

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
1% FOR THE PLANET, INC.
DECEMBER 31, 2020 AND 2019**

1% FOR THE PLANET, INC.
DECEMBER 31, 2020 AND 2019

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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, 2020 and 2019, 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 audits 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, 2020 and 2019, 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
July 23, 2021

1% FOR THE PLANET, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31,

	<u>2020</u>	<u>2019</u>
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,302,778	\$ 2,480,701
Accounts receivable	247,506	66,564
Pledges receivable	140,114	164,603
Prepaid expenses and other current assets	62,649	77,009
Restricted cash	<u>7,253,200</u>	<u>-</u>
	11,006,247	2,788,877
PROPERTY AND EQUIPMENT, at cost, net	43,665	16,753
WEBSITE DEVELOPMENT COSTS, at cost, net	<u>7,958</u>	<u>22,115</u>
	<u>\$11,057,870</u>	<u>\$ 2,827,745</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 65,928	\$ 42,553
Accrued expenses	134,854	126,853
Deferred revenue	535,213	556,582
Refundable advances	38,700	-
Funds held for others	<u>7,250,300</u>	<u>-</u>
	8,024,995	725,988
LONG-TERM DEBT	<u>149,259</u>	<u>-</u>
NET ASSETS		
Without donor restrictions	2,733,769	1,290,268
With donor restrictions	<u>149,847</u>	<u>811,489</u>
	<u>2,883,616</u>	<u>2,101,757</u>
	<u>\$11,057,870</u>	<u>\$ 2,827,745</u>

The accompanying notes are an integral part of these statements.

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

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Corporate memberships	\$ 2,079,717	\$ -	\$ 2,079,717	\$ 1,452,708	\$ -	\$ 1,452,708
Contributions and foundation grants	768,453	12,197	780,650	750,056	621,489	1,371,545
Individual memberships	44,813	-	44,813	34,671	-	34,671
Other	20,690	-	20,690	54,914	-	54,914
Net assets released from restrictions	673,839	(673,839)	-	103,757	(103,757)	-
Total revenues	<u>3,587,512</u>	<u>(661,642)</u>	<u>2,925,870</u>	<u>2,396,106</u>	<u>517,732</u>	<u>2,913,838</u>
EXPENSES						
Program	<u>1,552,948</u>	<u>-</u>	<u>1,552,948</u>	<u>1,495,709</u>	<u>-</u>	<u>1,495,709</u>
Supporting:						
Fundraising	361,570	-	361,570	296,332	-	296,332
Management and general	413,151	-	413,151	253,635	-	253,635
Total supporting services	<u>774,721</u>	<u>-</u>	<u>774,721</u>	<u>549,967</u>	<u>-</u>	<u>549,967</u>
Total expenses	<u>2,327,669</u>	<u>-</u>	<u>2,327,669</u>	<u>2,045,676</u>	<u>-</u>	<u>2,045,676</u>
OTHER INCOME						
Paycheck Protection Program loan forgiveness	<u>183,658</u>	<u>-</u>	<u>183,658</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS	1,443,501	(661,642)	781,859	350,430	517,732	868,162
NET ASSETS, beginning 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>
NET ASSETS, end of year	<u>\$ 2,733,769</u>	<u>\$ 149,847</u>	<u>\$ 2,883,616</u>	<u>\$ 1,290,268</u>	<u>\$ 811,489</u>	<u>\$ 2,101,757</u>

The accompanying notes are an integral part of these statements.

1% FOR THE PLANET, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program Expenses	Supporting Expenses			Total Expenses
		Fundraising	Management and General	Total Supporting	
Salaries and wages	\$ 923,570	\$ 214,306	\$ 131,288	\$ 345,594	\$ 1,269,164
Employee benefits	275,889	64,017	39,218	103,235	379,124
Total personnel	1,199,459	278,323	170,506	448,829	1,648,288
Advertising and promotion	27,509	-	4,101	4,101	31,610
Bank and other transaction fees	35,504	8,268	4,863	13,131	48,635
Contract services	101,551	18,100	26,901	45,001	146,552
Facilities	19,042	4,435	3,009	7,444	26,486
Information technology	74,758	17,410	10,240	27,650	102,408
Legal and professional	23,730	11,362	186,111	197,473	221,203
Other	25,690	5,982	3,520	9,502	35,192
Summit conference	27,348	2,744	200	2,944	30,292
Travel	4,446	1,035	609	1,644	6,090
	1,539,037	347,659	410,060	757,719	2,296,756
Depreciation and amortization	13,911	13,911	3,091	17,002	30,913
Total	\$ 1,552,948	\$ 361,570	\$ 413,151	\$ 774,721	\$ 2,327,669

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 Supporting	Total Expenses
	Fundraising	Management and General			
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
Information technology	36,691	8,545	5,024	13,569	50,260
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
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	\$ 1,495,709	\$ 296,332	\$ 253,635	\$ 549,967	\$ 2,045,676

The accompanying notes are an integral part of these statements.

1% FOR THE PLANET, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31,

	<u>2020</u>	<u>2019</u>
INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 781,859	\$ 868,162
Noncash items included in increase in net assets:		
Provision for allowance for doubtful accounts	46,000	-
Depreciation and amortization	30,913	35,710
Paycheck Protection Program loan forgiveness	(183,658)	-
Changes in assets and liabilities:		
Accounts receivable	(226,942)	25,152
Pledges receivable	24,489	116,654
Prepaid expenses and other current assets	14,360	(32,853)
Accounts payable	23,375	3,838
Accrued expenses	8,001	53,081
Deferred revenue	(21,369)	330,892
Refundable advances	38,700	-
Funds held for others	7,250,300	-
Net cash provided by operating activities	<u>7,786,028</u>	<u>1,400,636</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(35,668)	(5,550)
Website development costs	(8,000)	-
Net cash used in investing activities	<u>(43,668)</u>	<u>(5,550)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	333,658	-
Principal payments on long-term debt	(741)	-
Net cash provided by financing activities	<u>332,917</u>	<u>-</u>
Net increase in cash, cash equivalents, and restricted cash	8,075,277	1,395,086
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	<u>2,480,701</u>	<u>1,085,615</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	<u><u>\$10,555,978</u></u>	<u><u>\$ 2,480,701</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, 2020 AND 2019

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 47% and 40% of total revenues in 2020 and 2019, respectively.

The Organization works internationally with an independent chapter in France whose operations are not under the control of the Organization. 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, 2020 AND 2019

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (CONTINUED)

2. **Cash and cash equivalents and restricted cash**

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

Restricted cash represents amounts required to be reserved in a separate bank account based on an agreement between the Organization and one of its members, which is offset by a corresponding funds held for others liability (see Note A7). Pursuant to this agreement, cash received from the member is required to be maintained in this separate account, unless the member clearly communicates it in writing as a contribution to the Organization. Distributions from the account require approval from the member, at which time they are disbursed to designated recipients during the member's fiscal year.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash as reported in the statements of financial position as of December 31:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,302,778	\$ 2,480,701
Restricted cash	7,253,200	-
	<u>\$10,555,978</u>	<u>\$ 2,480,701</u>

3. **Revenue recognition and receivables**

Corporate memberships and deferred revenue

Effective January 1, 2020, the Organization adopted new revenue recognition guidance which provides a single framework under which revenue from contracts with customers is required to be recognized. The adoption of this guidance did not result in any significant impact to the financial statements.

Corporate members receive commensurate value in exchange for dues, including the ability to use the Organization's logo. Therefore, corporate memberships are accounted for as contracts with customers (exchange transactions) and are recognized when the promised goods or services are transferred to customers, in an amount that reflects the consideration expected to be received in exchange for those goods or services. Revenue is measured based on consideration specified in contracts with customers (specifically, membership agreements). Corporate memberships are recorded as revenue on a straight-line basis over the course of the related membership period.

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. The revenues and related expenses substantially offset, therefore there is no net impact on the statements of activities. Total recognized activation revenues and related expenses approximated \$262,000 in 2020 and \$189,000 in 2019.

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (CONTINUED)

3. Revenue recognition and receivables (continued)

Corporate memberships and deferred revenue (continued)

Revenues related to prepayments and advance billings are deferred until the period in which such amounts are earned.

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 foundation grant revenues

Contributions and grants that are in substance contributions are recognized as revenues when the donor or grantor makes an unconditional promise to give to the Organization. Contributions with conditions that have not yet been satisfied are not recorded as revenues until the conditions are substantially met. Advances made to the Organization under conditional contributions are reported as refundable advances in the accompanying statements of financial position. 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 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, if any, 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, 2020, and 2019, all of the Organization's pledges receivable were due in the upcoming year.

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (CONTINUED)

3. Revenue recognition and receivables (continued)

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 activities 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.

Accounts receivable was reported net of an allowance for doubtful accounts of \$46,000 and \$0 at December 31, 2020, and 2019, respectively. No allowance for doubtful pledges receivable was required at December 31, 2020 or 2019.

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 activities over their estimated service lives. The straight-line method of depreciation is followed for substantially all assets.

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 \$22,000 in 2020 and \$30,000 in 2019.

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 2020 or 2019.

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (CONTINUED)

7. Funds held for others

The Organization holds amounts received from one of its members in a separate “restricted cash” account, as described more fully in Note A2. Changes in the related restricted cash balance upon receipt of additional cash or due to disbursements authorized by the member are reported as increases and decreases in the funds held for others liability, respectively.

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.

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. The Organization is subject to income tax examinations by tax authorities for three years following the date of filing.

10. 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.

11. Evaluation of subsequent events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 23, 2021, the date the financial statements were available to be issued.

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (CONTINUED)

12. Recently issued accounting pronouncement

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

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.

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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,302,778	\$ 2,480,701
Accounts receivable	247,506	66,564
Pledges receivable	140,114	164,603
	<u>\$ 3,690,398</u>	<u>\$ 2,711,868</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.

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

C) BUSINESS RISKS

General economic conditions

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 moved to fully remote operations for the remainder of 2020 and has cancelled all travel and in-person events through 2021. 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.

Bank balances

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) PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Computers and equipment	\$ 37,061	\$ 27,384
Furniture and fixtures	22,228	1,550
Leasehold improvements	<u>4,000</u>	<u>4,000</u>
	63,289	32,934
Less accumulated depreciation and amortization	<u>19,624</u>	<u>16,181</u>
	<u>\$ 43,665</u>	<u>\$ 16,753</u>

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

E) WEBSITE DEVELOPMENT COSTS

Website development costs consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Website development costs	\$ 94,500	\$ 86,500
Less accumulated amortization	86,542	64,385
	<u>\$ 7,958</u>	<u>\$ 22,115</u>

F) LONG-TERM DEBT

In May 2020, the Organization received a \$150,000 unsecured loan under the Economic Injury Disaster Loan (EIDL) assistance program, which was designed to provide economic relief to businesses experiencing a temporary loss in revenue due to the coronavirus pandemic. Proceeds from the loan must be used to fund working capital needs caused by the coronavirus. This loan is payable in monthly installments of \$641, including interest at 2.75%, commencing in May 2021 and due May 2050. A \$741 prepayment was made during 2020, and at December 31, 2020, there was a balance of \$149,259 remaining on this loan.

In April 2020, the Organization received an unsecured note payable in the amount of \$183,658 in connection with the Paycheck Protection Program (PPP), established by the federal government Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to assist qualifying small businesses in paying their employees and certain other expenses during the COVID-19 crisis. This loan was forgiven in its entirety by the bank and Small Business Administration during 2020, at which time the loan forgiveness was recorded as other income in the accompanying 2020 statement of activities. This funding source covered operational losses and expenses incurred as a result of or during the pandemic.

As of December 31, 2020, long-term debt matures as follows:

<u>Years ending December 31,</u>	<u>Amount</u>
2021	\$ 2,050
2022	3,592
2023	3,692
2024	3,795
2025	3,901
Thereafter	<u>132,229</u>
	<u>\$ 149,259</u>

1% FOR THE PLANET, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

G) NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Pledges receivable - operating	\$ 114	\$ 164,603
Restricted for distribution to third party non-profit organizations	-	399,000
Operating grants restricted for use in future years	<u>149,733</u>	<u>247,886</u>
	<u>\$ 149,847</u>	<u>\$ 811,489</u>

H) 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 \$57,000 in 2020 and \$43,000 in 2019.