

**FRIENDS OF THE EARTH (ACTION), INC. AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2020 AND 2019**



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**FRIENDS OF THE EARTH (ACTION), INC. AND AFFILIATE  
TABLE OF CONTENTS  
YEARS ENDED JUNE 30, 2020 AND 2019**

|   |           |
|---|-----------|
| <b>INDEPENDENT AUDITORS' REPORT</b>                   | <b>1</b>  |
| <b>CONSOLIDATED FINANCIAL STATEMENTS</b>              |           |
| <b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>  | <b>3</b>  |
| <b>CONSOLIDATED STATEMENTS OF ACTIVITIES</b>          | <b>4</b>  |
| <b>CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES</b> | <b>5</b>  |
| <b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>          | <b>7</b>  |
| <b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>     | <b>8</b>  |
| <b>SUPPLEMENTARY INFORMATION</b>                      |           |
| <b>CONSOLIDATING STATEMENT OF FINANCIAL POSITION</b>  | <b>13</b> |
| <b>CONSOLIDATING STATEMENT OF ACTIVITIES</b>          | <b>14</b> |



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Friends of the Earth (Action), Inc. and Affiliate  
Washington, DC

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Friends of the Earth (Action), Inc. and Affiliate (collectively referred to as the Organization), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Friends of the Earth (Action), Inc. and Affiliate as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Adoption of Accounting Standard*

As discussed in Note 1 to the consolidated financial statements, management has adopted Accounting Standards Update (ASU) No. 2018-08, *Accounting Guidance for Contributions Received and Made*. Our opinion is not modified with respect to that matter.

**Report on Consolidating Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and the consolidating statement of activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



**CliftonLarsonAllen LLP**

Arlington, Virginia  
April 7, 2021

**FRIENDS OF THE EARTH (ACTION), INC. AND AFFILIATE  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2020 AND 2019**

|                                       | 2020             | 2019           |
|---------------------------------------|------------------|----------------|
| <b>ASSETS</b>                         |                  |                |
| <b>CURRENT ASSETS</b>                 |                  |                |
| Cash                                  | \$ 1,339,273     | \$ 983,664     |
| Accounts Receivable                   | 1,051            | 6,536          |
| Prepaid Expenses                      | 1,329            | 2,220          |
| Total Current Assets                  | 1,341,653        | 992,420        |
| <br>Total Assets                      | <br>\$ 1,341,653 | <br>\$ 992,420 |
| <b>LIABILITIES AND NET ASSETS</b>     |                  |                |
| <b>CURRENT LIABILITIES</b>            |                  |                |
| Accounts Payable and Accrued Expenses | \$ 65,754        | \$ 6,644       |
| Due to Friends of the Earth           | 354,808          | 29,768         |
| Total Current Liabilities             | 420,562          | 36,412         |
| <b>NET ASSETS</b>                     |                  |                |
| Without Donor Restrictions            | 622,933          | 897,979        |
| With Donor Restrictions               | 298,158          | 58,029         |
| Total Net Assets                      | 921,091          | 956,008        |
| <br>Total Liabilities and Net Assets  | <br>\$ 1,341,653 | <br>\$ 992,420 |

*See accompanying Notes to Consolidated Financial Statements.*

**FRIENDS OF THE EARTH (ACTION), INC. AND AFFILIATE  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2020 AND 2019**

|  | 2020                          |                            |                   | 2019                          |                            |                   |
|--|-------------------------------|----------------------------|-------------------|-------------------------------|----------------------------|-------------------|
|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total             | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total             |
| <b>REVENUE</b>                           |                               |                            |                   |                               |                            |                   |
| Grants and Contributions                 | \$ 539,745                    | \$ 350,000                 | \$ 889,745        | \$ 441,627                    | \$ 300,000                 | \$ 741,627        |
| Canvassing                               | 39,729                        | -                          | 39,729            | 59,147                        | -                          | 59,147            |
| Other Income                             | 12                            | -                          | 12                |                               |                            |                   |
| Net Assets Released from<br>Restrictions | 109,871                       | (109,871)                  | -                 | 301,699                       | (301,699)                  | -                 |
| <b>Total Revenue</b>                     | <b>689,357</b>                | <b>240,129</b>             | <b>929,486</b>    | <b>802,473</b>                | <b>(1,699)</b>             | <b>800,774</b>    |
| <b>EXPENSES</b>                          |                               |                            |                   |                               |                            |                   |
| Program Expenses:                        |                               |                            |                   |                               |                            |                   |
| Economic Policy and Other                | 72,835                        | -                          | 72,835            | 7,098                         | -                          | 7,098             |
| Outreach, Communications, NC Restricted  | 452,716                       | -                          | 452,716           | 481,247                       | -                          | 481,247           |
| Membership                               | 42,790                        | -                          | 42,790            | 43,957                        | -                          | 43,957            |
| Organizing                               | 204,535                       | -                          | 204,535           | 133,673                       | -                          | 133,673           |
| <b>Total Program Expenses</b>            | <b>772,876</b>                | <b>-</b>                   | <b>772,876</b>    | <b>665,975</b>                | <b>-</b>                   | <b>665,975</b>    |
| Supporting Expenses:                     |                               |                            |                   |                               |                            |                   |
| Management and General and Overhead      | 84,521                        | -                          | 84,521            | 47,657                        | -                          | 47,657            |
| Fundraising                              | 107,006                       | -                          | 107,006           | 74,076                        | -                          | 74,076            |
| <b>Total Supporting Expenses</b>         | <b>191,527</b>                | <b>-</b>                   | <b>191,527</b>    | <b>121,733</b>                | <b>-</b>                   | <b>121,733</b>    |
| <b>Total Expenses</b>                    | <b>964,403</b>                | <b>-</b>                   | <b>964,403</b>    | <b>787,708</b>                | <b>-</b>                   | <b>787,708</b>    |
| <b>CHANGE IN NET ASSETS</b>              | <b>(275,046)</b>              | <b>240,129</b>             | <b>(34,917)</b>   | <b>14,765</b>                 | <b>(1,699)</b>             | <b>13,066</b>     |
| Net Assets - Beginning of Year           | 897,979                       | 58,029                     | 956,008           | 883,214                       | 59,728                     | 942,942           |
| <b>NET ASSETS - END OF YEAR</b>          | <b>\$ 622,933</b>             | <b>\$ 298,158</b>          | <b>\$ 921,091</b> | <b>\$ 897,979</b>             | <b>\$ 58,029</b>           | <b>\$ 956,008</b> |

See accompanying Notes to Consolidated Financial Statements.

**FRIENDS OF THE EARTH (ACTION), INC. AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020**

|                                   | Program Expenses             |   |                  |                   |                   | Supporting Services |             |                           |                   |                   |
|-----------------------------------|------------------------------|---|------------------|-------------------|-------------------|---------------------|-------------|---------------------------|-------------------|-------------------|
|                                   | Economic<br>Policy and Other | Outreach,<br>Communications,<br>NC Restricted | Membership       | Organizing        | Total             | Fundraising         | Overheads   | Management<br>and General | Total             | Total             |
| Salaries                          | \$ 24,312                    | \$ 185,281                                    | \$ 14,538        | \$ 74,602         | \$ 298,733        | \$ 30,277           | \$ 19,404   | \$ 40,367                 | \$ 90,048         | \$ 388,781        |
| Payroll Taxes and Fringe Benefits | 6,382                        | 50,424  | 3,942            | 20,208            | 80,956            | 8,186               | 5,218       | 11,195                    | 24,599            | 105,555           |
| Professional Fees                 | 2,166                        | 30,844  | 1,272            | 72,390            | 106,672           | 2,938               | 24,438      | 12,616                    | 39,992            | 146,664           |
| Advertising and Media             | 10,493                       | 1,747   | -                | -                 | 12,240            | -                   | -           | -                         | -                 | 12,240            |
| Research, Data, Lists             | 17,595                       | 1,800   | 3,780            | -                 | 23,175            | 3,781               | -           | -                         | 3,781             | 26,956            |
| Web Services                      | -                            | 21,169  | 468              | -                 | 21,637            | 16,881              | -           | -                         | 16,881            | 38,518            |
| Professional Development          | -                            | -   | -                | -                 | -                 | -                   | -           | -                         | -                 | -                 |
| Travel and Meetings               | 114                          | 5,065   | -                | 6,185             | 11,364            | -                   | 1,857       | 1,829                     | 3,686             | 15,050            |
| Printing and Duplicating          | -                            | 24  | -                | 441               | 465               | -                   | -           | -                         | -                 | 465               |
| Occupancy                         | -                            | -   | -                | -                 | -                 | -                   | 70,056      | -                         | 70,056            | 70,056            |
| IT and Connectivity               | -                            | 2,196   | 197              | -                 | 2,393             | 275                 | 21,945      | -                         | 22,220            | 24,613            |
| Postage and Shipping              | -                            | -   | -                | 13                | 13                | 2                   | 43          | 141                       | 186               | 199               |
| General Supplies                  | -                            | 2,563   | -                | 347               | 2,910             | -                   | 2,706       | -                         | 2,706             | 5,616             |
| Dues, Publications, Subscriptions | 2,324                        | 26,636  | 12,527           | -                 | 41,487            | 7,147               | -           | -                         | 7,147             | 48,634            |
| Small Grants, Contributions       | -                            | 50,000  | -                | 1,500             | 51,500            | -                   | -           | -                         | -                 | 51,500            |
| Miscellaneous                     | -                            | -   | -                | 90                | 90                | 25,492              | -           | 3,974                     | 29,466            | 29,556            |
| Total Overheads Applied           | 9,449                        | 74,967  | 6,066            | 28,759            | 119,241           | 12,027              | (145,667)   | 14,399                    | (119,241)         | -                 |
| <b>Total Expenses</b>             | <b>\$ 72,835</b>             | <b>\$ 452,716</b>                             | <b>\$ 42,790</b> | <b>\$ 204,535</b> | <b>\$ 772,876</b> | <b>\$ 107,006</b>   | <b>\$ -</b> | <b>\$ 84,521</b>          | <b>\$ 191,527</b> | <b>\$ 964,403</b> |

See accompanying Notes to Consolidated Financial Statements.

**FRIENDS OF THE EARTH (ACTION), INC. AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2019**

|                                   | Program Expenses             |                             |                  |                   |                   | Supporting Services |                    |                           |                   |                   |
|-----------------------------------|------------------------------|-----------------------------|------------------|-------------------|-------------------|---------------------|--------------------|---------------------------|-------------------|-------------------|
|                                   | Economic<br>Policy and Other | Outreach,<br>Communications | Membership       | Organizing        | Total             | Fundraising         | Overheads          | Management<br>and General | Total             | Total             |
| Salaries                          | \$ 2,540                     | \$ 133,738                  | \$ 20,757        | \$ 67,798         | \$ 224,833        | \$ 18,015           | \$ 13,248          | \$ 37,269                 | \$ 68,532         | \$ 293,365        |
| Payroll Taxes and Fringe Benefits | 379                          | 21,404                      | 3,154            | 11,803            | 36,740            | 2,799               | 3,287              | 9,413                     | 15,499            | 52,239            |
| Professional Fees                 | (1,185)                      | 35,817                      | 1,892            | 14,716            | 51,240            | 1,424               | 19,999             | 3,551                     | 24,974            | 76,214            |
| Advertising and Media             | 1,750                        | 169,057                     | -                | -                 | 170,807           | -                   | -                  | -                         | -                 | 170,807           |
| Research, Data, Lists             | -                            | 34,500                      | -                | -                 | 34,500            | 1,850               | -                  | -                         | 1,850             | 36,350            |
| Web Services                      | (300)                        | 113                         | -                | 2,324             | 2,137             | -                   | -                  | -                         | -                 | 2,137             |
| Professional Development          | -                            | -                           | -                | 3,000             | 3,000             | -                   | -                  | -                         | -                 | 3,000             |
| Travel and Meetings               | 1,817                        | 320                         | -                | 191               | 2,328             | 28                  | 22                 | 2,636                     | 2,686             | 5,014             |
| Printing and Duplicating          | 92                           | 33                          | -                | -                 | 125               | 256                 | -                  | 256                       | 512               | 637               |
| Occupancy                         | -                            | -                           | -                | -                 | -                 | -                   | 35,936             | -                         | 35,936            | 35,936            |
| IT and Connectivity               | -                            | 412                         | 2,341            | 1,820             | 4,573             | 2,405               | 12,455             | -                         | 14,860            | 19,433            |
| Postage and Shipping              | -                            | -                           | -                | -                 | -                 | -                   | (15)               | 365                       | 350               | 350               |
| General Supplies                  | 1,143                        | -                           | -                | -                 | 1,143             | -                   | 1,011              | -                         | 1,011             | 2,154             |
| Dues, Publications, Subscriptions | -                            | 15,100                      | 7,733            | -                 | 22,833            | 6,560               | -                  | -                         | 6,560             | 29,393            |
| Small Grants, Contributions       | -                            | 20,500                      | -                | 5,000             | 25,500            | -                   | -                  | -                         | -                 | 25,500            |
| Miscellaneous                     | -                            | -                           | -                | -                 | -                 | 34,404              | 2                  | 773                       | 35,179            | 35,179            |
| Overheads Applied                 | 862                          | 50,253                      | 8,080            | 27,021            | 86,216            | 6,335               | (114,477)          | 21,926                    | (86,216)          | -                 |
| <b>Total Expenses</b>             | <b>\$ 7,098</b>              | <b>\$ 481,247</b>           | <b>\$ 43,957</b> | <b>\$ 133,673</b> | <b>\$ 665,975</b> | <b>\$ 74,076</b>    | <b>\$ (28,532)</b> | <b>\$ 76,189</b>          | <b>\$ 121,733</b> | <b>\$ 787,708</b> |

See accompanying Notes to Consolidated Financial Statements.



**FRIENDS OF THE EARTH (ACTION), INC. AND AFFILIATE  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2020 AND 2019**

|  | 2020         | 2019       |
|--|--------------|------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |              |            |
| Change in Net Assets   | \$ (34,917)  | \$ 13,066  |
| Adjustments to Reconcile Change in Net Assets to<br>Net Cash Provided by Operating Activities: |              |            |
| Changes in Assets and Liabilities:   |              |            |
| Accounts Receivable  | 5,485        | 16,442     |
| Prepaid Expenses   | 891          | 15,716     |
| Due to / from Friends of the Earth   | 325,040      | 89,738     |
| Accounts Payable and Accrued Expenses  | 59,110       | (7,218)    |
| Net Cash Provided by Operating Activities  | 355,609      | 127,744    |
| <b>NET CHANGE IN CASH</b>  | 355,609      | 127,744    |
| Cash - Beginning of Year   | 983,664      | 855,920    |
| <b>CASH - END OF YEAR</b>  | \$ 1,339,273 | \$ 983,664 |

*See accompanying Notes to Consolidated Financial Statements.*

**FRIENDS OF THE EARTH (ACTION), INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Friends of the Earth (Action), Inc. (FOE Action) provides extra political muscle on legislative battles here in the U.S. to its sister organization, Friends of the Earth (FOE), which is part of a network of affiliates in 76 nations around the world. FOE Action and its associated political action committee, Friends of the Earth Action Political Action Committee (the PAC) make thoughtful political endorsements, provide direct support to candidates, and place environmentalists in the field on critical campaigns.

The PAC supports FOE Action's mission by making political contributions to state and federal candidates who support its values and programs. FOE Action and the PAC have the same oversight and board of directors, and accordingly, are presented on a consolidated basis.

**Principles of Consolidation**

The consolidated financial statements include the accounts of the FOE Action, and the PAC (collectively, the Organization).

**Basis of Accounting**

The Organization prepares its consolidated financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when obligations are incurred.

**Income Tax Status**

FOE Action is exempt from the payment of income taxes under Section 501(c)(4) of the Internal Revenue Code (IRC).

Under the provisions of Section 527 of the IRC, political contributions received by the PAC and used for a political campaign or similar purpose are not includable in the taxable income of the organization. However, the PAC is subject to tax on its net investment income.

The Organization evaluated its tax positions and determined that its positions are more likely than not to be sustained on examination.

**Use of Estimates**

The preparation of consolidated financial statements prepared in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**FRIENDS OF THE EARTH (ACTION), INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

For financial statement purposes, the Organization considers all investments with a maturity of three months or less at the time of purchase to be cash equivalents. Amounts held in the charitable gift annuity are not considered cash equivalents, regardless of maturity.

**Net Assets**

Net assets are classified for accounting and reporting purposes according to their nature and purpose and based upon the existence or absence of any restrictions thereon. A description of each net asset group is as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. The Organization's 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. Net assets with donor restrictions become net assets without donor restrictions when the time restrictions end or the funds are used for their restricted purpose.

**Grants and Contributions**

Contributions and grants are recorded as revenue when cash, securities, or an unconditional promise to give is received. Support that is donor-restricted, either by program or by time, is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. As of June 30, 2020 and 2019, there were no conditional contributions.

**Allowance for Doubtful Accounts**

The allowance for doubtful accounts is established through charges to the provision for bad debts. The Organization evaluates the adequacy of the allowance for doubtful accounts on a periodic basis. The evaluation includes historical trends in collections and write-offs and management's judgment of the probability of collecting accounts. Management has determined that an allowance is not required as of June 30, 2020 and 2019.

**Functional Allocation of Expenses**

The costs of providing program and supporting services are summarized on a functional basis in the statements of activities. Certain categories of expenses are attributed to more than one program or supporting function and therefore require allocation on a reasonable basis that is consistently applied. Overhead, occupancy, IT services, and office expenses are allocated on salary costs in each functional area. Salaries and benefits are recorded directly to functional areas.

**FRIENDS OF THE EARTH (ACTION), INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Change in Accounting Principle**

In June 2018, FASB issued Accounting Standards (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contribution (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. These financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. There was no material impact on the Organization's financial position and results of operations upon adoption of the new standard.

**Reclassifications**

For financial statement purposes, the Organization considers all investments with a maturity of three months or less at the time of purchase to be cash equivalents. Amounts held in the charitable gift annuity are not considered cash equivalents, regardless of maturity.

**Subsequent Events**

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 7, 2021, the date the consolidated financial statements were available to be issued.

**NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30:

|   | 2020         | 2019       |
|---|--------------|------------|
| Financial Assets:   |              |            |
| Cash  | \$ 1,339,273 | \$ 983,664 |
| Accounts Receivable   | 1,051        | 6,536      |
| Total Financial Assets  | 1,340,324    | 990,200    |
| Less: Donor-Restricted Amounts  | (37,308)     | -          |
| Total Financial Assets Available for<br>General Expenditure within One Year | \$ 1,303,016 | \$ 990,200 |

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

**FRIENDS OF THE EARTH (ACTION), INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 3 CONCENTRATION OF CREDIT RISK**

Financial instruments that subject the Organization to a concentration of credit risk consist of demand deposits placed with a financial institution. Funds in excess of federal insurance limits may be exposed to credit risk.

**NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for exempt purpose program expenditures.

**NOTE 5 RELATED PARTY TRANSACTIONS**

Friends of the Earth (FOE) an exempt organization under Section 501(c)(3) of the IRC, pays certain expenses and collects certain receipts on behalf of FOE Action and the PAC and in some instances, certain receipts are collected by FOE Action on behalf of FOE. Such payments and receipts are accounted for through intercompany accounts. FOE and FOE Action have separate boards of directors.

The following is a summary of the transactions for the year ended June 30:

|   | <u>2020</u>         | <u>2019</u>        |
|---|---------------------|--------------------|
| Due (to)/from FOE - Beginning of Year             | \$ (29,768)         | \$ 59,970          |
| Grant Made by FOE to the Organization             | 300,000             | 300,000            |
| Expense Paid by FOE on Behalf of the Organization | <u>(625,040)</u>    | <u>(389,738)</u>   |
| Due (to)/from FOE - End of Year                   | <u>\$ (354,808)</u> | <u>\$ (29,768)</u> |

The Organization received grants from FOE of \$300,000 during both 2020 and 2019. The grants were contributed in the form of a reduction in the amount owed to FOE.

The Organization occupies certain rentable square feet of space in FOE's office space to conduct its operations. The Organization's proportionate share of rent totaled \$70,056 and \$35,936 during the years ended June 30, 2020 and 2019, respectively.

**FRIENDS OF THE EARTH (ACTION), INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 6 COMMITMENTS AND CONTINGENCIES**

In the ordinary course of business, the Organization is a party to claims and litigation. Management, based on consultation with legal counsel, is of the opinion that the ultimate outcome of these matters will have no material impact on the financial position, change in net assets or liquidity of the Organization.

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its fiscal year 2021 operations and financial results including but not limited to decreases in charitable giving, additional costs for increased use of technology, or potential shortages of employees. Management believes the Organization is taking appropriate actions to mitigate the potential negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of April 7, 2021 as the situation is ongoing.

**FRIENDS OF THE EARTH (ACTION), INC. AND AFFILIATE  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
YEAR ENDED JUNE 30, 2020  
(WITH COMPARATIVE CONSOLIDATED TOTALS AS OF JUNE 30, 2019)  
(SEE INDEPENDENT AUDITORS' REPORT)**

|                                       | FOE (Action) | FOE PAC   | Elimination | 2020<br>Consolidated | 2019<br>Consolidated |
|---------------------------------------|--------------|-----------|-------------|----------------------|----------------------|
| <b>ASSETS</b>                         |              |           |             |                      |                      |
| <b>CURRENT ASSETS</b>                 |              |           |             |                      |                      |
| Cash                                  | \$ 1,322,936 | \$ 16,337 | \$ -        | \$ 1,339,273         | \$ 983,664           |
| Accounts Receivable                   | 1,051        | -         | -           | 1,051                | 6,536                |
| Prepaid Expenses                      | 1,282        | 47        | -           | 1,329                | 2,220                |
| Total Current Assets                  | 1,325,269    | 16,384    | -           | 1,341,653            | 992,420              |
| <b>NONCURRENT ASSET</b>               |              |           |             |                      |                      |
| Due from Friends of the Earth, Inc.   | -            | 8,646     | (8,646)     | -                    | -                    |
| Total Assets                          | \$ 1,325,269 | \$ 25,030 | \$ (8,646)  | \$ 1,341,653         | \$ 992,420           |
| <b>LIABILITIES AND NET ASSETS</b>     |              |           |             |                      |                      |
| <b>CURRENT LIABILITIES</b>            |              |           |             |                      |                      |
| Accounts Payable and Accrued Expenses | \$ 65,754    | \$ -      | \$ -        | \$ 65,754            | \$ 6,644             |
| <b>OTHER LIABILITIES</b>              |              |           |             |                      |                      |
| Due to Friends of the Earth, Inc.     | 363,454      | -         | (8,646)     | 354,808              | 29,768               |
| Total Liabilities                     | 429,208      | -         | (8,646)     | 420,562              | 36,412               |
| <b>NET ASSETS</b>                     |              |           |             |                      |                      |
| Without Donor Restrictions            | 597,903      | 25,030    | -           | 622,933              | 897,979              |
| With Donor Restrictions               | 298,158      | -         | -           | 298,158              | 58,029               |
| Total Net Assets                      | 896,061      | 25,030    | -           | 921,091              | 956,008              |
| Total Liabilities and Net Assets      | \$ 1,325,269 | \$ 25,030 | \$ (8,646)  | \$ 1,341,653         | \$ 992,420           |

**FRIENDS OF THE EARTH (ACTION), INC. AND AFFILIATE  
CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020  
(WITH COMPARATIVE CONSOLIDATED TOTALS AS OF JUNE 30, 2019)  
(SEE INDEPENDENT AUDITORS' REPORT)**

|   | Friends of the Earth (Action), Inc. |                            |                   | FOE<br>Political Action<br>Committee | 2020<br>Consolidated<br>Total | 2019<br>Consolidated<br>Total |
|---|-------------------------------------|----------------------------|-------------------|--------------------------------------|-------------------------------|-------------------------------|
|   | Without Donor<br>Restrictions       | With Donor<br>Restrictions | Total             | Without Donor<br>Restrictions        |                               |                               |
| <b>REVENUE</b>                          |                                     |                            |                   |                                      |                               |                               |
| Grants and Contributions                | \$ 534,745                          | \$ 350,000                 | \$ 884,745        | \$ 5,000                             | \$ 889,745                    | \$ 741,627                    |
| Canvassing                              | 39,729                              | -                          | 39,729            | -                                    | 39,729                        | 59,147                        |
| Other Income                            | 12                                  | -                          | 12                | -                                    | 12                            | -                             |
| Net Assets Released from Restrictions   | 109,871                             | (109,871)                  | -                 | -                                    | -                             | -                             |
| Total Revenue                           | <u>684,357</u>                      | <u>240,129</u>             | <u>924,486</u>    | <u>5,000</u>                         | <u>929,486</u>                | <u>800,774</u>                |
| <b>EXPENSES</b>                         |                                     |                            |                   |                                      |                               |                               |
| Program Expenses:                       |                                     |                            |                   |                                      |                               |                               |
| Economic Policy and Other               | 72,835                              | -                          | 72,835            | -                                    | 72,835                        | 7,098                         |
| Outreach and Communications             | -                                   | -                          | -                 | -                                    | -                             | 481,247                       |
| Outreach, Communications, NC Restricted | 452,716                             | -                          | 452,716           | -                                    | 452,716                       | -                             |
| Membership                              | 42,790                              | -                          | 42,790            | -                                    | 42,790                        | 43,957                        |
| Organizing                              | 204,535                             | -                          | 204,535           | -                                    | 204,535                       | 133,673                       |
| Total Program Expenses                  | <u>772,876</u>                      | <u>-</u>                   | <u>772,876</u>    | <u>-</u>                             | <u>772,876</u>                | <u>665,975</u>                |
| Supporting Expenses:                    |                                     |                            |                   |                                      |                               |                               |
| Management and General and Overhead     | 84,521                              | -                          | 84,521            | -                                    | 84,521                        | 47,657                        |
| Fundraising                             | 107,006                             | -                          | 107,006           | -                                    | 107,006                       | 74,076                        |
| Total Supporting Expenses               | <u>191,527</u>                      | <u>-</u>                   | <u>191,527</u>    | <u>-</u>                             | <u>191,527</u>                | <u>121,733</u>                |
| Total Expenses                          | <u>964,403</u>                      | <u>-</u>                   | <u>964,403</u>    | <u>-</u>                             | <u>964,403</u>                | <u>787,708</u>                |
| <b>CHANGE IN NET ASSETS</b>             | (280,046)                           | 240,129                    | (39,917)          | 5,000                                | (34,917)                      | 13,066                        |
| Net Assets - Beginning of Year          | <u>877,949</u>                      | <u>58,029</u>              | <u>935,978</u>    | <u>20,030</u>                        | <u>956,008</u>                | <u>942,942</u>                |
| <b>NET ASSETS - END OF YEAR</b>         | <u>\$ 597,903</u>                   | <u>\$ 298,158</u>          | <u>\$ 896,061</u> | <u>\$ 25,030</u>                     | <u>\$ 921,091</u>             | <u>\$ 956,008</u>             |