The unamortized amount is shown as deferred rent asset on the statements of financial position. As of December 31, 2019, the total unamortized deferred rent asset was \$4,968. As of December 31, 2018, the total unamortized deferred rent liability was \$29,351.

Future minimum annual rents under the leases are as follows at December 31, 2019:

2020	\$	149,526
2021		<u>58,550</u>
	\$	<u>208,076</u>

Total rent expense was \$222,677 and \$260,938 for the years ended December 31, 2019 and 2018, respectively.

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**Notes to Financial Statements
December 31, 2019 and 2018**

Note 11 - Fair value measurement

ecoAmerica has determined the fair value of certain assets through application of FASB ASC Topic 820, *Fair Value Measurement*. Fair values of assets measured on a recurring basis at December 31, 2019 and 2018 are as follows:

	Fair value	Fair value measurements at reporting date using		
		Quoted prices in active markets for identical assets/liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<u>December 31, 2019</u>				
Assets				
Money market funds	\$ -	\$ -	\$ -	\$ -
Total investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2018</u>				
Assets				
Money market funds	\$ 52,068	\$ 52,068	\$ -	\$ -
Total Investments	<u>\$ 52,068</u>	<u>\$ 52,068</u>	<u>\$ -</u>	<u>\$ -</u>

This FASB ASC topic establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and provide the highest quality inputs. Level 2 inputs are based primarily on quoted prices for identical assets in inactive markets or similar assets or liabilities in active or inactive markets or other significant market-observable inputs. Level 3 inputs provide the lowest quality inputs because there are no significant observable inputs. ecoAmerica uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, ecoAmerica measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. There have been no changes in the valuation methodologies used during the current year. All assets have been valued using a market approach.

Note 12 - Subsequent events

The spread of a novel strain of coronavirus ("COVID-19") has caused significant business disruptions in the United States beginning in the first quarter of 2020. The economic impact of the business disruptions caused by COVID-19 is uncertain. The extent of any effects these disruptions may have on the operations and financial position of ecoAmerica will depend on future developments, which cannot be determined at this time.

ecoAmerica

**Notes to Financial Statements
December 31, 2019 and 2018**

On May 11, 2020, ecoAmerica obtained a promissory note of \$294,126 from its bank under the Small Business Administration's ("SBA") Paycheck Protection Program that is part of the CARES Act stimulus relief. The note bears interest at 1 percent and requires monthly payments of principal and interest on the outstanding principal balance, unless otherwise forgiven in whole or in part by SBA under the CARES Act. The terms of the promissory note are subject to change based on final regulations issued.



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