EARTHCORPS

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2020 AND 2019

Jones & Associates PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
EarthCorps
Seattle, Washington

We have audited the accompanying financial statements of EarthCorps (a nonprofit organization), 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from 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 EarthCorps as of December 31, 2020 and 2019, 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.

Jones & Associates PLLC, CPAs

Jones & Associates PLLC, CPAs
August 25, 2021

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EARTHCORPS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	$ 1,510,568	$ 1,379,550
Accounts receivable, net of allowance	412,303	286,712
Pledges receivable	73,446	46,808
Prepaid rent	23,209	66,160
Prepaid expenses	34,398	48,288
Total current assets	2,053,924	1,827,518
Pledges receivable, net of current portion	-	20,371
Investments	400,481	364,499
Prepaid rent, net of current portion	369,729	343,385
Property and equipment, net	87,173	122,904
Unemployment trust deposits	53,326	64,531
	$ 2,964,633	$ 2,743,208
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 54,129	$ 57,698
Accrued payroll and related	96,106	103,798
Deferred rent, current portion	8,760	14,600
Deferred revenue, current portion	175,000	125,000
Note payable, current portion	39,089	33,839
Total current liabilities	373,084	334,935
Deferred revenue, net of current portion	58,650	212,261
Deferred rent, net of current portion	53,516	32,800
Note payable, net of current portion	224,581	317,528
Total liabilities	709,831	897,524
NET ASSETS		
Without donor restrictions		
Undesignated	1,352,616	1,117,114
Board designated	525,000	525,000
	1,877,616	1,642,114
With donor restrictions		
Purpose and time	372,886	199,270
Perpetual in nature	4,300	4,300
	377,186	203,570
Total net assets	2,254,802	1,845,684
	$ 2,964,633	$ 2,743,208

See accompanying notes to financial statements.

EARTHCORPS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions			
	Undesignated	Board Designated	With Donor Restrictions	Total
SUPPORT AND REVENUE				
Government grants and contracts	$ 2,184,461	$ -	$ -	$ 2,184,461
Non-government grants and contracts	255,422	-	-	255,422
Contributions	607,254	-	289,325	896,579
Special events, net of costs	172,098	-	-	172,098
Program income	60,511	-	-	60,511
In-kind contributions	90,586	-	-	90,586
Investment return, net of fees	39,767	-	-	39,767
Other	30	-	-	30
	3,410,129	-	289,325	3,699,454
Net asset releases/transfers:				
Net assets released from restrictions	115,709	-	(115,709)	-
Total support and revenue	3,525,838	-	173,616	3,699,454
EXPENSES				
Program services	2,715,239	-	-	2,715,239
Management and general	383,945	-	-	383,945
Fundraising	191,152	-	-	191,152
Total expenses	3,290,336	-	-	3,290,336
CHANGE IN NET ASSETS	235,502	-	173,616	409,118
NET ASSETS				
Beginning of the year	1,117,114	525,000	203,570	1,845,684
End of the year	$ 1,352,616	$ 525,000	$ 377,186	$ 2,254,802

EARTHCORPS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions			
	Undesignated	Board Designated	With Donor Restrictions	Total
SUPPORT AND REVENUE				
Government grants and contracts	$ 2,184,460	$ -	$ -	$ 2,184,460
Non-government grants and contracts	345,058	-	-	345,058
Contributions	638,869	-	146,453	785,322
Special events, net of costs	210,960	-	-	210,960
Program income	58,188	-	-	58,188
In-kind contributions	2,035	-	-	2,035
Investment return, net of fees	56,740	-	-	56,740
Other	16,957	-	-	16,957
	3,513,267	-	146,453	3,659,720
Net asset releases/transfers:				
Board designated transfers	(50,000)	50,000	-	-
Net assets released from restrictions	269,873	-	(269,873)	-
	219,873	50,000	(269,873)	-
Total support and revenue	3,733,140	50,000	(123,420)	3,659,720
EXPENSES				
Program services	2,931,975	-	-	2,931,975
Management and general	351,712	-	-	351,712
Fundraising	236,638	-	-	236,638
Total expenses	3,520,325	-	-	3,520,325
CHANGE IN NET ASSETS	212,815	50,000	(123,420)	139,395
NET ASSETS				
Beginning of the year	904,299	475,000	326,990	1,706,289
End of the year	$ 1,117,114	$ 525,000	$ 203,570	$ 1,845,684

EARTHCORPS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services				Support Services		
	Corps	Volunteer	Professional Services	Total	Management and General	Fundraising	Total
Salaries and related costs	$ 1,572,215	$ 473,093	$ 71,967	$ 2,117,275	$ 226,546	$ 137,064	$ 2,480,885
Field operations	243,727	25,115	4,929	273,771	8,757	-	282,528
Occupancy	67,360	33,577	5,878	106,815	17,106	11,854	135,775
Professional fees	2,100	135	-	2,235	101,765	20,330	124,330
Depreciation	27,641	12,875	2,438	42,954	11,859	4,678	59,491
Office	19,837	5,569	1,153	26,559	8,588	11,327	46,474
Participant support	27,007	11,632	-	38,639	-	-	38,639
Bank charges, financial, and other fees	21,043	4,977	966	26,986	5,190	2,071	34,247
Travel	26,792	1,765	15	28,572	2	-	28,574
Education programs	19,485	2,645	273	22,403	1,129	2,029	25,561
Insurance	6,285	1,648	323	8,256	914	609	9,779
Board of Directors	5,833	1,765	294	7,892	1,125	754	9,771
Other	9,167	-	-	9,167	-	40	9,207
Telecommunications	2,420	1,088	207	3,715	964	396	5,075
Total functional expenses	2,050,912	575,884	88,443	2,715,239	383,945	191,152	3,290,336
Plus cost of direct benefits to donors	-	-	-	-	-	21,924	21,924
Total expenses	$ 2,050,912	$ 575,884	$ 88,443	$ 2,715,239	$ 383,945	$ 213,076	$ 3,312,260

	Program Services				Support Services		
	Corps	Volunteer	Professional Services	Total	Management and General	Fundraising	Total
Salaries and related costs	$ 1,565,098	$ 501,264	$ 79,659	$ 2,146,021	$ 241,765	$ 181,148	$ 2,568,934
Field operations	353,825	44,353	7,493	405,671	7,316	-	412,987
Occupancy	62,214	32,733	6,527	101,474	19,470	14,840	135,784
Professional fees	22,216	1,020	-	23,236	63,762	13,214	100,212
Depreciation	38,070	19,868	3,954	61,892	5,266	8,968	76,126
Office	20,337	5,245	1,075	26,657	4,643	9,579	40,879
Participant support	72,125	11,237	-	83,362	-	-	83,362
Bank charges, financial, and other fees	8,235	4,054	815	13,104	4,478	1,845	19,427
Travel	9,101	254	412	9,767	475	279	10,521
Education programs	18,995	1,108	-	20,103	-	-	20,103
Insurance	3,593	1,484	295	5,372	875	669	6,916
Board of Directors	7,667	1,954	360	9,981	1,070	1,564	12,615
Other	15,543	3,222	275	19,040	1,450	1,120	21,610
Telecommunications	2,314	1,217	243	3,774	726	554	5,054
Event space	2,482	39	-	2,521	416	2,858	5,795
Total functional expenses	2,201,815	629,052	101,108	2,931,975	351,712	236,638	3,520,325
Plus cost of direct benefits to donors	-	-	-	-	-	64,681	64,681
Total expenses	$ 2,201,815	$ 629,052	$ 101,108	$ 2,931,975	$ 351,712	$ 301,319	$ 3,585,006

EARTHCORPS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants, contributions, and benefit events	$ 3,333,602	$ 3,573,388
Cash (paid) received from investment income and other	(29,713)	35,262
Cash paid to employees and suppliers	(3,094,942)	(3,371,532)
	208,947	237,118
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(23,760)	(65,949)
Purchase of investments	(62,241)	(262,921)
Proceeds from sales of investments	95,769	284,285
	9,768	(44,585)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	-	370,000
Principal payments on note payable	(87,697)	(18,633)
	(87,697)	351,367
NET CHANGE IN CASH AND CASH EQUIVALENTS	131,018	543,900
CASH AND CASH EQUIVALENTS		
Beginning of the year	1,379,550	835,650
End of the year	$ 1,510,568	$ 1,379,550

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities – EarthCorps (the Organization) brings together passionate and hardworking young adults from the U.S. and countries around the world for a year-long leadership training program in Seattle, Washington. Since EarthCorps was founded as a nonprofit organization in 1993, more than 1,000 participants have learned leadership skills through working collaboratively, leading community volunteers, and executing technical restoration projects along shorelines, trails, and in forests to improve the health of the Puget Sound region.

Basis of Accounting and Presentation – The financial statements of the Organization have been prepared on the accrual basis of accounting and report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board has designated certain otherwise net assets without donor restrictions as a Board designated reserve. These funds are approved by the Board to be held for specific purposes and require Board approval to designate for any other purpose.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were $4,300 in donor-restricted net assets of perpetual nature at December 31, 2020 and 2019.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. At December 31, 2020 and 2019, cash and cash equivalents consist of checking, savings and money market accounts. Deposits with a single financial institution occasionally exceed federally insured limits, which subject the Organization to a concentration of deposit risk. The Organization has not experienced losses due to this concentration.

Accounts Receivable – Accounts receivable consist primarily of outstanding invoices for grants and contracts. All account balances are due in less than one year. As of December 31, 2020, an allowance of $9,167 has been established by management based upon the Organization's historical experience in the collection of balances due. No such allowance was established as of December 31, 2019.

Pledges Receivable – Pledges receivable are recognized in the period the pledge is received and consist of outstanding promises to give from a variety of individuals and foundations. 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 more than one year are initially recorded at fair value, which is measured at the present value of their future cash flows. No allowance for uncollectible balances has been established by management based upon the Organization's historical experience in the collection of balances due.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

Investments – The Organization carries investments with readily determinable fair values at their fair values in the statements of financial position. Investment return is included in in the accompanying statements of activities.

Fair Value Measurements – Fair value is defined as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Accounting standards establish a hierarchy for measuring fair value that gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

Level 1	Unadjusted quoted prices for identical assets or liabilities in active markets.
Level 2	Quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or other inputs that can be corroborated by observable market data.
Level 3	Inputs that are not observable that reflect management's assumptions and estimates.

Fair value measurements apply to the Organization's investments in bond and equity mutual funds, which are classified within Level 1 of the fair value hierarchy.

Property and Equipment – Property and equipment is carried at cost or, in the case of donated property, at the estimated fair value at the date of donation. Depreciation is computed using the straight-line method over a period of three to five years. Leasehold improvements are depreciated over the shorter of the lease term or the useful life of the asset. The Organization follows a policy whereby it capitalizes purchases of property and equipment with a value in excess of $1,000 that provide future benefits over a period longer than one year.

Revenue Recognition – Revenue is recognized when earned. Contributions (including those received at special events) are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. It is the Organization's policy to recognize restricted conditional contributions in the net assets without donor restrictions class if the conditions have been met in the same year.

Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between net assets with donor restrictions and net assets without donor restrictions. It is the Organization's policy to recognize restricted contributions in the net asset without donor restrictions class if the restrictions have been met in the same year.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

Revenues from grants and contracts are recognized when the qualified expense is incurred and are subject to audit and retroactive adjustment made by the funding agencies. The adjustments would be recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. There were no government audits or adjustments during the years ended December 31, 2020 and 2019.

Revenue from grants and contracts is recognized when control of these services is transferred to its customers, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for the services provided. Fees received for future services are deferred until the service is completed.

Grants and contracts may give rise to performance obligations for the Organization. Revenue from grants and contracts with performance obligations is recognized when the Organization satisfies a performance obligation by transferring a promised good or service to a customer at a point in time or over time. Grants and contracts do not have a significant financing component, and the consideration amount is not variable. For the related performance obligations, control of the promised good or service transfers to the customer at a point in time. Payment is typically due in full when the customer is invoiced and revenue is recognized in the period in which the service is rendered.

Government grants and contracts is composed of the following for the years ended December 31:

	2020	2019
Contributions	$ 2,065,608	$ 1,957,163
Performance obligations satisfied at a point in time	118,853	227,297
	$ 2,184,461	$ 2,184,460

In-kind Contributions – Donations of facilities, goods and services are recognized as revenue at the estimated fair value at the date of donation if they meet the criteria for recognition. The Organization recognizes donated services if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Volunteers provide valuable services throughout the year that are not recognized in the financial statements as the criteria above have not been met.

Functional Allocation of Expenses – The statements of functional expenses present expenses by function and natural classification. Certain categories of expenses are attributable to more than one program or supporting function and require allocation on a reasonable basis that is consistently applied. Direct costs are assigned to specific programs as they are incurred. Indirect costs are allocated based on expected staff time spent in each functional area and program.

Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

Reclassifications – Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications did not affect the change in net assets for the current or prior year.

Income Tax Status – The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Note 2 – Liquidity and Availability

Financial assets available for general expenditure within one year of the statement of financial position date are as follows at December 31:

	2020	2019
Financial Assets		
Cash and cash equivalents	$ 1,510,568	$ 1,379,550
Investments	400,481	364,499
Accounts and pledges receivable	485,749	353,891
Total financial assets	2,396,798	2,097,940
Less those unavailable for general expenditures within one year:		
Receivables collectible beyond one year	-	(20,371)
Restricted by donors for purpose or time	(62,336)	(25,746)
Restricted by donors with perpetual restrictions	(4,300)	(4,300)
Board reserves	(525,000)	(525,000)
	(591,636)	(575,417)
Financial assets available within one year	$ 1,805,162	$ 1,522,523

The Organization strives to maintain liquid financial assets sufficient to cover ninety days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments. Board-designated net assets may be drawn upon to meet liquidity needs through Board resolution.

Note 3 – Pledges Receivable

Pledges receivable are due as follows at December 31:

	2020	2019
Receivable in one year or less	$ 73,446	$ 46,808
Receivable in one to five years	-	20,371
	$ 73,446	$ 67,179

Note 4 – Investments

The Organization's investments consist of the following at December 31:

	2020	2019
Bond mutual funds	$ 275,381	$ 250,034
Equity mutual funds	125,100	114,465
	$ 400,481	$ 364,499

The Organization's investment return, net of fees consists of the following for the years ended December 31:

	2020	2019
Interest and dividends	$ 11,087	$ 18,312
Realized gain	2,318	-
Unrealized gain	69,510	48,520
Investment fees	(43,148)	(10,092)
	$ 39,767	$ 56,740

Note 5 – Conditional Grants

Prior to December 31, 2020, the Organization received notice of five multi-year grant awards for $2,319,997, of which $238,022 was recognized before the year ended December 31, 2020 and $205,636 was recognized in the year ended December 31, 2020. The remainder of the total awards of $1,876,339 will be received in subsequent years, contingent on the Organization's completion of terms and conditions set forth in the grants. As the remainder represents conditional promises to give, these portions of the awards will not be recognized as revenue until the grantor conditions are met.

Note 6 – Property and Equipment

Property and equipment consists of the following at December 31:

	2020	2019
Transportation equipment	$ 486,709	$ 475,151
Office equipment	249,081	238,062
Leasehold improvements	62,191	62,191
Field equipment	21,972	20,789
	819,953	796,193
Less accumulated depreciation	(732,780)	(673,289)
	$ 87,173	$ 122,904

Note 7 – Unemployment Trust Deposits

EarthCorps participates in the Unemployment Services Trust, a trust to fund the cost of providing unemployment insurance (on a pooled basis with other entities). The Organization makes contributions to the Unemployment Services Trust rather than paying state unemployment premiums, and the Unemployment Services Trust handles all unemployment claims for the Organization. As a member of the Unemployment Services Trust, EarthCorps receives a share of the Unemployment Services Trust’s income and expenses. Should EarthCorps decide to leave the Unemployment Services Trust, it is entitled to receive the balance of its trust account, less any outstanding claims.

Note 8 – Note Payable

In 2018, EarthCorps entered into a line of credit agreement with a bank for a maximum borrowing amount of $485,000, maturing on October 15, 2028. The interest rate on the line of credit equaled the bank's base rate plus 1.00% for the first 12 months, increasing to the bank's base rate plus 2.75% thereafter.

In April 2019, EarthCorps drew $370,000 on the line of credit and the original agreement was amended effective May 13, 2019 to disallow any further advances and to freeze the interest rate at 5.80%, effectively becoming a note payable. The amendment provides for equal monthly payments including principal and interest of $4,443 through May 15, 2028. The note payable is secured by all inventory, equipment, fixtures, chattel paper, accounts and general intangibles. The note payable is subject to certain financial ratio covenants.

Note 8 – Note Payable (continued)

The following is a schedule of future minimum principal payments under the note payable for the years ending December 31:

2021	$ 39,089
2022	41,418
2023	43,885
2024	46,499
2025	49,269
Thereafter	43,510
	$ 263,670

Note 9 – Operating Lease

EarthCorps entered into a long-term lease for office facilities from the City of Seattle. The occupancy of the space was effective in December 2017 and will continue for ten years. The Organization has an option to extend its lease for two terms of five years each.

EarthCorps has been granted a tenant improvement allowance of $485,000 from the landlord in the form of an offset to rent of up to 45% of the rent due in any month to a maximum of $485,000 for landlord pre-approved construction cost expenditures. These tenant improvements extend beyond the benefit just received by EarthCorps; thus, payments for tenant improvements are initially recorded as prepaid rent and amortized over the term of the lease as rent expense. Tenant improvement allowances of $16,607 and $57,957 were applied for the years ended December 31, 2020 and 2019, respectively.

In addition to the offset of the tenant improvement allowance against rent, the Organization may also offset up to 17.91% of annual rent through pre-approved delivery of programming and services to the Seattle Department of Parks and Recreation or the public. Public benefit allowances of $26,438 and $25,164 were applied for the years ended December 31, 2020 and 2019, respectively.

In 2020, the City of Seattle waived all rent payments, including the tenant improvement offset, from April 1, 2020 through August 31, 2021. An in-kind contribution was recognized for the free rent and the amortization of the tenant improvement allowance was not recorded from April 1, 2020 through December 31, 2020. Rent expense was $135,777 and $135,784 for the years ended December 31, 2020 and 2019, respectively.

Note 9 – Operating Lease (continued)

Future minimum payments under this lease, including in-kind rent described above and excluding options to extend, are as follows for the years ending December 31:

	Lease Payments	Public Benefit Offset	Straight-Line Rent Adj	Total Rent Expense	Prepaid Rent Amortization
2021	$ 154,730	$ (27,712)	$ 8,760	$ 135,778	$ (23,209)
2022	161,844	(28,986)	2,920	135,778	(72,830)
2023	168,958	(30,260)	(2,920)	135,778	(76,031)
2024	176,072	(31,534)	(8,760)	135,778	(79,232)
2025	183,186	(32,808)	(14,600)	135,778	(82,433)
Thereafter	387,713	(68,482)	(47,676)	271,555	(76,701)
	$ 1,232,503	$ (219,782)	$ (62,276)	$ 950,445	$ (410,436)

Note 10 – Pension Plan

The Organization sponsors and makes contributions to a retirement plan qualified under Section 403(b) of the Internal Revenue Code. All fulltime employees are eligible to participate on the date of hire. The Organization contributed $41,332 and $34,981 to the plan for the years ended December 31, 2020 and 2019, respectively.

Note 11 – Net Assets Without Donor Restrictions – Board Designated

Net assets without donor restrictions designated by the Board as an operating reserve are included in cash and cash equivalents and investments and are available for use through Board resolution. The Board designated operating reserve totaled $525,000 as of December 31, 2020 and 2019.

Note 12 – Net Assets with Donor Restrictions

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

	2020	2019
Green Infrastructure	$ 63,750	$ -
Partnerships Manager	50,000	-
Emerging International Conservation Leaders	30,000	-
Squally Beach Restoration	30,000	-
K-12 Education	22,500	-
Commencement Bay	20,000	-
Fauntleroy Watershed	17,837	18,803
Global Environmental Leadership	15,000	15,000
San Juan Islands Restoration	15,000	15,000
Restoration of Puget Sound	15,000	10,000
Blue Carbon	10,000	45,000
Alumni Coordinator	10,000	-
Mushrooms and GSI	10,000	-
Port Gamble Restoration	10,000	-
International Program	9,722	18,056
Russian Environment Educator Exchange	4,002	4,417
Youth Volunteers	2,000	2,000
Women in Restoration "Sheroes"	-	50,000
Yes Farm	-	11,009
Sedaxali Huckleberry Restoration	-	5,868
Global Washington Training	-	3,500
Puget Sound Stewards	-	617
Restricted for use in future year	38,075	-
Funds held in perpetuity	4,300	4,300
	$ 377,186	$ 203,570

Note 13 – Special Events

Special events revenue is shown in the statements of activities net of consumable costs that directly benefit the participants of the event. The net revenue is as follows for the years ended December 31:

	2020	2019
Gross special events revenue	$ 194,022	$ 275,641
Less cost of direct donor benefits	(21,924)	(64,681)
	$ 172,098	$ 210,960

Note 14 – Concentrations

For the year ended December 31, 2019, 24% of grants and contracts was received from one agency. There were no such concentration for the year ended December 31, 2020.

Note 15 – Risks and Uncertainties

In December 2019, a novel strain of coronavirus (COVID-19) was first reported. On March 11, 2020, the World Health Organization declared the outbreak to be a global pandemic. The extent of the impact of COVID-19 on the Organization's operations will depend on certain developments, including the duration and spread of the outbreak and the impact to donors, volunteers, and employees, all of which are uncertain and cannot be determined.

Due to the COVID-19 pandemic, revenue from grants and contracts significantly from 2019 to 2020 due to furloughs, fewer volunteers, and less crew capacity as international restrictions prevented the Organization from bringing on international corps members. As an offset to this decrease, the Organization entered into a loan agreement with a bank under the Small Business Administration Payroll Projection Program in April 2020 for $483,793. The loan was fully forgiven in March 2021; however, the Organization recorded the grant revenue in 2020 because the Organization met all conditions required for forgiveness in 2020. The Organization cancelled its annual fundraiser and held a virtual event in October 2020, which resulted in a decrease in net revenue from special events.

As discussed in Note 9, the City of Seattle waived rent payments from April 1, 2020 through August 31, 2021, which resulted in an in-kind contribution for donated space for the year ended December 31, 2020. Further, payroll costs and field operations costs decreased during the year ended December 31, 2020 due to a hiring freeze and furloughs, and postponed projects during the pandemic.

The extent to which the pandemic will further impact the Organization going forward will depend on numerous evolving factors that cannot be reasonably predicted, including the duration and scope of the pandemic; governmental, business, and families' actions in response to the pandemic; and the impact on economic activity including the possibility of recession or financial market instability.

Note 16 – Subsequent Events

Subsequent events were evaluated through August 25, 2021, which is the date the financial statements were available to be issued.

The Organization entered into a second loan agreement with a bank under the Small Business Administration Payroll Projection Program in February 2021 for $467,615 and expects to have the full loan amount forgiven.