1% for the Planet, Inc.

Financial Report
December 31, 2021 and 2020

Contents

GALLAGHER, FLYNN & COMPANY, LLP

725 Community Drive
Suite 401
South Burlington, VT 05403
802.863.1331

85 Mechanic Street
Rivermill Commercial Center
Box A-9, Suite E2-4
Lebanon, NH 03766
603.643.0043

www.gfc.com

Independent Auditor's Report

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

Opinion
We have audited the financial statements of 1% for the Planet, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets, its functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal-control-related matters that we identified during the audit.

Gallagher, Flynn & Company, LLP

South Burlington, Vermont
June 2, 2022

1% for the Planet, Inc.

Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	$ 5,074,236	$ 3,302,778
Accounts receivable	162,960	247,506
Pledges receivable due within one year	25,044	140,114
Prepaid expenses and other current assets	81,068	62,649
Restricted cash	8,349,313	7,253,200
Total current assets	13,692,621	11,006,247
Pledges receivable, noncurrent	25,000	-
Property and equipment	71,069	43,665
Website development costs	54,192	7,958
Total assets	$ 13,842,882	$ 11,057,870
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 73,471	$ 65,928
Accrued expenses	367,657	134,854
Deferred revenue	679,895	535,213
Refundable advances	129,000	38,700
Funds held for others	8,349,328	7,250,300
Total current liabilities	9,599,351	8,024,995
Long-term debt	149,259	149,259
Total liabilities	9,748,610	8,174,254
Net assets:		
Without donor restrictions	3,902,254	2,733,769
With donor restrictions	192,018	149,847
Total net assets	4,094,272	2,883,616
Total liabilities and net assets	$ 13,842,882	$ 11,057,870

The accompanying notes are an integral part of these statements.

1% for the Planet, Inc.

Statements of Activities
Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
Corporate memberships	**$ 2,781,542**	**$ -**	**$ 2,781,542**	$ 2,079,717	$ -	$ 2,079,717
Contributions and foundation grants	**1,579,641**	**192,018**	**1,771,659**	768,453	12,197	780,650
Individual memberships	**63,296**	**-**	**63,296**	44,813	-	44,813
Other	**21,230**	**-**	**21,230**	20,690	-	20,690
Net assets released from restrictions	**149,847**	**(149,847)**	**-**	673,839	(673,839)	-
Total revenues	**4,595,556**	**42,171**	**4,637,727**	3,587,512	(661,642)	2,925,870
Expenses:						
Program	**2,455,689**	**-**	**2,455,689**	1,552,948	-	1,552,948
Supporting:						
Fundraising	**525,399**	**-**	**525,399**	361,570	-	361,570
Management and general	**445,983**	**-**	**445,983**	413,151	-	413,151
Total supporting	**971,382**	**-**	**971,382**	774,721	-	774,721
Total expenses	**3,427,071**	**-**	**3,427,071**	2,327,669	-	2,327,669
Other income:						
Paycheck Protection Program loan forgiveness	**-**	**-**	**-**	183,658	-	183,658
Increase (decrease) in net assets	**1,168,485**	**42,171**	**1,210,656**	1,443,501	(661,642)	781,859
Net assets, beginning of year	**2,733,769**	**149,847**	**2,883,616**	1,290,268	811,489	2,101,757
Net assets, end of year	**$ 3,902,254**	**$ 192,018**	**$ 4,094,272**	$ 2,733,769	$ 149,847	$ 2,883,616

1% for the Planet, Inc.

Statement of Functional Expenses
Year Ended December 31, 2021

	Program Expenses	Supporting Expenses: Fundraising	Supporting Expenses: Management and General	Supporting Expenses: Total Supporting	Total Expenses
Salaries and wages	$ 1,334,504	$ 276,355	$ 233,119	$ 509,474	$ 1,843,978
Employee benefits	405,951	84,066	70,914	154,980	560,931
Total personnel	1,740,455	360,421	304,033	664,454	2,404,909
Advertising and promotion	11,387	-	201	201	11,588
Bank and other transaction fees	59,280	12,276	10,355	22,631	81,911
Contract services	197,514	54,026	52,934	106,960	304,474
Facilities	26,625	5,514	4,651	10,165	36,790
Information technology	169,541	35,109	29,616	64,725	234,266
Legal and professional	149,561	30,972	26,126	57,098	206,659
Other	57,800	11,969	10,098	22,067	79,867
Travel	35,835	7,421	6,260	13,681	49,516
	2,447,998	517,708	444,274	961,982	3,409,980
Depreciation and amortization	7,691	7,691	1,709	9,400	17,091
Total	$ 2,455,689	$ 525,399	$ 445,983	$ 971,382	$ 3,427,071

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: Fundraising	Supporting Expenses: Management and General	Supporting Expenses: Total Supporting	Total Expenses
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.

Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Increase in net assets	**$ 1,210,656**	$ 781,859
Noncash items included in increase in net assets:		
Provision for allowance for doubtful accounts	**83,535**	46,000
Depreciation and amortization	**17,091**	30,913
Paycheck Protection Program loan forgiveness	**-**	(183,658)
Changes in assets and liabilities:		
Accounts receivable	**1,011**	(226,942)
Pledges receivable	**90,070**	24,489
Prepaid expenses and other current assets	**(18,419)**	14,360
Accounts payable	**7,543**	23,375
Accrued expenses	**232,803**	8,001
Deferred revenue	**144,682**	(21,369)
Refundable advances	**90,300**	38,700
Funds held for others	**1,099,028**	7,250,300
	1,747,644	7,004,169
Net cash provided by operating activities	**2,958,300**	7,786,028
Cash flows from investing activities:		
Capital expenditures	**(43,812)**	(35,668)
Website development costs	**(46,917)**	(8,000)
Net cash used in investing activities	**(90,729)**	(43,668)
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	**-**	332,917
Net increase in cash, cash equivalents, and restricted cash	**2,867,571**	8,075,277
Cash, cash equivalents, and restricted cash, beginning of year	**10,555,978**	2,480,701
Cash, cash equivalents, and restricted cash, end of year	**$ 13,423,549**	$ 10,555,978

Note 1. 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, and providing member services to matriculate and renew membership to the Organization and 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 52% and 48% of total revenues in 2021 and 2020, respectively.

The Organization works internationally with 1% for the Planet France, 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.

Note 2. Summary of Significant Accounting Policies

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

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.

Cash, 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.

Note 2. Summary of Significant Accounting Policies (continued)

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. 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 cash flows as of December 31:

	2021	2020
Cash and cash equivalents	**$ 5,074,236**	$ 3,302,778
Restricted cash	**8,349,313**	7,253,200
	$ 13,423,549	$ 10,555,978

Revenue recognition and receivables:

Corporate memberships and deferred revenue: 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. As the revenues and related expenses substantially offset one another, there is no net impact on the statements of activities. Total recognized activation revenues and related expenses approximated $363,000 and $262,000 in 2021 and 2020, respectively.

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

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.

Note 2. Summary of Significant Accounting Policies (continued)

Accounts receivable: Accounts receivable represent amounts billed to customers at the commencement of the respective corporate membership period, reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. Management determines the valuation allowance by regularly evaluating individual receivables and considering a member's financial condition, credit history, and economic conditions. Additionally, management estimates a general allowance for all other accounts receivable based on member deactivation history. After all attempts to collect a receivable have failed, it is written off against the allowance. The Organization estimated its allowance for doubtful accounts receivable to be approximately $130,000 and $46,000 at December 31, 2021 and 2020, respectively.

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. 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 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.

Pledges receivable: Pledges receivable are unconditional promises made by donors and grantors to give to the Organization. Pledges that are expected to be collected within one year are recorded at the net realizable value. Pledges that are expected to be collected in subsequent 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 payments are expected. Present value discounts and estimated losses on pledges receivable were not significant to the 2021 or 2020 financial statements and, therefore, were not recognized.

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.

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 the 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 $1,000 and $22,000 in 2021 and 2020, respectively.

Note 2. Summary of Significant Accounting Policies (continued)

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 its fair value. No impairment review was necessary in 2021 or 2020.

Funds held for others: The Organization holds amounts received from one of its members in a separate restricted cash account. 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, respectively, in the "funds held for others" liability.

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.

Income taxes: The Organization is a not-for-profit organization, as described in Section 501(c)(3) of the Internal Revenue Code (the 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.

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.

Evaluation of subsequent events: In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 2, 2022, the date the financial statements were available to be issued.

Note 2. Summary of Significant Accounting Policies (continued)

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

Leases: In February 2016, the Financial Accounting Standards Board (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 that 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.

Note 3. 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:

	2021	2020
Cash and cash equivalents	**$ 5,074,236**	$ 3,302,778
Accounts receivable	**162,960**	247,506
Pledges receivable, current portion	**25,044**	140,114
	$ 5,262,240	$ 3,690,398

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.

Note 4. Business Risks

General economic conditions: On January 30, 2020, the World Health Organization (WHO) declared the coronavirus outbreak a Public Health Emergency of International Concern, and on March 10, 2020, WHO declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, 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.

Note 4. Business Risks (continued)

While it is unknown how long these conditions will last and what the complete financial effect will be, the Organization has experienced no material loss of revenue or other adverse impact. The Organization's membership base continued to grow in 2021 and 2020 and is proving to be resilient in that it is spread across different industries and geographies. Although the pandemic has proven to be unpredictable, the Organization does not anticipate a significant negative impact in the future.

Bank balances: The Organization maintains bank balances that, 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.

Note 5. Property and Equipment

Property and equipment consist of the following at December 31:

	2021	2020
Computers and equipment	**$ 65,049**	$ 37,061
Furniture and fixtures	**31,052**	22,228
Leasehold improvements	**11,000**	4,000
	107,101	63,289
Less accumulated depreciation and amortization	**36,032**	19,624
	$ 71,069	$ 43,665

Note 6. Website Development Costs

Website development costs consist of the following at December 31:

	2021	2020
Website development costs	**$ 94,500**	$ 94,500
Less accumulated amortization	**87,225**	86,542
	7,275	7,958
Website development in progress	**46,917**	-
	$ 54,192	$ 7,958

Note 7. Long-Term Debt and Subsequent Event

During 2020, the Organization applied for and received an unsecured note payable in the amount of $183,658 in connection with the Paycheck Protection Program, established by the federal Coronavirus Aid, Relief, and Economic Security 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 the Small Business Administration (SBA) during 2020, at which time the loan forgiveness was recorded as other income. This funding source covered operational losses and expenses incurred as a result of, or during, the pandemic.

In May 2020, the Organization received a $150,000 unsecured loan from the SBA 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 were required to be used to fund working capital needs caused by the coronavirus. The loan bears interest at 2.75%. In March 2021, the SBA extended the deferral of EIDL loan payments to commence 24 months after the original loan date. Accordingly, as of December 31, 2021, the loan is payable in monthly installments of $641 commencing in May 2022, with a final maturity date of May 2052. Payments are to be applied first to accrued interest. A $741 principal prepayment was made during 2020. At December 31, 2021 and 2020, the outstanding balance was $149,259.

In March 2022, the SBA provided for an additional deferral of EIDL loan payments until 30 months after the original loan date.

As of December 31, 2021, long-term debt matures as follows:

Years ending December 31:		
2024	$	1,708
2025		3,681
2026		3,783
Thereafter		140,087
	$	149,259

Note 8. Net Assets with Donor Restrictions

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

		2021		2020
Pledges receivable - operating	**$**	**50,044**	$	114
Operating grants restricted for use in future years		**141,974**		149,733
	$	**192,018**	$	149,847

Note 9. Retirement Plan

The Organization sponsors a 403(b) retirement 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 $74,000 and $62,000 in 2021 and 2020, respectively.