

ecoAmerica

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

December 31, 2021 and 2020

ecoAmerica

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Independent Auditor's Report

To the Board of Directors
ecoAmerica
Washington, DC

Opinion

We have audited the financial statements of ecoAmerica, which comprise the statements of financial position as of December 31, 2021 and 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ecoAmerica as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ecoAmerica and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ecoAmerica's ability to continue as a going concern for 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ecoAmerica's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ecoAmerica'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 audits.

CohnReznick LLP

Bethesda, Maryland
August 12, 2022

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Statements of Financial Position
December 31, 2021 and 2020

	<u>Assets</u>	
	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 868,562	\$ 308,141
Accounts and sponsorship receivable, net	89,007	85,887
Pledges and grants receivable, current	975,865	749,548
Deferred rent asset	-	4,110
Prepaid expenses	<u>52,259</u>	<u>106,592</u>
Total current assets	1,985,693	1,254,278
Property and equipment, net	28,330	13,420
Pledges and grants receivable, net of current portion	566,239	297,738
Deposits	8,168	20,601
Intangible asset	<u>250</u>	<u>250</u>
	<u>\$ 2,588,680</u>	<u>\$ 1,586,287</u>
	<u>Liabilities and Net Assets</u>	
Liabilities		
Accounts payable and accrued expenses	\$ 166,600	\$ 134,271
Deferred revenue	10,324	2,875
Deferred rent, current	6,439	-
Notes payable	<u>401,997</u>	<u>394,126</u>
Total current liabilities	585,360	531,272
Deferred rent, net of current portion	<u>11,637</u>	<u>-</u>
Total liabilities	<u>596,997</u>	<u>531,272</u>
Net assets		
Net assets (deficit) without donor restrictions	167,944	(119,916)
Net assets with donor restrictions	<u>1,823,739</u>	<u>1,174,931</u>
Total net assets	<u>1,991,683</u>	<u>1,055,015</u>
	<u>\$ 2,588,680</u>	<u>\$ 1,586,287</u>

See Notes to Financial Statements.

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**Statements of Activities and Change in Net Assets
Years Ended December 31, 2021 and 2020**

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenue						
Contributions and grants	\$ 1,084,244	\$ 2,069,223	\$ 3,153,467	\$ 1,427,838	\$ 1,033,240	\$ 2,461,078
Sponsorship revenue	59,750	-	59,750	66,418	12,125	78,543
Conference revenue	33,906	-	33,906	44,960	-	44,960
Investment income	2,539	-	2,539	4,822	-	4,822
Miscellaneous revenue	14,493	-	14,493	9,398	-	9,398
Forgiveness of Paycheck Protection Program loan and interest	296,729	-	296,729	-	-	-
Net assets released from restrictions - satisfaction of restrictions	1,420,415	(1,420,415)	-	1,125,946	(1,125,946)	-
Total support and revenue	<u>2,912,076</u>	<u>648,808</u>	<u>3,560,884</u>	<u>2,679,382</u>	<u>(80,581)</u>	<u>2,598,801</u>
Expenses						
Program services	<u>1,810,813</u>	<u>-</u>	<u>1,810,813</u>	<u>1,691,436</u>	<u>-</u>	<u>1,691,436</u>
Supporting services						
General and administration	373,880	-	373,880	468,137	-	468,137
Fundraising	<u>439,523</u>	<u>-</u>	<u>439,523</u>	<u>378,716</u>	<u>-</u>	<u>378,716</u>
Total supporting services	<u>813,403</u>	<u>-</u>	<u>813,403</u>	<u>846,853</u>	<u>-</u>	<u>846,853</u>
Total expenses	<u>2,624,216</u>	<u>-</u>	<u>2,624,216</u>	<u>2,538,289</u>	<u>-</u>	<u>2,538,289</u>
Change in net assets	287,860	648,808	936,668	141,093	(80,581)	60,512
Net assets, beginning of year	<u>(119,916)</u>	<u>1,174,931</u>	<u>1,055,015</u>	<u>(261,009)</u>	<u>1,255,512</u>	<u>994,503</u>
Net assets (deficit), end of year	<u>\$ 167,944</u>	<u>\$ 1,823,739</u>	<u>\$ 1,991,683</u>	<u>\$ (119,916)</u>	<u>\$ 1,174,931</u>	<u>\$ 1,055,015</u>

See Notes to Financial Statements.

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Statement of Functional Expenses
Year Ended December 31, 2021

	Program services	Supporting services			Total expenses
		General and administration	Fundraising	Subtotal	
Salaries	\$ 1,084,566	\$ 272,215	\$ 293,782	\$ 565,997	\$ 1,650,563
Research	31,874	-	-	-	31,874
Partner support	8,500	-	-	-	8,500
Professional fees	8,031	41,577	-	41,577	49,608
Travel, meals and entertainment	11,186	3,091	31,958	35,049	46,235
Awards	155,000	-	-	-	155,000
Marketing	5,722	-	-	-	5,722
Rent	-	103,132	-	103,132	103,132
Employee benefits	138,965	43,374	36,965	80,339	219,304
Printing	1,574	-	2,379	2,379	3,953
Payroll taxes	89,015	20,250	24,057	44,307	133,322
Miscellaneous program expenses	10,745	-	-	-	10,745
Office supplies	2,690	4,917	932	5,849	8,539
Utilities, telecommunications and data	53,763	30,099	4,030	34,129	87,892
Miscellaneous	1,368	11,011	1,020	12,031	13,399
Postage and delivery	94	748	963	1,711	1,805
Depreciation and amortization	-	10,210	-	10,210	10,210
Insurance	-	18,849	-	18,849	18,849
Website maintenance	55,827	-	-	-	55,827
Dues and subscriptions	684	-	2,473	2,473	3,157
Interest	-	6,580	-	6,580	6,580
Overhead allocation	151,209	(192,173)	40,964	(151,209)	-
Total expenses	\$ 1,810,813	\$ 373,880	\$ 439,523	\$ 813,403	\$ 2,624,216

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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Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 936,668	\$ 60,512
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Amortization of discount on pledges receivable	(8,501)	(8,241)
Depreciation and amortization	10,210	9,104
Impairment loss	-	3,750
Donated investments	(220,670)	(217,507)
Proceeds from sales of donated investments	223,209	222,329
Realized gain on donated investments	(2,539)	(4,822)
Forgiveness of Paycheck Protection Program loan	(294,126)	-
Changes in		
Accounts and sponsorship receivable	(3,120)	(32,355)
Pledges and grants receivable	(486,317)	36,452
Deferred rent asset	4,110	858
Prepaid expenses	54,333	(65,885)
Deposits	12,433	6,345
Accounts payable and accrued expenses	32,329	(19,785)
Deferred revenue	7,449	(27,279)
Deferred rent liability	18,076	-
	<u>283,544</u>	<u>(36,524)</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities		
Purchases of property and equipment	(25,120)	(1,208)
	<u>(25,120)</u>	<u>(1,208)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from notes payable	301,997	294,126
Repayment of notes payable	-	(200,000)
	<u>301,997</u>	<u>94,126</u>
Net cash provided by financing activities		
Net increase in cash and cash equivalents	560,421	56,394
Cash and cash equivalents, beginning of year	308,141	251,747
Cash and cash equivalents, end of year	<u>\$ 868,562</u>	<u>\$ 308,141</u>
Supplemental disclosures of cash flow information		
Interest paid for notes payable	<u>\$ 774</u>	<u>\$ 2,975</u>
Noncash financing activity		
Forgiveness of Paycheck Protection Program loan	<u>\$ 294,126</u>	<u>\$ -</u>

See Notes to Financial Statements.

**Notes to Financial Statements
December 31, 2021 and 2020**

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, leaders, and members with comprehensive, tailored guidance, resources, training, and other support to help them lead on climate solutions and inspire their stakeholders and others 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 \$669,000 as of December 31, 2021.

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 \$220,670 and \$217,507 for the years ended December 31, 2021 and 2020, 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

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Notes to Financial Statements December 31, 2021 and 2020

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, 2021 and 2020 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, 2021 and 2020, 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, 2021 and 2020 to be fully collectible, and accordingly, no allowance was considered necessary. Bad debt expense was \$0 and \$5,000 for the years ended December 31, 2021 and 2020, 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 \$2,431 and \$2,917 for the years ended December 31, 2021 and 2020, respectively. Total accumulated amortization at December 31, 2021 and 2020 was \$666,481 and \$664,050, respectively.

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Notes to Financial Statements December 31, 2021 and 2020

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, 2021 and 2020 are classified within the statements of financial position as follows:

	December 31,	
	2021	2020
Cash and cash equivalents	\$ 328,739	\$ 134,863
Pledges and grants receivable	1,495,000	1,040,068
	<u>\$ 1,823,739</u>	<u>\$ 1,174,931</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, 2021 and 2020, ecoAmerica had no refundable advances related to contributions.

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Notes to Financial Statements December 31, 2021 and 2020

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, 2021 and 2020. 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, 2021 and 2020. Tax years prior to 2018 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 August 12, 2022, the date the financial statements were available to be issued. See Note 5 for the subsequent event.

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**Notes to Financial Statements
December 31, 2021 and 2020**

Note 2 - Liquidity and availability of resources

The following table reflects ecoAmerica's financial assets as of December 31, 2021 and 2020, 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.

	2021	2020
Financial assets		
Cash and cash equivalents	\$ 868,562	\$ 308,141
Accounts and sponsorship receivable, net	89,007	85,887
Pledges and grants receivable, net	1,542,104	1,047,286
	2,499,673	1,441,314
Less those unavailable for general expenditure within one year:		
Net assets with donor restrictions	(1,823,739)	(1,174,931)
Add net assets with time restrictions to be met in less than a year	915,865	399,548
	(907,874)	(775,383)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,591,799	\$ 665,931

As of December 31, 2021, ecoAmerica has a revolving demand note which ecoAmerica may draw upon, when necessary, to provide additional cash for general expenditures. See Note 5 for additional information.

Note 3 - Pledges and grants receivable

Pledges and grants receivable consist of the following:

	December 31,	
	2021	2020
Receivables due in less than one year	\$ 975,865	\$ 749,548
Receivables due in one to five years	585,000	325,000
Total pledges and grants receivable	1,560,865	1,074,548
Less unamortized discount (3.25 - 5 percent)	(18,761)	(27,262)
Net pledges and grants receivable	1,542,104	1,047,286
Less current portion	975,865	749,548
Pledges and grants receivable, net of current portion	\$ 566,239	\$ 297,738

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**Notes to Financial Statements
December 31, 2021 and 2020**

Note 4 - Property and equipment

Property and equipment includes:

	December 31,	
	2021	2020
Computers and equipment	\$ 52,908	\$ 117,558
Furniture	40,099	42,818
Website	672,643	672,643
Leasehold improvements	2,573	8,269
	768,223	841,288
Less accumulated depreciation and amortization	(739,893)	(827,868)
	\$ 28,330	\$ 13,420

Note 5 - 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 during 2020, ecoAmerica repaid \$100,000 on the revolving demand note. Interest expense of \$0 and \$1,146 was reported in the accompanying statements of activities and change in net assets for the years ended December 31, 2021 and 2020, respectively. The note bears interest at the prime rate (3.25% at December 31, 2021 and 2020) plus two percent.

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 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, 2021. Imputed interest expense of \$3,250 and \$4,648 was reported in the accompanying statements of activities and change in net assets for the years ended December 31, 2021 and 2020, respectively, and recorded as contribution revenue and interest expense using a rate of 3.25%.

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 Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Under the terms of the agreement, the note bore interest at 1 percent and required 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. On April 7, 2021, the PPP note payable was forgiven in its entirety. Accordingly, ecoAmerica derecognized \$294,126 of the PPP note payable and recognized corresponding forgiveness of Paycheck Protection Program loan, including \$2,603 of interest.

On February 25, 2021, ecoAmerica obtained a promissory note of \$301,997 pursuant to the second round of the Paycheck Protection Program (the "Second PPP Loan"), which was established under the Consolidated Appropriations Act, 2021 (the "Appropriations Act") and is administered by the SBA. The outstanding borrowing under the Second PPP Loan bears interest at a rate of 1% per year and has a maturity date of January 2026. Under the Appropriations Act, Second PPP Loan recipients meeting certain criteria set by the SBA may be eligible for full or partial forgiveness of

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Notes to Financial Statements December 31, 2021 and 2020

such loans. There is a six-year period during which the SBA can review ecoAmerica's forgiveness calculation. Subsequent to year-end, the promissory note was forgiven.

Note 6 - Net assets

Net assets with donor restrictions consist of the following:

	December 31,	
	2021	2020
Purpose restrictions	\$ 407,500	\$ 512,125
Time restrictions	1,416,239	662,806
	<u>\$ 1,823,739</u>	<u>\$ 1,174,931</u>

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

Note 7 - Contributed services

The estimated fair value of contributed professional services for the years ended December 31, 2021 and 2020 was \$12,800 and \$10,800, 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 8 - 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 \$43,252 and \$42,798 for the years ended December 31, 2021 and 2020, respectively, and are presented as employee benefits on the accompanying statements of functional expenses.

Note 9 - Concentration

Pledges received from two donors represent approximately 55 and 49 percent of total support and revenue in the statements of activities and change in net assets for the years ended December 31, 2021 and 2020, respectively, and 66 and 70 percent of total pledges receivable at 2021 and 2020, respectively.

Note 10 - Commitments

ecoAmerica leases office space in Washington, DC and California. During 2020 and 2021, the California lease was month-to-month for the WeWork workspace. In December 2021, ecoAmerica extended the WeWork lease for one year, which expires December 2022.

ecoAmerica's Washington, DC office lease, which expired May 2021, provided 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 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

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Notes to Financial Statements December 31, 2021 and 2020

straight-line basis. As of December 31, 2020, the total unamortized deferred rent asset was \$4,110. 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. The unamortized amount is shown as deferred rent liability on the statements of financial position. As of December 31, 2021, the total unamortized deferred rent liability was \$18,076.

Future minimum annual rents under the leases are as follows at December 31, 2021:

2022	\$	88,774
2023		83,756
2024		<u>14,327</u>
	\$	<u><u>186,857</u></u>

Total rent expense was \$103,132 and \$198,656 for the years ended December 31, 2021 and 2020, respectively.

Note 11 - 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 and 2021, 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 2022 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.



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