

ecoAmerica

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

December 31, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021, 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 audit.

CohnReznick LLP

Bethesda, Maryland
July 13, 2023

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**Statements of Financial Position
December 31, 2022 and 2021**

Assets

	<u>2022</u>	<u>2021</u>
Current assets		
Cash and cash equivalents	\$ 894,977	\$ 868,562
Accounts and sponsorship receivable, net	1,256	89,007
Pledges and grants receivable, current	1,300,242	975,865
Prepaid expenses	57,343	52,259
	<u>2,253,818</u>	<u>1,985,693</u>
Property and equipment, net	37,227	28,330
Operating lease right-of-use asset	83,688	-
Pledges and grants receivable, net of current portion	1,027,048	566,239
Deposits	8,078	8,168
Intangible asset	250	250
	<u>\$ 3,410,109</u>	<u>\$ 2,588,680</u>

Liabilities and Net Assets

Liabilities		
Accounts payable and accrued expenses	\$ 201,069	\$ 166,600
Deferred revenue	-	10,324
Deferred rent, current	-	6,439
Operating lease liability, current	83,756	-
Notes payable	100,000	401,997
	<u>384,825</u>	<u>585,360</u>
Deferred rent, net of current portion	-	11,637
Operating lease liability, net of current portion	11,569	-
	<u>396,394</u>	<u>596,997</u>
Net assets		
Net assets without donor restrictions	137,141	167,944
Net assets with donor restrictions	2,876,574	1,823,739
	<u>3,013,715</u>	<u>1,991,683</u>
	<u>\$ 3,410,109</u>	<u>\$ 2,588,680</u>

See Notes to Financial Statements.

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**Statements of Activities and Change in Net Assets
Years Ended December 31, 2022 and 2021**

	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenue						
Contributions and grants	\$ 730,123	\$ 2,754,548	\$ 3,484,671	\$ 1,071,444	\$ 2,069,223	\$ 3,140,667
Sponsorship revenue	51,000	-	51,000	59,750	-	59,750
Conference revenue	6,202	-	6,202	33,906	-	33,906
Investment (loss) income	(7,644)	-	(7,644)	2,539	-	2,539
Miscellaneous revenue	145	-	145	14,493	-	14,493
Contributions of nonfinancial assets	21,750	-	21,750	12,800	-	12,800
Forgiveness of Paycheck Protection Program loans and interest	305,166	-	305,166	296,729	-	296,729
Net assets released from restrictions - satisfaction of restrictions	1,701,713	(1,701,713)	-	1,420,415	(1,420,415)	-
Total support and revenue	2,808,455	1,052,835	3,861,290	2,912,076	648,808	3,560,884
Expenses						
Program services	1,977,516	-	1,977,516	1,810,813	-	1,810,813
Supporting services						
General and administration	367,530	-	367,530	373,880	-	373,880
Fundraising	494,212	-	494,212	439,523	-	439,523
Total supporting services	861,742	-	861,742	813,403	-	813,403
Total expenses	2,839,258	-	2,839,258	2,624,216	-	2,624,216
Change in net assets	(30,803)	1,052,835	1,022,032	287,860	648,808	936,668
Net assets (deficit), beginning of year	167,944	1,823,739	1,991,683	(119,916)	1,174,931	1,055,015
Net assets, end of year	\$ 137,141	\$ 2,876,574	\$ 3,013,715	\$ 167,944	\$ 1,823,739	\$ 1,991,683

See Notes to Financial Statements.

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**Statement of Functional Expenses
Year Ended December 31, 2022**

		Supporting services			
	Program services	General and administration	Fundraising	Subtotal	Total expenses
Salaries	\$ 1,129,393	\$ 258,986	\$ 303,266	\$ 562,252	\$ 1,691,645
Research	18,784	-	-	-	18,784
Partner support	11,831	-	-	-	11,831
Professional fees	3,126	54,848	3,842	58,690	61,816
Travel, meals and entertainment	44,662	20,509	58,460	78,969	123,631
Awards	173,790	-	-	-	173,790
Marketing	5,676	-	-	-	5,676
Rent	-	84,178	-	84,178	84,178
Employee benefits	180,230	43,455	38,970	82,425	262,655
Printing	11,721	307	1,853	2,160	13,881
Payroll taxes	92,151	21,110	24,719	45,829	137,980
Miscellaneous program expenses	3,940	-	83	83	4,023
Office supplies	2,428	4,487	647	5,134	7,562
Utilities, telecommunications and data	66,849	32,059	7,496	39,555	106,404
Equipment Rental	1,000	-	-	-	1,000
Miscellaneous	344	8,923	1,260	10,183	10,527
Postage and delivery	2,650	1,178	1,652	2,830	5,480
Depreciation and amortization	335	9,136	-	9,136	9,471
Insurance	-	21,796	-	21,796	21,796
Website maintenance	65,927	-	-	-	65,927
Dues and subscriptions	858	6,346	8,296	14,642	15,500
Interest	-	5,633	-	5,633	5,633
Bad debt	-	68	-	68	68
Overhead allocation	161,821	(205,489)	43,668	(161,821)	-
Total expenses	<u>\$ 1,977,516</u>	<u>\$ 367,530</u>	<u>\$ 494,212</u>	<u>\$ 861,742</u>	<u>\$ 2,839,258</u>

See Notes to Financial Statements.

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**Statement of Functional Expenses
Year Ended December 31, 2021**

		Supporting services			
	Program services	General and administration	Fundraising	Subtotal	Total expenses
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	<u>\$ 1,810,813</u>	<u>\$ 373,880</u>	<u>\$ 439,523</u>	<u>\$ 813,403</u>	<u>\$ 2,624,216</u>

See Notes to Financial Statements.

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Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 1,022,032	\$ 936,668
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Amortization of discount on pledges receivable	89,191	(8,501)
Depreciation and amortization	9,471	10,210
Donated investments	(564,619)	(220,670)
Proceeds from sales of donated investments	556,631	223,209
Realized loss (gain) on donated investments	7,988	(2,539)
Gain on disposal of property and equipment	(145)	-
Forgiveness of Paycheck Protection Program loan	(301,997)	(294,126)
Amortization of operating lease right-of-use asset	67,312	-
Changes in		
Accounts and sponsorship receivable	87,751	(3,120)
Pledges and grants receivable	(874,377)	(486,317)
Deferred rent asset	-	4,110
Prepaid expenses	(5,084)	54,333
Deposits	90	12,433
Accounts payable and accrued expenses	34,469	32,329
Deferred revenue	(10,324)	7,449
Deferred rent liability	-	18,076
Operating lease liability	(73,751)	-
Net cash provided by operating activities	<u>44,638</u>	<u>283,544</u>
Cash flows from investing activities		
Purchases of property and equipment	(18,368)	(25,120)
Proceeds from sale of property and equipment	145	-
Net cash used in investing activities	<u>(18,223)</u>	<u>(25,120)</u>
Cash flows from financing activities		
Proceeds from notes payable	-	301,997
Net cash provided by financing activities	<u>-</u>	<u>301,997</u>
Net increase in cash and cash equivalents	26,415	560,421
Cash and cash equivalents, beginning of year	<u>868,562</u>	<u>308,141</u>
Cash and cash equivalents, end of year	<u>\$ 894,977</u>	<u>\$ 868,562</u>
Supplemental disclosures of cash flow information		
Interest paid for notes payable	<u>\$ -</u>	<u>\$ 774</u>
Forgiveness of Paycheck Protection Program loan	<u>\$ 301,997</u>	<u>\$ 294,126</u>
Right-of-use asset in exchange for operating lease obligation	<u>\$ 151,000</u>	<u>\$ -</u>

See Notes to Financial Statements.

**Notes to Financial Statements
December 31, 2022 and 2021**

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 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 \$646,000 as of December 31, 2022.

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 \$564,619 and \$220,670 for the years ended December 31, 2022 and 2021, 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

**Notes to Financial Statements
December 31, 2022 and 2021**

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, 2022 and 2021 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, 2022 and 2021, 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, 2022 and 2021 to be fully collectible, and accordingly, no allowance was considered necessary. Bad debt expense was \$68 and \$0 for the years ended December 31, 2022 and 2021, 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.

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Notes to Financial Statements December 31, 2022 and 2021

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 and recorded a loss of \$3,750. At December 31, 2022 and 2021, the balance was \$250.

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, 2022 and 2021 are classified within the statements of financial position as follows:

	December 31,	
	2022	2021
Cash and cash equivalents	\$ 612,500	\$ 328,739
Pledges and grants receivable, net	2,264,074	1,495,000
	<u>\$ 2,876,574</u>	<u>\$ 1,823,739</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, 2022 and 2021, ecoAmerica had no refundable advances related to contributions.

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Notes to Financial Statements December 31, 2022 and 2021

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, 2022 and 2021. 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, 2022 and 2021. Tax years prior to 2019 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.

Accounting pronouncements adopted

Effective January 1, 2022, ecoAmerica adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") 2016-02 (as amended), *Leases* ("Topic 842"). Under Topic 842, a lessee determines if an arrangement contains a lease at inception based on whether the lessee has the right to control the asset during the contract period and other facts and circumstances. ecoAmerica has determined that its signed agreement for office space fits the criteria under Topic 842. Under Topic 842, right-of-use assets and operating lease liabilities are recognized based on the present value of lease payments over the lease term, where the initial term of the lease exceeds twelve months, using an appropriate discount rate. As the rate implicit in

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Notes to Financial Statements December 31, 2022 and 2021

the lease is generally not readily determinable, ecoAmerica estimates its incremental borrowing rate as the discount rate. ecoAmerica's incremental borrowing rate, which is determined at either lease commencement or when a lease liability is remeasured, is an estimate of the interest rate it would pay on a collateralized borrowing, for an amount equal to the amount and currency of denomination of the lease payments, over a period commensurate with the lease term and in a similar economic environment. The operating lease liability is reduced as cash payments are made under the terms of the leases. Interest is charged to rent expense for the difference. The operating lease right-of-use asset is amortized over the lease term and reflected as rent expense in the accompanying financial statements. Lease expense is recognized on a straight-line basis over the term of the leases. Unless ecoAmerica determines that it is reasonably certain that the term of a lease will be terminated early or extended through a renewal option, the term of a lease spans for the duration of the minimum noncancellable contractual term. There are no residual value guarantees.

ecoAmerica has elected not to restate comparative periods and has elected the practical expedient to apply the provisions of Topic 842 at the adoption date instead of applying them to the earliest comparative period presented in the financial statements. ecoAmerica elected to apply the package of practical expedients available upon adoption of ASC 842. ecoAmerica will not reassess whether any expired or existing contracts are or contain leases or the classification of the identified leases. All existing agreements classified as operating and capital leases as of the effective date are in scope of ASC 842 and meet the definition of a lease. ecoAmerica has also elected to apply the short-term lease practical expedient to its WeWork office lease.

The adoption of Topic 842 has been applied effective January 1, 2022. On January 1, 2022, ecoAmerica recognized an operating lease right-of-use asset of \$151,000 and an operating lease liability of \$169,076 in connection with transitioning to Topic 842. The adoption of Topic 842 also resulted in a decrease of \$18,076 in deferred rent liability, which was reclassified to the operating lease right-of-use asset upon adoption. The adoption of Topic 842 did not have a material impact on ecoAmerica's results of operations or cash flows.

During the year ended December 31, 2022, ecoAmerica also adopted the provisions of FASB ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard provides guidance on the presentation of contributed nonfinancial assets in the statements of activities and change in net assets and additional disclosure requirements for each type of contributed nonfinancial asset. The ASU provides transparency on the measurement of the contributed nonfinancial assets of the organization and will not change existing recognition and measurement requirements. ecoAmerica has implemented the provisions of ASU 2020-07 applicable to all contributed nonfinancial assets, which has been applied retrospectively to all periods presented.

Subsequent events

ecoAmerica has evaluated events and transactions for potential recognition or disclosure through July 13, 2023, the date the financial statements were available to be issued.

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**Notes to Financial Statements
December 31, 2022 and 2021**

Note 2 - Liquidity and availability of resources

The following table reflects ecoAmerica's financial assets as of December 31, 2022 and 2021, 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:

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash and cash equivalents	\$ 894,977	\$ 868,562
Accounts and sponsorship receivable, net	1,256	89,007
Pledges and grants receivable, net	<u>2,327,290</u>	<u>1,542,104</u>
	<u>3,223,523</u>	<u>2,499,673</u>
Less those unavailable for general expenditure within one year:		
Net assets with donor restrictions	(2,876,574)	(1,823,739)
Add net assets with time restrictions to be met in less than a year	<u>1,277,026</u>	<u>915,865</u>
	<u>(1,599,548)</u>	<u>(907,874)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,623,975</u>	<u>\$ 1,591,799</u>

As of December 31, 2022, 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.

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**Notes to Financial Statements
December 31, 2022 and 2021**

Note 3 - Pledges and grants receivable

Pledges and grants receivable consist of the following:

	December 31,	
	2022	2021
Receivables due in less than one year	\$ 1,300,242	\$ 975,865
Receivables due in one to five years	1,135,000	585,000
Total pledges and grants receivable	2,435,242	1,560,865
Less unamortized discount (3.25 - 7.5 percent)	(107,952)	(18,761)
Net pledges and grants receivable	2,327,290	1,542,104
Less current portion	1,300,242	975,865
Pledges and grants receivable, net of current portion	<u>\$ 1,027,048</u>	<u>\$ 566,239</u>

Note 4 - Property and equipment

Property and equipment includes:

	December 31,	
	2022	2021
Computers and equipment	\$ 55,150	\$ 52,908
Furniture	40,099	40,099
Website	638,970	672,643
Leasehold improvements	2,573	2,573
	736,792	768,223
Less accumulated depreciation and amortization	(699,565)	(739,893)
	<u>\$ 37,227</u>	<u>\$ 28,330</u>

Depreciation expense totaled \$9,136 and \$7,779 for the years ended December 31, 2022 and 2021, respectively. Total accumulated depreciation at December 31, 2022 and 2021 was \$78,499 and \$73,412, respectively. Amortization expense was \$335 and \$2,431 for the years ended December 31, 2022 and 2021, respectively. Total accumulated amortization at December 31, 2022 and 2021 was \$621,066 and \$666,481, respectively.

ecoAmerica

Notes to Financial Statements December 31, 2022 and 2021

Note 5 - Notes payable

In 2018, ecoAmerica obtained an interest-bearing revolving demand note from ecoAmerica's President in the amount of \$500,000. The revolving demand note does not have an expiration date. The balance of the revolving demand note is \$0 at December 31, 2022 and 2021. Interest expense of \$0 was reported in the accompanying statements of activities and change in net assets for each of the years ended December 31, 2022 and 2021. The note bears interest at the prime rate (7.5% and 3.25% at December 31, 2022 and 2021, respectively) 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. The noninterest-bearing note does not have an expiration date. The balance of the noninterest-bearing note is \$100,000 at December 31, 2022 and 2021 and is recorded as a current liability as of December 31, 2022 and 2021. Imputed interest expense of \$5,021 and \$3,250 was reported in the accompanying statements of activities and change in net assets for the years ended December 31, 2022 and 2021, respectively, and recorded as contribution revenue and interest expense using a rate of 7.5% and 3.25%, respectively.

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 was 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 for the year ended December 31, 2021. ecoAmerica accrued \$1,830 of the interest forgiven during the year ended December 31, 2020.

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 was administered by the SBA. The outstanding borrowing under the Second PPP Loan bore interest at a rate of 1 percent per year and had 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 such loans. On March 15, 2022, the PPP note payable was forgiven in its entirety. Accordingly, ecoAmerica derecognized \$301,997 of the PPP note payable and recognized corresponding forgiveness of Paycheck Protection Program loan, including \$3,169 of interest for the year ended December 31, 2022. ecoAmerica accrued \$2,557 of the interest forgiven during the year ended December 31, 2021.

There is a six-year period during which the SBA can review ecoAmerica's forgiveness calculations.

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Notes to Financial Statements December 31, 2022 and 2021

Note 6 - Net assets

Net assets with donor restrictions consist of the following:

	December 31,	
	2022	2021
Purpose restrictions	\$ 612,500	\$ 407,500
Time restrictions	2,264,074	1,416,239
	<u>\$ 2,876,574</u>	<u>\$ 1,823,739</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 nonfinancial assets

The estimated fair value of contributed professional services for the years ended December 31, 2022 and 2021 was \$21,750 and \$12,800, respectively. The contributed services are presented as professional fees on the accompanying statements of functional expenses. For the years ended December 31, 2022 and 2021, the contributions of nonfinancial assets were utilized by ecoAmerica's programs and support services, and there were no donor-imposed restrictions associated with the contributed professional services.

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 \$45,673 and \$43,252 for the years ended December 31, 2022 and 2021, respectively, and are presented as employee benefits on the accompanying statements of functional expenses.

Note 9 - Concentration

Pledges received from two donors represent approximately 62 and 55 percent of total support and revenue in the statements of activities and change in net assets for the years ended December 31, 2022 and 2021, respectively, and 81 and 66 percent of total pledges receivable at 2022 and 2021, respectively.

Note 10 - Leases

ecoAmerica leases office space in Washington, DC and California. During 2021 and 2022, the California lease was month-to-month for the WeWork workspace. ecoAmerica has elected to treat the agreements as short-term leases and therefore is not required to implement the leases under Topic 842. Under the terms of the lease, ecoAmerica anticipates making rent payments totaling \$9,897 for the year ended December 31, 2023 and \$825 for the year ended December 31, 2024.

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.

ecoAmerica

**Notes to Financial Statements
December 31, 2022 and 2021**

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.

Minimum future lease payments required under the terms of the Washington, DC lease are as follows:

<u>Year ending December 31,</u>	
2023	\$ 83,756
2024	<u>14,326</u>
	98,082
Less: Imputed interest	(2,757)
Present value of net minimum lease payments	95,325
Less: current liability portion	<u>(83,756)</u>
Long-term liability portion	<u><u>\$ 11,569</u></u>

Other lease information:

Cash paid for amounts included in the measurement of lease obligation	<u><u>\$ 80,536</u></u>
Weighted-average annual discount rate operating lease	<u><u>5.25%</u></u>
Weighted-average remaining lease term (years)	<u><u>1.2</u></u>

Total rent expense for the leases was \$84,178 and \$103,132 for the years ended December 31, 2022 and 2021, respectively.



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