

ecoAmerica

**Financial Statements
and Independent Auditor's Report**

December 31, 2020 and 2019

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, 2020 and 2019, and 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 audit 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, 2020 and 2019, 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 10, 2021

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**Statements of Financial Position
December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 308,141	\$ 251,747
Accounts and sponsorship receivable, net	85,887	53,532
Pledges and grants receivable, current	749,548	596,000
Deferred rent asset, current	4,110	858
Prepaid expenses	<u>106,592</u>	<u>40,707</u>
Total current assets	1,254,278	942,844
Property and equipment, net	13,420	21,316
Pledges and grants receivable, net of current portion	297,738	479,497
Deposits	20,601	26,946
Deferred rent asset, net of current portion	-	4,110
Intangible asset	<u>250</u>	<u>4,000</u>
	<u>\$ 1,586,287</u>	<u>\$ 1,478,713</u>
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable and accrued expenses	\$ 134,271	\$ 154,056
Deferred revenue	2,875	30,154
Notes payable	<u>394,126</u>	<u>300,000</u>
Total current liabilities	<u>531,272</u>	<u>484,210</u>
Net assets		
Net deficit without donor restrictions	(119,916)	(261,009)
Net assets with donor restrictions	<u>1,174,931</u>	<u>1,255,512</u>
Total net assets	<u>1,055,015</u>	<u>994,503</u>
	<u>\$ 1,586,287</u>	<u>\$ 1,478,713</u>

See Notes to Financial Statements.

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Statements of Activities and Change in Net Assets
Years Ended December 31, 2020 and 2019

	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenue						
Contributions and grants	\$ 1,427,838	\$ 1,033,240	\$ 2,461,078	\$ 736,224	\$ 1,899,497	\$ 2,635,721
Sponsorship revenue	66,418	12,125	78,543	24,050	16,913	40,963
Conference revenue	44,960	-	44,960	64,776	-	64,776
Investment income	4,822	-	4,822	167	-	167
Rental income	-	-	-	6,311	-	6,311
Miscellaneous revenue	9,398	-	9,398	6,362	-	6,362
Net assets released from restrictions - satisfaction of restrictions	1,125,946	(1,125,946)	-	768,250	(768,250)	-
Total support and revenue	2,679,382	(80,581)	2,598,801	1,606,140	1,148,160	2,754,300
Expenses						
Program services	1,691,436	-	1,691,436	2,138,806	-	2,138,806
Supporting services						
General and administration	468,137	-	468,137	461,814	-	461,814
Fundraising	378,716	-	378,716	308,215	-	308,215
Total supporting services	846,853	-	846,853	770,029	-	770,029
Total expenses	2,538,289	-	2,538,289	2,908,835	-	2,908,835
Change in net assets	141,093	(80,581)	60,512	(1,302,695)	1,148,160	(154,535)
Net assets, beginning of year	(261,009)	1,255,512	994,503	1,041,686	107,352	1,149,038
Net assets (deficit), end of year	\$ (119,916)	\$ 1,174,931	\$ 1,055,015	\$ (261,009)	\$ 1,255,512	\$ 994,503

See Notes to Financial Statements.

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Statement of Functional Expenses
Year Ended December 31, 2020

	Program services	Supporting services			Total expenses
		General and administration	Fundraising	Subtotal	
Salaries	\$ 957,634	\$ 330,949	\$ 259,526	\$ 590,475	\$ 1,548,109
Research	6,915	-	-	-	6,915
Partner support	4,056	-	-	-	4,056
Professional fees	58,199	31,407	550	31,957	90,156
Travel, meals and entertainment	28,271	8,928	9,157	18,085	46,356
Awards	155,000	-	-	-	155,000
Marketing	10,610	-	-	-	10,610
Rent	-	198,656	-	198,656	198,656
Employee benefits	133,026	56,731	35,629	92,360	225,386
Printing	5,095	-	196	196	5,291
Payroll taxes	26,842	9,590	7,629	17,219	44,061
Miscellaneous program expenses	9,196	381	-	381	9,577
Office supplies	4,679	6,011	2,208	8,219	12,898
Utilities, telecommunications and data	21,547	32,758	1,870	34,628	56,175
Miscellaneous	4,815	2,437	1,251	3,688	8,503
Postage and delivery	728	1,282	860	2,142	2,870
Depreciation and amortization	-	9,104	-	9,104	9,104
Insurance	-	19,463	-	19,463	19,463
Website maintenance	64,549	-	-	-	64,549
Dues and subscriptions	1,456	636	5,839	6,475	7,931
Interest	-	7,623	-	7,623	7,623
Bad debt	-	5,000	-	5,000	5,000
Overhead allocation	198,818	(252,819)	54,001	(198,818)	-
Total expenses	\$ 1,691,436	\$ 468,137	\$ 378,716	\$ 846,853	\$ 2,538,289

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	<u>\$ 2,138,806</u>	<u>\$ 461,814</u>	<u>\$ 308,215</u>	<u>\$ 770,029</u>	<u>\$ 2,908,835</u>

See Notes to Financial Statements.

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Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 60,512	\$ (154,535)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Amortization of discount on pledges receivable	(8,241)	35,503
Depreciation and amortization	9,104	17,664
Impairment loss	3,750	-
Donated investments	(217,507)	(104,096)
Proceeds from sales of donated investments	222,329	156,138
Realized (gain) loss on donated investments	(4,822)	26
Gain on disposal of property and equipment	-	(174)
Changes in		
Accounts and sponsorship receivable	(32,355)	(6,996)
Pledges and grants receivable	36,452	(1,085,000)
Prepaid expenses	(65,885)	54,514
Deposits	6,345	(1,530)
Deferred rent asset	858	(4,968)
Accounts payable and accrued expenses	(19,785)	19,446
Deferred revenue	(27,279)	21,362
Deferred rent liability	-	(29,351)
	<u>(36,524)</u>	<u>(1,081,997)</u>
Net cash used in operating activities		
Cash flows provided by investing activities		
Purchases of property and equipment	(1,208)	(1,534)
Proceeds from sale of property and equipment	-	549
	<u>(1,208)</u>	<u>(985)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from notes payable	294,126	100,000
Repayment of notes payable	(200,000)	-
	<u>94,126</u>	<u>100,000</u>
Net cash provided by financing activities		
Net increase (decrease) in cash and cash equivalents	56,394	(982,982)
Cash and cash equivalents, beginning of year	<u>251,747</u>	<u>1,234,729</u>
Cash and cash equivalents, end of year	<u>\$ 308,141</u>	<u>\$ 251,747</u>
Supplemental disclosures of cash flow information		
Interest paid for notes payable	<u>\$ 2,975</u>	<u>\$ 612</u>

See Notes to Financial Statements.

**Notes to Financial Statements
December 31, 2020 and 2019**

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 resolve 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. These leaders convene quarterly, share ideas and learning, and guide and support ecoAmerica's programs.
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 act and advocate for 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, campaigns 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 \$70,000 as of December 31, 2020.

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 rates 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 \$217,507 and \$104,096 for the years ended December 31, 2020 and 2019, respectively, which were converted to cash nearly immediately. Donated securities converted to cash nearly immediately are reflected in 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.

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Notes to Financial Statements December 31, 2020 and 2019

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, 2020 and 2019 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, 2020 and 2019, 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, 2020 and 2019 to be fully collectible, and accordingly, no allowance was considered necessary. Bad debt expense was \$5,000 and \$0 for the years ended December 31, 2020 and 2019, respectively.

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 \$2,917 and \$9,975 for the years ended December 31, 2020 and 2019, respectively. Total accumulated amortization at December 31, 2020 and 2019 was \$664,050 and \$661,133, respectively.

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Notes to Financial Statements December 31, 2020 and 2019

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 periodically reviews the carrying value of the website domain to determine whether impairment exists. During 2020, management determined that the carrying value of the domain no longer reflected its fair market value. Accordingly, ecoAmerica recorded a loss of \$3,750, which is included in miscellaneous expense in the accompanying statement of activities.

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, 2020 and 2019 are classified within the statements of financial position as follows:

	December 31,	
	2020	2019
Cash and cash equivalents	\$ 134,863	\$ 165,102
Accounts and sponsorship receivable, net	-	15,913
Pledges and grants receivable	1,040,068	1,074,497
	<u>\$ 1,174,931</u>	<u>\$ 1,255,512</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, 2020 and 2019, ecoAmerica had no refundable advances related to contributions.

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Notes to Financial Statements December 31, 2020 and 2019

Contributed professional services are recognized in the accompanying financial statements as a revenue and expense, at their estimated fair value. Contributed nonprofessional services are not recognized in the accompanying financial statements since the services provided do not meet the requirements for financial statement recognition.

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.

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, 2020 and 2019. 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, 2020 and 2019. Tax years prior to 2017 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.

Subsequent events

ecoAmerica has evaluated events and transactions for potential recognition or disclosure through September 10, 2021, the date the financial statements were available to be issued. See Note 13 for the subsequent events disclosure.

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**Notes to Financial Statements
December 31, 2020 and 2019**

Note 2 - Liquidity and availability of resources

The following table reflects ecoAmerica's financial assets as of December 31, 2020 and 2019, 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.

	2020	2019
Financial assets		
Cash and cash equivalents	\$ 308,141	\$ 251,747
Accounts and sponsorship receivable, net	85,887	53,532
Pledges and grants receivable, net	1,047,286	1,075,497
	1,441,314	1,380,776
Less those unavailable for general expenditure within one year:		
Net assets with donor restrictions	(1,174,931)	(1,255,512)
Add net assets with time restrictions to be met in less than a year	399,548	445,000
	(775,383)	(810,512)
Financial assets available to meet cash needs for general expenditures within one year	\$ 665,931	\$ 570,264

As of December 31, 2020, 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.

Note 3 - Pledges and grants receivable

Pledges and grants receivable consist of the following:

	December 31,	
	2020	2019
Receivables due in less than one year	\$ 749,548	\$ 596,000
Receivables due in one to five years	325,000	515,000
Total pledges and grants receivable	1,074,548	1,111,000
Less unamortized discount (3.25 - 5 percent)	(27,262)	(35,503)
Net pledges and grants receivable	1,047,286	1,075,497
Less current portion	749,548	596,000
Pledges and grants receivable, net of current portion	\$ 297,738	\$ 479,497

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**Notes to Financial Statements
December 31, 2020 and 2019**

Note 4 - Investments

As of December 31, 2020 and 2019, investments totaled \$0. Investment income consists of the following:

	Year ended December 31,	
	2020	2019
Interest and dividends	\$ -	\$ 193
Realized gain (loss) on donated investments	4,822	(26)
	\$ 4,822	\$ 167

Note 5 - Property and equipment

Property and equipment includes:

	December 31,	
	2020	2019
Computers and equipment	\$ 117,558	\$ 117,848
Furniture	42,818	42,818
Website	672,643	672,643
Leasehold improvements	8,269	8,269
	841,288	841,578
Less accumulated depreciation and amortization	(827,868)	(820,262)
	\$ 13,420	\$ 21,316

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. During 2020, ecoAmerica repaid \$100,000 on the revolving demand note. Interest expense of \$1,146 and \$612 was reported in the accompanying statements of activities and change in net assets for the years ended December 31, 2020 and 2019, respectively. The note bears interest at the prime rate plus two percent (3.25% and 6.75% at December 31, 2020 and 2019, respectively).

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. During 2020, ecoAmerica repaid \$100,000 of the note payable balance and the remaining balance on the note is recorded as a currently liability as of December 31, 2020. Imputed interest expense of \$4,648 and \$10,583 was reported in the accompanying statements of activities and change in net assets for the years ended December 31, 2020 and 2019, respectively, and recorded as contribution revenue and interest expense using a rate of 3.25% and 5.25%, respectively.

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Notes to Financial Statements December 31, 2020 and 2019

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 ("PPP") 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 part by the SBA under the CARES Act. If the note is not forgiven, payments will begin seven months from the date of the note until the maturity date of May 11, 2022, when the entire principal balance, along with all accrued and unpaid interest is due in full. The terms of the promissory note are subject to change depending on final regulation or legislation enacted. On April 7, 2021, the PPP note payable was forgiven in its entirety. Accordingly, ecoAmerica will derecognize \$294,126 of the PPP note payable and recognize revenue related to the forgiveness in 2021.

Note 7 - Net assets

Net assets with donor restrictions consist of the following:

	December 31,	
	2020	2019
Purpose restrictions	\$ 512,125	\$ 331,015
Time restrictions	662,806	924,497
	<u>\$ 1,174,931</u>	<u>\$ 1,255,512</u>

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

Note 8 - Contributed services

The estimated fair value of contributed professional services for the years ended December 31, 2020 and 2019 was \$10,800 and \$0, respectively. The contributed services are presented as contributions on the accompanying statements of activities and change in net assets and professional fees on the accompanying statements of functional expenses.

Note 9 - Retirement plan

ecoAmerica provides a 401(k) retirement plan available to any employee who meets certain eligibility requirements. ecoAmerica will contribute three percent of eligible compensation. ecoAmerica's matching contributions to the plan amounted to \$42,798 and \$39,764 for the years ended December 31, 2020 and 2019, respectively, and are presented as employee benefits on the accompanying statements of functional expenses.

Note 10 - Concentration

Pledges received from three donors represent approximately 49 and 53 percent of total support and revenue in the statements of activities and change in net assets for the years ended December 31, 2020 and 2019, respectively, and 70 and 81 percent of total pledges receivable at 2020 and 2019, respectively.

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Notes to Financial Statements December 31, 2020 and 2019

Note 11 - Commitments

ecoAmerica leases office space in Washington, DC and California. During 2019 and 2020, the California lease was month-to-month for the WeWork workspace. In December 2020, ecoAmerica extended the WeWork lease for one year, which expires December 2021.

ecoAmerica's Washington, DC office lease, which expires May 2021, provides for annual increases in month 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 for ecoAmerica's Washington, DC office 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, 2020 and 2019, the total unamortized deferred rent asset was \$4,110 and \$4,968, respectively. In June 2021, ecoAmerica signed a new lease agreement. The new lease, which expires February 2024, 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 three months of rent abatement.

Future minimum annual rents under the leases are as follows at December 31, 2020:

2021	\$	80,413
2022		80,536
2023		83,756
2024		<u>14,326</u>
	\$	<u>259,031</u>

Total rent expense was \$198,656 and \$222,677 for the years ended December 31, 2020 and 2019, respectively.

Note 12 - Risks and uncertainties - COVID-19

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. In 2020, ecoAmerica converted its annual summit, the American Climate Leadership Summit ("ACLS"), to a virtual event. Additionally, ecoAmerica converted ACLS to a virtual event again in 2021 due to COVID-19.

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, 2020 and 2019**

Note 13 - Subsequent event

On February 25, 2021, ecoAmerica obtained a promissory note of \$301,998 from its bank under the 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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