

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
1% FOR THE PLANET, INC.
DECEMBER 31, 2019 AND 2018**

1% FOR THE PLANET, INC.

DECEMBER 31, 2019 AND 2018

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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, 2019 and 2018, 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, 2019 and 2018, and the changes in its net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Gallagher, Flynn & Company, LLP

South Burlington, Vermont
December 2, 2020

1% FOR THE PLANET, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31,

	<u>2019</u>	<u>2018</u>
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,480,701	\$ 1,085,615
Accounts receivable	66,564	91,716
Pledges receivable, current portion	164,603	141,257
Prepaid expenses and other current assets	<u>77,009</u>	<u>44,156</u>
	<u>2,788,877</u>	<u>1,362,744</u>
PROPERTY AND EQUIPMENT, at cost, net	<u>16,753</u>	<u>16,538</u>
OTHER ASSETS		
Website development costs, at cost, net	22,115	52,490
Pledges receivable, less current portion	-	140,000
	<u>22,115</u>	<u>192,490</u>
	<u>\$ 2,827,745</u>	<u>\$ 1,571,772</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 42,553	\$ 38,715
Accrued expenses	126,853	73,772
Deferred revenue	<u>556,582</u>	<u>225,690</u>
Total liabilities	<u>725,988</u>	<u>338,177</u>
NET ASSETS		
Without donor restrictions	1,290,268	939,838
With donor restrictions	<u>811,489</u>	<u>293,757</u>
	<u>2,101,757</u>	<u>1,233,595</u>
	<u>\$ 2,827,745</u>	<u>\$ 1,571,772</u>

The accompanying notes are an integral part of these statements.

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

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Corporate memberships	\$ 1,452,708	\$ -	\$ 1,452,708	\$ 1,356,072	\$ -	\$ 1,356,072
Contributions and foundation grants	750,056	621,489	1,371,545	643,334	293,757	937,091
Individual memberships	34,671	-	34,671	31,173	-	31,173
Other	54,914	-	54,914	28,353	-	28,353
Net assets released from restrictions	103,757	(103,757)	-	87,945	(87,945)	-
Total revenues	<u>2,396,106</u>	<u>517,732</u>	<u>2,913,838</u>	<u>2,146,877</u>	<u>205,812</u>	<u>2,352,689</u>
EXPENSES						
Program	<u>1,495,709</u>	<u>-</u>	<u>1,495,709</u>	<u>1,504,402</u>	<u>-</u>	<u>1,504,402</u>
Supporting:						
Fundraising	296,332	-	296,332	185,297	-	185,297
Management and general	253,635	-	253,635	235,288	-	235,288
Total supporting services	<u>549,967</u>	<u>-</u>	<u>549,967</u>	<u>420,585</u>	<u>-</u>	<u>420,585</u>
Total expenses	<u>2,045,676</u>	<u>-</u>	<u>2,045,676</u>	<u>1,924,987</u>	<u>-</u>	<u>1,924,987</u>
INCREASE IN NET ASSETS	350,430	517,732	868,162	221,890	205,812	427,702
NET ASSETS, beginning 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>
NET ASSETS, end of year	<u>\$ 1,290,268</u>	<u>\$ 811,489</u>	<u>\$ 2,101,757</u>	<u>\$ 939,838</u>	<u>\$ 293,757</u>	<u>\$ 1,233,595</u>

The accompanying notes are an integral part of these statements.

1% FOR THE PLANET, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	Program Expenses	Supporting Expenses			Total Expenses
		Fundraising	Management and General	Total Supporting	
Salaries and wages	\$ 706,289	\$ 159,061	\$ 98,102	\$ 257,163	\$ 963,452
Employee benefits	237,577	53,504	32,999	86,503	324,080
Total personnel	943,866	212,565	131,101	343,666	1,287,532
Advertising and promotion	47,864	3,163	2,668	5,831	53,695
Bank and other transaction fees	30,395	7,078	4,164	11,242	41,637
Contract services	168,942	15,500	5,240	20,740	189,682
Facilities	28,707	6,685	3,933	10,618	39,325
Legal and professional	23,763	5,534	82,618	88,152	111,915
Other	46,477	10,822	9,218	20,040	66,517
Summit conference	108,405	-	-	-	108,405
Telephone and internet	36,691	8,545	5,024	13,569	50,260
Travel	44,529	10,370	6,099	16,469	60,998
	1,479,639	280,262	250,065	530,327	2,009,966
Depreciation and amortization	16,070	16,070	3,570	19,640	35,710
Total	<u>\$ 1,495,709</u>	<u>\$ 296,332</u>	<u>\$ 253,635</u>	<u>\$ 549,967</u>	<u>\$ 2,045,676</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 Expenses
		Fundraising	Management and General	Total Supporting	
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	<u>\$ 1,504,402</u>	<u>\$ 185,297</u>	<u>\$ 235,288</u>	<u>\$ 420,585</u>	<u>\$ 1,924,987</u>

The accompanying notes are an integral part of these statements.

1% FOR THE PLANET, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31,

	<u>2019</u>	<u>2018</u>
INCREASE IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 868,162	\$ 427,702
Noncash items included in increase in net assets:		
Depreciation and amortization	35,710	26,486
Changes in assets and liabilities:		
Accounts receivable	25,152	69,929
Pledges receivable	116,654	(277,479)
Prepaid expenses and other current assets	(32,853)	(8,524)
Accounts payable	3,838	(6,449)
Accrued expenses	53,081	47,783
Deferred revenue	330,892	58,421
Net cash provided by operating activities	<u>1,400,636</u>	<u>337,869</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(5,550)	(6,862)
Website development costs	-	(40,000)
Net cash used in investing activities	<u>(5,550)</u>	<u>(46,862)</u>
Net increase in cash and cash equivalents	1,395,086	291,007
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,085,615</u>	<u>794,608</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 2,480,701</u></u>	<u><u>\$ 1,085,615</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, 2019 AND 2018

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 and individuals 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, providing member services to matriculate and renew membership to the Organization and to certify member giving. The Organization’s members commit to donating at least 1% of their annual revenues to approved not-for-profit organizations. The Organization licenses its trademarks to corporate and individual members worldwide in accordance with membership agreements, which automatically renew on an annual basis. Total revenues derived from foreign members and donors represent approximately 40% and 39% of total revenues in 2019 and 2018, respectively.

The Organization works internationally with an independent chapter in France whose operations are not under the control of the Organization but were funded in part by the Organization in 2018 through a grant (see Note I). The separate activities and balances of 1% for the Planet France are not required to be and are not consolidated in the Organization’s financial statements.

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 Organization’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (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: 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 of directors (the Board) and include board-designated funds that may be expended with approval of the Board.

Net assets with donor restrictions: 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.

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (CONTINUED)

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 and receivables

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. The effect of this departure from GAAP is not material to the change in net assets. Total recognized activation revenues and related expenses approximated \$189,000 in 2019 and \$114,000 in 2018.

Accounts receivable

Accounts receivable represent amounts billed to customers at the commencement of the respective corporate membership period and are stated at the amount the Organization expects to collect.

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

Effective January 1, 2019, the Organization adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, as it pertains to contributions received. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e. an exchange transaction) or nonreciprocal (i.e. a contribution) and for distinguishing between conditional and unconditional contributions. The adoption of this guidance did not have a significant impact on these financial statements.

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (CONTINUED)

3. Revenue recognition and receivables (continued)

Contribution and grant revenues (continued)

Contributions and grants that are in substance contributions are recognized as revenues when the donor or grantor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with conditions that have not yet been satisfied are not recorded as revenues until the conditions are substantially met. Unconditional contributions that are restricted by the donor or grantor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal 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.

Unconditional promises to give

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 in future years are recorded at the net present value of their estimated cash flows, calculated using risk-free interest rates applicable to the years in which the promises are expected to be received. As of December 31, 2019 and 2018, the present value discount is not significant, and has not been recorded.

Allowance for doubtful receivables

The Organization maintains, if required, allowances 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, 2019 or 2018.

4. Property and equipment

The Organization records purchased property and equipment at cost. Donations of property and equipment, if any, 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.

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (CONTINUED)

5. 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 \$30,400 in 2019 and \$21,400 in 2018.

6. 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 2019 or 2018.

7. 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.

8. 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.

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (CONTINUED)

9. Use of estimates

In preparing financial statements in accordance with GAAP, 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.

10. Recently issued accounting pronouncements

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

Contributions made

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-18, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as described in Note A3. The ASU is effective for resource providers for contributions made for years beginning after December 15, 2019.

Revenue recognition

In 2014, the Financial Accounting Standards Board (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 GAAP. 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. On June 3, 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606)*, which provides for an optional one-year deferral for adopting the guidance in Topic 606. The Organization elected the option to defer the adoption of this guidance until 2020.

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (CONTINUED)

10. Recently issued accounting pronouncements (continued)

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, 2021, and must be implemented using a modified retrospective approach.

11. Evaluation of subsequent events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 2, 2020, the date the financial statements were available to be issued.

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:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 2,480,701	\$ 1,085,615
Accounts receivable	66,564	91,716
Pledges receivable, current portion	<u>164,603</u>	<u>141,257</u>
	<u>\$ 2,711,868</u>	<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.

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

D) PLEDGES RECEIVABLE

Pledges receivable consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Amounts due in:		
Less than one year	\$ 164,603	\$ 141,257
One to five years	-	140,000
	<u>\$ 164,603</u>	<u>\$ 281,257</u>

E) PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Computers and equipment	\$ 27,384	\$ 22,722
Furniture and fixtures	1,550	1,550
Leasehold improvements	4,000	4,000
	<u>32,934</u>	<u>28,272</u>
Less accumulated depreciation and amortization	16,181	11,734
	<u>\$ 16,753</u>	<u>\$ 16,538</u>

F) WEBSITE DEVELOPMENT COSTS

Website development costs consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Website development costs	\$ 86,500	\$ 86,500
Less accumulated amortization	64,385	34,010
	<u>\$ 22,115</u>	<u>\$ 52,490</u>

G) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Pledges receivable - operating	\$ 164,603	\$ 281,257
Restricted for distribution to third party non-profit organizations	399,000	-
Operating grants restricted for use in future years	247,886	12,500
	<u>\$ 811,489</u>	<u>\$ 293,757</u>

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

H) OPERATING LEASE COMMITMENT AND SUBSEQUENT EVENT

The Organization had an operating lease for office space, which required monthly payments of \$3,250 through March 2020, at which time it continued on a month-to-month basis until the Organization converted to remote operations (see Note K). Total rent expense charged to activities approximated \$38,800 in 2019 and \$41,400 in 2018.

In July 2020, the Organization signed a lease for new office space, with a one-year lease term commencing upon completion of the lease fit-up, anticipated to occur November 2020. The lease requires monthly payments of approximately \$2,700 for a period of one year from the occupancy date, with an option to renew for an additional one-year term.

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. Effective January 1, 2019, these membership agreements were terminated, and French members entered into new membership agreements directly with 1% France. As a result, the Organization recorded no revenues from France memberships in 2019. Total 2018 revenues from 1% France members were approximately \$267,000, which the Organization granted to 1% France in 2018 to fund its operations.

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 \$43,300 in 2019 and \$37,900 in 2018.

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

K) SUBSEQUENT EVENTS

Coronavirus pandemic

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Organization, to date, the Organization is experiencing no material loss of revenue or other adverse impacts. The Organization has moved to fully remote operations and has cancelled all travel and in-person events indefinitely. This has reduced direct expenses but has not impacted the Organization's ability to deliver its mission work. The Organization's membership base continued to grow in 2020 and is proving to be resilient in that it is spread across different industries and geographies. Although the Organization has seen some delays in receiving payment of membership fees in comparison to prior years, management does not see this or any other factor leading to the reasonable possibility of vulnerability to near-term severe impact.

Paycheck Protection Program (PPP Loan)

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which established the Paycheck Protection Program (the "Program"). The Program was created to assist small businesses in paying their employees and certain other expenses during the COVID-19 crisis. The Organization applied for and received a loan under this Program from its bank in the amount of \$183,658 in April 2020. The loan is forgivable if the Organization meets certain criteria as established under the Program. The Organization intends to seek loan forgiveness of the entire balance. Any of the loan amount not forgiven under the Program will be due April 2022, including interest at 1%. The loan is unsecured and does not require personal guarantees.

On June 5, 2020, Congress enacted the Paycheck Protection Program Flexibility Act of 2020, which amends forgiveness criteria of the Program, provides for deferral of loan repayment up to 16 months and permits lenders to amend loan agreements to provide borrowers a five-year period to pay any amounts not forgiven under the Program. There may be further guidance issued by the Small Business Administration (SBA), the U.S. Department of the Treasury, the lender, and other regulators related to the Program which could impact the loan and loan forgiveness.

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

K) SUBSEQUENT EVENTS (continued)

Economic Injury Disaster Loan (EIDL)

In May 2020, the Organization received a \$150,000 loan from the SBA under its Economic Injury Disaster Loan (“EIDL”) assistance program, which was designed to provide economic relief to businesses experiencing a temporary loss of revenue due to coronavirus. Proceeds from the EIDL are required to be used to fund working capital needs. Interest accrues at the rate of 2.75% per annum and will accrue from the date of inception. The loan requires monthly payments of \$641 beginning May 2021. The balance of principal and interest is due May 2050. The EIDL is secured by substantially all of the Organization’s assets.