

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
1% FOR THE PLANET, INC.
DECEMBER 31, 2018 AND 2017**

1% FOR THE PLANET, INC.

DECEMBER 31, 2018 AND 2017

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Independent Auditor's Report

To the Board of Directors of
1% for the Planet, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of 1% for the Planet, Inc., which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, 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 of 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 1% for the Planet, Inc., as of December 31, 2018 and 2017, and the changes in its net assets, functional expenses, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Gallagher, Flynn & Company, LLP

November 26, 2019

1% FOR THE PLANET, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,085,615	\$ 794,608
Accounts receivable	91,716	161,645
Pledges receivable, current portion	141,257	3,778
Prepaid expenses and other current assets	44,156	35,632
	<u>1,362,744</u>	<u>995,663</u>
PROPERTY AND EQUIPMENT, at cost, net	<u>16,538</u>	<u>14,746</u>
OTHER ASSETS		
Website development costs, at cost, net	52,490	33,906
Pledges receivable, less current portion	140,000	-
	<u>192,490</u>	<u>33,906</u>
	<u>\$ 1,571,772</u>	<u>\$ 1,044,315</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 38,715	\$ 45,164
Accrued expenses	73,772	25,989
Deferred revenue	225,690	167,269
Total liabilities	<u>338,177</u>	<u>238,422</u>
NET ASSETS		
Without donor restrictions	939,838	717,948
With donor restrictions	293,757	87,945
	<u>1,233,595</u>	<u>805,893</u>
	<u>\$ 1,571,772</u>	<u>\$ 1,044,315</u>

The accompanying notes are an integral part of these statements.

1% FOR THE PLANET, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Corporate memberships	\$ 1,356,072	\$ -	\$ 1,356,072	\$ 1,302,566	\$ -	\$ 1,302,566
Contributions and foundation grants	643,334	293,757	937,091	533,347	37,945	571,292
Individual memberships	31,173	-	31,173	23,307	-	23,307
Other	28,353	-	28,353	13,532	-	13,532
Net assets released from restrictions	87,945	(87,945)	-	94,045	(94,045)	-
Total revenue	<u>2,146,877</u>	<u>205,812</u>	<u>2,352,689</u>	<u>1,966,797</u>	<u>(56,100)</u>	<u>1,910,697</u>
EXPENSES						
Program	<u>1,504,402</u>	<u>-</u>	<u>1,504,402</u>	<u>1,391,822</u>	<u>-</u>	<u>1,391,822</u>
Supporting:						
Fundraising	185,297	-	185,297	170,342	-	170,342
Management and general	235,288	-	235,288	203,942	-	203,942
Total supporting services	<u>420,585</u>	<u>-</u>	<u>420,585</u>	<u>374,284</u>	<u>-</u>	<u>374,284</u>
Total expenses	<u>1,924,987</u>	<u>-</u>	<u>1,924,987</u>	<u>1,766,106</u>	<u>-</u>	<u>1,766,106</u>
INCREASE (DECREASE) IN NET ASSETS	221,890	205,812	427,702	200,691	(56,100)	144,591
NET ASSETS, beginning of year	<u>717,948</u>	<u>87,945</u>	<u>805,893</u>	<u>517,257</u>	<u>144,045</u>	<u>661,302</u>
NET ASSETS, end of year	<u>\$ 939,838</u>	<u>\$ 293,757</u>	<u>\$ 1,233,595</u>	<u>\$ 717,948</u>	<u>\$ 87,945</u>	<u>\$ 805,893</u>

The accompanying notes are an integral part of these statements.

1% FOR THE PLANET, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

Program Expenses	Supporting Expenses			Total Supporting	Total Expenses
	Fundraising	Management and General			
Salaries and wages	\$ 638,197	\$ 84,409	\$ 77,762	\$ 162,171	\$ 800,368
Employee benefits	250,168	33,088	30,482	63,570	313,738
Total personnel	888,365	117,497	108,244	225,741	1,114,106
Advertising and promotion	7,770	2,841	1,304	4,145	11,915
Bank and other transaction fees	27,080	3,385	3,385	6,770	33,850
Contract services	95,364	11,329	5,683	17,012	112,376
Facilities	34,405	4,301	4,301	8,602	43,007
Grant to affiliate	267,488	-	-	-	267,488
Legal and professional	2,790	12,872	88,573	101,445	104,235
Other	44,075	5,509	5,505	11,014	55,089
Telephone and internet	22,638	2,830	2,830	5,660	28,298
Travel	102,509	12,814	12,814	25,628	128,137
	1,492,484	173,378	232,639	406,017	1,898,501
Depreciation and amortization	11,918	11,919	2,649	14,568	26,486
Total	\$ 1,504,402	\$ 185,297	\$ 235,288	\$ 420,585	\$ 1,924,987

The accompanying notes are an integral part of these statements.

1% FOR THE PLANET, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Program Expenses	Supporting Expenses			Total Expenses
		Fundraising	Management and General	Total Supporting	
Salaries and wages	\$ 607,567	\$ 76,881	\$ 75,851	\$ 152,732	\$ 760,299
Employee benefits	236,461	29,922	29,521	59,443	295,904
Total personnel	844,028	106,803	105,372	212,175	1,056,203
Advertising and promotion	6,628	77	652	729	7,357
Bank and other transaction fees	18,898	2,811	1,565	4,376	23,274
Contract services	80,450	-	813	813	81,263
Facilities	33,780	4,223	4,223	8,446	42,226
Grant to affiliate	296,170	-	-	-	296,170
Legal and professional	850	12,000	73,441	85,441	86,291
Other	28,552	3,569	3,568	7,137	35,689
Telephone and internet	12,598	1,575	1,575	3,150	15,748
Travel	62,197	31,613	11,026	42,639	104,836
	1,384,151	162,671	202,235	364,906	1,749,057
Depreciation and amortization	7,671	7,671	1,707	9,378	17,049
Total	<u>\$ 1,391,822</u>	<u>\$ 170,342</u>	<u>\$ 203,942</u>	<u>\$ 374,284</u>	<u>\$ 1,766,106</u>

The accompanying notes are an integral part of these statements.

1% FOR THE PLANET, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
INCREASE IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 427,702	\$ 144,591
Noncash items included in increase in net assets:		
Depreciation and amortization	26,486	17,049
Changes in assets and liabilities:		
Accounts receivable	69,929	(98,257)
Pledges receivable	(277,479)	110,267
Prepaid expenses and other current assets	(8,524)	2,926
Accounts payable	(6,449)	1,750
Accrued expenses	47,783	2,247
Deferred revenue	58,421	44,755
Net cash provided by operating activities	<u>337,869</u>	<u>225,328</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(6,862)	(7,480)
Website development costs	(40,000)	-
Net cash used in investing activities	<u>(46,862)</u>	<u>(7,480)</u>
Net increase in cash and cash equivalents	291,007	217,848
CASH AND CASH EQUIVALENTS, beginning of year	<u>794,608</u>	<u>576,760</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,085,615</u>	<u>\$ 794,608</u>
<u>Supplemental Disclosures of Cash Flows Information</u>		
Cash paid during the year for:		
Interest expense	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES

Operations:

1% for the Planet, Inc. (the “Organization”) is a Vermont nonprofit organization founded in 2001. Its mission is to build and support an alliance of businesses throughout the world that are financially committed to creating a healthy planet. The Organization carries out this mission by marketing to build visibility and demand for the “1% for the Planet” brand, building and maintaining partnerships to create opportunities to extend the Organization’s mission, adding new members to the Organization, and providing member services to matriculate and renew membership to the Organization and to certify member giving. Specifically, the Organization manages an association whose members commit to donating at least one percent of their annual revenues to approved third party not-for-profit organizations. The Organization licenses its trademarks to members in accordance with annual membership agreements, which automatically renew on an annual basis. While the majority of members are corporations, the Organization introduced individual memberships during 2017. The Organization works internationally with an independent chapter in France, whose operations are not under the control of the Organization but whose operations are funded by the Organization through a grant (see Note I). Revenues derived from foreign members and donors represent approximately 39% and 31% of total revenue in 2018 and 2017, respectively.

Accounting policies:

A summary of the Organization’s significant accounting policies applied in the preparation of the accompanying financial statements follows:

1. Basis of presentation

The separate activities and balances of 1% for the Planet France (see Note I) are not required to be and are not consolidated in the Organization’s financial statements.

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. A main provision of this guidance was to condense the presentation of net assets from three classes (unrestricted, temporarily restricted and permanently restricted) to two classes, as described more fully below. The guidance also enhances disclosures for board-designated amounts, composition of net assets with donor restrictions, liquidity, and expenses by both their natural and functional classification. The ASU has been applied retrospectively to all periods presented, and the Organization has adjusted the presentation of these financial statements accordingly.

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (CONTINUED)

1. Basis of presentation (continued)

The Organization's financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions (formerly referred to as "unrestricted"): Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the Board, and include board-designated funds that may be expended with approval of the Board.

Net assets with donor restrictions (formerly referred to as "temporarily restricted" and "permanently restricted"): Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

2. Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

3. Revenue recognition

Corporate memberships

Corporate members receive significant benefits in exchange for dues, including the ability to use the Organization's logo. Therefore, corporate memberships are accounted for as exchange transactions and are recorded as revenue on a straight-line basis over the course of the related membership period. Revenues related to prepayments and advance billings are deferred until the period in which such amounts are earned.

The Organization charges new corporate members a standard one-time activation fee, the revenues and expenses of which are recognized at the time of activation rather than amortized over the average membership life as required by accounting principles generally accepted in the United States of America ("GAAP"). The effect of this departure from GAAP is not material to the change in net assets. Total activation revenues and related expenses approximated \$114,000 in 2018 and \$101,000 in 2017.

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (CONTINUED)

3. Revenue recognition (continued)

Individual memberships

Individual members receive de minimis value in exchange for their membership dues, therefore, individual membership revenues are accounted for as contributions, which are recognized as increases in unrestricted net assets at the time the annual membership period commences.

Contribution and grant revenues

Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Conditional promises to give are not recorded until the conditions are substantially met.

4. Receivables

Accounts receivable are stated at the amount the Organization expects to collect, and are recorded at the commencement of the respective membership period.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected over periods in excess of one year are recorded at the present value of the estimated cash flows beyond one year. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises were received.

The Organization maintains, if required, an allowance for doubtful accounts and pledges for estimated losses resulting from the inability of members or donors to make required payments. Management considers a member's or donor's individual circumstances when determining the collectability of receivables. Based on management's assessment, the Organization provides for estimated uncollectible amounts through a charge to operations and a credit to a valuation allowance. Balances that remain outstanding after reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. No related allowances were required at December 31, 2018 or 2017.

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (CONTINUED)

5. Property and equipment

The Organization records purchased property and equipment at cost. Donations of property and equipment are recorded as contributions at their estimated fair market value.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. The straight-line method of depreciation is followed for substantially all assets.

6. Website development costs

The costs of website development are capitalized during the application development phase, which occurs once management has committed to fund the project and it is probable that the project will be completed for its intended use, and concludes upon demonstration of technological feasibility. Costs incurred prior to and after the application development phase are expensed as incurred. Capitalized costs are amortized on a straight-line basis over the economic life of the related project (generally four years). Related amortization expense was approximately \$21,400 in 2018 and \$12,600 in 2017.

7. Impairment of long-lived assets

Long-lived assets, such as property and equipment and website development costs, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows. An impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. There were no charges to activities related to impairment during 2018 or 2017.

8. Functional expenses and allocation of shared costs

Expenses are charged to program and supporting services based on direct expenses incurred and allocations of common expenses. Common costs are allocated to program and supporting expenses based upon related utilization. Specifically, employee benefits and facility costs are allocated based on relative salaries and wages.

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (CONTINUED)

9. Income taxes

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Accordingly, the Organization has not provided for income taxes in these financial statements.

Each year management considers whether any material tax position the Organization has taken is more likely than not to be sustained upon examination by the applicable taxing authority. Management believes that any positions the Organization has taken are supported by substantial authority and, therefore, do not need to be measured or disclosed in these financial statements. Tax returns for years subsequent to 2015 are subject to examination by tax authorities.

10. Use of estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

11. Recently issued accounting pronouncements

The Organization is currently evaluating the impact on its financial statements of adopting the following recently issued accounting pronouncements.

Revenue recognition

In May 2014, the FASB issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provides a robust framework for addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance, including industry-specific guidance, in current U.S. generally accepted accounting principles. The revenue recognition policies of almost all entities will be affected by the new guidance in the ASU. The degree to which an entity’s revenue recognition policies will change upon the adoption of the ASU, and the effects the changes will have on the entity’s financial statements will vary depending on the nature and terms of the entity’s revenue-generating transactions. In addition, entities in some industries likely will be affected by the new guidance in the ASU more than entities in other industries. Given the broad applicability and potentially significant ramifications of the guidance in the ASU, the FASB provided significantly delayed effective dates for its guidance. This ASU is effective for years beginning after December 15, 2018.

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (CONTINUED)

11. Recently issued accounting pronouncements (continued)

Contributions received and contributions made

In June 2018, the FASB issued ASU 2018-18, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance presented in Topic 958 for evaluating whether a transaction is a reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU is effective for resource recipients for years beginning after December 15, 2018 and for resource providers for years beginning after December 15, 2019.

Leases

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02 *Leases (Topic 842)*. This ASU was issued in three parts: (a) Section A, Leases: Amendments to the FASB Accounting Standards Codification, (b) Section B, Conforming Amendments Related to Leases: Amendments to the FASB Accounting Standards Codification, and (c) Section C, Background Information and Basis for Conclusions. While both lessees and lessors are affected by the new guidance which includes many changes, the effects on lessees are much more significant. The most significant change for lessees is the requirement to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases, affecting leases which were previously accounted for as operating leases. This ASU is effective for years beginning after December 15, 2020, and must be implemented using a modified retrospective approach.

12. Evaluation of subsequent events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 26, 2019, the date the financial statements were available to be issued.

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

B) AVAILABILITY AND LIQUIDITY

The following reflects the Organization's financial assets that are estimated to be available to meet general expenditure needs within one year as of December 31, 2018. This includes amounts pledged by donors for general operating use in 2019.

Cash and cash equivalents	\$ 1,085,615
Accounts receivable	91,716
Pledges receivable, current portion	<u>141,257</u>
Total financial assets available for general expenditures within one year	<u>\$ 1,318,588</u>

As part of its liquidity management process, the Organization structures its financial assets to be available as general and program expenditures, liabilities, and other obligations become due.

C) CONCENTRATIONS OF CREDIT RISK

The Organization maintains bank balances which, at times, may exceed federally insured limits. The Organization has not experienced any losses with these accounts. Management believes the Organization is not exposed to any significant credit risk on cash balances.

D) PLEDGES RECEIVABLE

The following is a summary of pledges receivable at December 31:

	<u>2018</u>	<u>2017</u>
Amounts due in:		
Less than one year	\$ 141,257	\$ 3,778
One to five years	<u>140,000</u>	<u>-</u>
	<u>\$ 281,257</u>	<u>\$ 3,778</u>

As of December 31, 2018 and 2017, present value discounts on pledges receivable were not significant and were not recorded.

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

E) PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Computers and equipment	\$ 22,722	\$ 19,566
Furniture and fixtures	1,550	1,550
Leasehold improvements	<u>4,000</u>	<u>4,000</u>
	28,272	25,116
Less accumulated depreciation and amortization	<u>11,734</u>	<u>10,370</u>
	<u><u>\$ 16,538</u></u>	<u><u>\$ 14,746</u></u>

F) WEBSITE DEVELOPMENT COSTS

Website development costs consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Website development costs	\$ 86,500	\$ 46,500
Less accumulated amortization	<u>34,010</u>	<u>12,594</u>
	<u><u>\$ 52,490</u></u>	<u><u>\$ 33,906</u></u>

G) NET ASSETS WITH DONOR RESTRICTIONS

Net assets are donor-restricted due to timing of availability of funds as follows at December 31:

	<u>2018</u>	<u>2017</u>
Pledges receivable - operating	\$ 281,257	\$ 3,778
Operating grants restricted for use in future years	<u>12,500</u>	<u>84,167</u>
	<u><u>\$ 293,757</u></u>	<u><u>\$ 87,945</u></u>

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

H) OPERATING LEASE COMMITMENT AND SUBSEQUENT EVENT

The Organization had an operating lease for office space through March 2019. The lease required monthly payments of \$3,100. Total rent expense charged to activities was approximately \$41,400 in 2018 and \$40,200 in 2017.

In April 2019, the Organization renewed the lease for \$3,250 per month through March 2020.

I) RELATED PARTY TRANSACTIONS - FRENCH AFFILIATE

In 2014, the Organization founded a separate legal entity called 1% for the Planet France (hereafter referred to as “1% France”) that is governed by an independent board of directors and commenced operations in 2016. The purpose is to create autonomy for 1% France to operate under principles identical to the Organization and to assume the operations previously operated by the Organization. The chief executive officer of the Organization serves as a member of 1% France’s board of directors and has certain veto rights, as defined in the organizational documents.

As 1% France was legally unable to have “members” as of its formation date, the Organization entered into membership agreements directly with members in France. Total revenues from memberships in France were approximately \$267,000 in 2018 and \$296,000 in 2017.

In 2018 and 2017, the operations of 1% France were funded by the Organization through a grant to 1% France of 100% of the collected memberships.

J) RETIREMENT PLAN

The Organization sponsors a 403(b) retirement plan (the Plan) that covers substantially all of its employees. The Organization matches contributions up to 6% of each employee’s eligible salary, as defined. The Organization’s contributions to the Plan charged to activities were approximately \$37,900 in 2018 and \$34,600 in 2017.