

ENVIRONMENTAL FUND FOR TEXAS, INC.
dba EARTHSHARE OF TEXAS

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

June 30, 2020

ENVIRONMENTAL FUND FOR TEXAS, INC.
dba EARTHSHARE OF TEXAS

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Environmental Fund for Texas, Inc. dba EarthShare of Texas
Austin, Texas

We have audited the accompanying financial statements of Environmental Fund for Texas, Inc. dba EarthShare of Texas (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 the Environmental Fund for Texas, Inc. dba EarthShare of Texas as of June 30, 2020, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Allman & Associates, Inc.

Austin, Texas
February 11, 2021

ENVIRONMENTAL FUND FOR TEXAS, INC.
dba EARTHSHARE OF TEXAS

STATEMENT OF FINANCIAL POSITION

Year Ended June 30, 2020

Assets

Current Assets:

| | |
|----------------------------|------------------|
| Cash and cash equivalents | \$ 509,304 |
| Restricted cash | 394,523 |
| Pledges receivable | 170,950 |
| Other receivables | 148,618 |
| Membership dues receivable | 61,215 |
| Prepaid expenses | 204 |
| Total Current Assets | <u>1,284,814</u> |

| | |
|--------------------------------|----------------|
| Furniture and equipment | 9,607 |
| Less: Accumulated depreciation | <u>(9,607)</u> |
| Furniture and equipment, net | <u>-</u> |

| | |
|--------------|---------------------|
| Total Assets | <u>\$ 1,284,814</u> |
|--------------|---------------------|

Liabilities and Net Assets

Current Liabilities:

| | |
|---------------------------|----------------|
| Accounts payable | \$ 37,987 |
| COACCC payable | 81,859 |
| Distributions payable | 284,323 |
| Waco SECC payable | 35,826 |
| Capitol Area SECC payable | 276,284 |
| Other campaigns payable | 19,186 |
| Total Current Liabilities | <u>735,465</u> |

| | |
|------------------|---------------|
| PPP loan payable | <u>41,597</u> |
|------------------|---------------|

| | |
|-------------------|---------|
| Total Liabilities | 777,062 |
|-------------------|---------|

Net Assets:

| | |
|----------------------------|----------------|
| Without donor restrictions | |
| Undesignated | <u>507,752</u> |
| Total Net Assets | <u>507,752</u> |

| | |
|----------------------------------|---------------------|
| Total Liabilities and Net Assets | <u>\$ 1,284,814</u> |
|----------------------------------|---------------------|

See accompanying auditors' report and notes to financial statements.

ENVIRONMENTAL FUND FOR TEXAS, INC.
dba EARTHSHARE OF TEXAS

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

Change in Net Assets Without Donor Restrictions:

Public Support and Revenue

Public Support

| | |
|--|------------------|
| Gross campaign pledges | \$ 312,495 |
| Less: Fees and shrinkage | (51,020) |
| Less: Designated to specific organizations | <u>(229,750)</u> |
| Public support designated to EarthShare of Texas | 31,725 |

Revenue

| | |
|--------------------------|------------|
| Membership dues | 160,000 |
| Cause campaign revenue | 504,000 |
| Management fee revenue | 191,637 |
| Grants and contributions | 34,321 |
| In-kind contributions | 32,500 |
| Other income | 11,407 |
| Interest income | <u>653</u> |

Total Revenue 934,518

Total Public Support and Revenue 966,243

Expenses

| | |
|---------------------------|---------------|
| Program services | |
| Campaign management | 804,670 |
| Supporting services | |
| Management and general | 57,436 |
| Fundraising | <u>2,215</u> |
| Total supporting services | <u>59,651</u> |

Total Expenses 864,321

Change in net assets without donor restrictions 101,922

Net assets, beginning of year 405,830

Net assets, end of year \$ 507,752

See accompanying auditors' report and notes to financial statements.

ENVIRONMENTAL FUND FOR TEXAS, INC.
dba EARTHSHARE OF TEXAS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

| <u>Expense Category</u> | <u>Program Services</u> | <u>Supporting Services</u> | | <u>Total</u> |
|------------------------------|--------------------------------|-----------------------------------|--------------------|-------------------|
| | <u>Campaign Management</u> | <u>Management and General</u> | <u>Fundraising</u> | |
| Cause campaign distributions | \$ 504,000 | \$ - | \$ - | \$ 504,000 |
| Wages and benefits | 159,868 | 17,963 | 1,796 | 179,627 |
| Capitol Area SECC expenses | 38,396 | - | - | 38,396 |
| In-kind rent | 28,925 | 3,250 | 325 | 32,500 |
| Distributions to members | 31,725 | - | - | 31,725 |
| Professional services | - | 30,934 | - | 30,934 |
| Affiliation fee | 17,528 | - | - | 17,528 |
| Campaign fees and expenses | 10,042 | - | - | 10,042 |
| Office expense | 533 | 2,910 | 7 | 3,450 |
| Travel | 1,236 | 1,564 | 6 | 2,806 |
| Telephone | 2,124 | 239 | 24 | 2,387 |
| Bank charges | 2,313 | - | - | 2,313 |
| Waco Area SECC expenses | 2,265 | - | - | 2,265 |
| Printing and reproduction | 1,906 | 214 | 21 | 2,141 |
| Insurance | 1,773 | 199 | 20 | 1,992 |
| Repairs and maintenance | 1,452 | 163 | 16 | 1,631 |
| Dues and subscriptions | 289 | - | - | 289 |
| Postage and shipping | 285 | - | - | 285 |
| Advertising and promotion | 10 | - | - | 10 |
| Total Expenses | <u>\$ 804,670</u> | <u>\$ 57,436</u> | <u>\$ 2,215</u> | <u>\$ 864,321</u> |

See accompanying auditors' report and notes to financial statements.

ENVIRONMENTAL FUND FOR TEXAS, INC.
dba EARTHSHARE OF TEXAS

STATEMENT OF CASH FLOWS

Year Ended June 30, 2020

| | |
|---|-------------------|
| Cash Flows From Operating Activities: | |
| Change in Net Assets | \$ 101,922 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities: | |
| Changes in assets and liabilities: | |
| Pledges receivable | 15,087 |
| Membership dues and other receivables | 66,379 |
| Prepaid expenses | 939 |
| Accounts payable | 31,058 |
| COACC payable | 13,290 |
| Waco SECC payable | 33,026 |
| Capitol Area SECC payable | 276,284 |
| Other campaigns payable | (181,476) |
| Distributions payable | <u>(189,668)</u> |
| Net Cash Used By Operating Activities | 166,841 |
| Cash Flows From Financing Activities: | |
| Proceeds from PPP loan payable | <u>41,597</u> |
| Net Cash From Financing Activities: | <u>41,597</u> |
| Change In Cash and Cash Equivalents | 208,438 |
| Beginning Cash and Cash Equivalents | <u>695,389</u> |
| Ending Cash and Cash Equivalents | <u>\$ 903,827</u> |
| Supplemental disclosure of cash flow information: | |
| Income taxes paid | <u>\$ -</u> |
| Interest paid | <u>\$ -</u> |

See accompanying auditors' report and notes to financial statements.

ENVIRONMENTAL FUND FOR TEXAS, INC.
dba EARTHSHARE OF TEXAS

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Environmental Fund for Texas, Inc., dba EarthShare of Texas, (the “Organization”) is a not-for-profit organization that was founded in 1992 as a federation of qualified member organizations (“Members”). The Organization conserves natural resources and builds a healthy and sustainable environment by leveraging monetary contributions to its member organizations, employers, and the community. The Organization supports more than 40 of the most respected conservation and environmental organizations in Texas. From air quality to wildlife rehabilitation to the development of green technology, Members work to protect the environment. In 1997, the Organization affiliated itself with EarthShare, a national federated fund-raising organization, and supports more than 30 national organizations through this affiliation.

The Organization protects its donors by ensuring that each of its member groups adheres to strict eligibility criteria and operates with the highest possible ethical and professional standards. Members are also required to pay annual dues which are used to fund the operations of the Organization. The Organization’s other revenues come from campaign management fees and cause campaign support.

The Organization’s main activity is campaign management. Annual campaigns are conducted by the Organization to raise public support for distribution to members. Funds are raised during a campaign period, which is the time between the start of the planning, promotion, and initiation of appeals for contributions and pledges under a particular annual campaign and the formal termination date of the campaign. Most annual campaigns of the Organization are conducted in the fall of each year. The Organization distributes campaign funds using a distribution year, which is the 12-month period for which funds from a particular campaign are earmarked to be distributed to participating agencies. Distributions are made quarterly. The Organization earns administrative fees for conducting campaigns, monitoring and distributing funds to participant agencies, and other donor designated organizations.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Using this method of accounting, revenues and other support and the related accounts receivable are reported when the funds are considered earned, regardless of when the cash is received. Expenses and the related accounts payable are reported when the obligation is incurred, regardless of when the cash is disbursed.

ENVIRONMENTAL FUND FOR TEXAS, INC.
dba EARTHSHARE OF TEXAS

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Classification of Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor, or grantor, imposed restrictions. Financial statement presentation follows the Financial Accounting Standards Board ASC 958-205, *Not-for-Profit Entities Presentation of Financial Statements*.

Net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and are not subject to donor-imposed restrictions. These net assets may be used for any purpose or designated for specific purposes by action of the board.

Net assets with donor restrictions – Net assets subject to donor 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 and require that the assets be maintained permanently. 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 no net assets with donor restrictions at June 30, 2020.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers cash and highly liquid investments with maturities of three months or less when purchased to be cash equivalents, except when held specifically for investment purposes. Restricted cash is included in the cash and cash equivalents in the statement of cash flows at year end. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported in the statement of financial position that sum to totals of the same such amounts in the statement of cash flows.

ENVIRONMENTAL FUND FOR TEXAS, INC.
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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

| | <u>Amount</u> |
|---|-------------------|
| Cash | \$ 381,021 |
| Money market | 128,283 |
| Restricted cash -City of Austin Charitable Campaign | 83,021 |
| Restricted cash -Capitol Area SECC | 276,004 |
| Restricted cash -Waco SECC | <u>35,498</u> |
| Total | <u>\$ 903,827</u> |

Revenue Recognition

Campaign pledges are recorded in the financial statements upon receipt of pledge information from the campaigns. The Organization honors designations made to each member organization. As all pledges are expected to be collected within one year, they are recorded at their net realizable value, which approximates fair value. This is achieved by recording the pledges net of the estimated uncollectible pledges (shrinkage) and for estimated costs incurred by others (fees). Shrinkage occurs when state employees leave their employment thus leaving pledge balance as uncollectible. This shrinkage is calculated based on historical collection percentages.

Contributions and grants are considered available for unrestricted use unless specifically restricted by donor or grantor. Donor-restricted contributions and grants are reported as increases in donor-restricted net assets depending on the nature of the restriction. When a restriction expires, donor-restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions with donor restrictions received in the same year as the restriction expires are reported as unrestricted. Dues and management fees are recorded as revenue in the campaign year to which they apply.

Pledges, grants and membership dues receivable reflect promises to give, amounts owed due to contractual relationships, or membership fees due from participating agencies. Any allowance for uncollectible amounts is based on prior years' collection experience, the age of the receivable, and management's analysis of any other specific circumstances related to individual receivables. The allowance for uncollectible accounts is considered an accounting estimate. This estimate may be adjusted as more current information becomes available and any adjustment could be significant. There were no balances for allowances for uncollectible accounts as of June 30, 2020 as all balances were deemed collectible by management.

ENVIRONMENTAL FUND FOR TEXAS, INC.
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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Furniture and Equipment

Furniture and equipment items in excess of \$500 are capitalized at cost, or if donated, at estimated fair value at the time of donation. Depreciation is computed on a straight-line basis using estimated useful lives of three to ten years. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the period. Maintenance and repairs are charged to expense as incurred. Depreciation expense was \$0 for the year ended June 30, 2020.

Distributions Payable

Pledges that are designated to the Organization's member agencies are recorded as distributions payable. Cash received from campaigns is allocated to each participating member agency in the ratio that each agency was designated from the relevant campaign. Member's share of undesignated pledges is calculated based upon a board-approved formula. Prior to the quarterly distribution of the campaign receipts to Members, expenses approved by the Members are deducted and are recorded as campaign expenses.

COACCC and SECC Payables

The Organization manages the City of Austin Combined Charities Campaign ("COACCC"), the Capital Area SECC campaign and the Waco SECC campaign. Pledges and contributions received from these campaigns are held in separate bank accounts and allocated to each participating Member agency in the ratio that each agency was designated from the donor. The Member's share of undesignated pledges is calculated based upon a ratio derived from the percent of designated funds received. Fund are distributed on a bi-monthly basis and administrative charges are deducted on the first distribution of the year.

Functional Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or that relate to a specific source of revenue are allocated directly to that program. Management and general expense are those expenses necessary to ensure a proper office, articulate organizational strategies and administrative policies of the President and Board of Directors, maintain competent legal services for program administration, and properly manage the financial and budgetary responsibilities of the Organization. Fundraising expenses are those staff and office expenses used in fundraising efforts for specific campaigns operated by the Organization.

ENVIRONMENTAL FUND FOR TEXAS, INC.
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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalent accounts exceeded the maximum Federal Deposit Insurance Corporation limits by \$803,921 at June 30, 2020.

The Organization generally does not maintain collateral for its accounts receivable and does not believe significant credit risk exists as of June 30, 2020.

Income Taxes

The Organization is exempt from federal income taxes, except on unrelated business income, under Internal Revenue Code Section 501(c)(3). Additionally, the Organization qualifies for the charitable contribution deduction and has been classified as an organization other than a private foundation under Section 509(a).

The Organization has adopted the recognition requirements for uncertain tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more likely than not be sustained upon examination by taxing authorities. The Organization has analyzed the tax positions taken in its filings with the Internal Revenue Service and state jurisdictions where it operates. The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial position, changes in its net assets or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2020. The Organization is subject to income tax audits for the previous three years which are open. There are currently no audits for any tax periods in progress.

Changes in Not-for-Profit Accounting Standards

In June, 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 clarifies and improves guidance concerning, 1) the determination whether a transaction should be accounted for as an exchange transaction or as a contribution, and 2) whether a contribution received is conditional. ASU 2018-08 is effective for annual periods beginning after December 15, 2018 for entities that are resource recipients and for annual periods beginning after December 15, 2019 for entities that are resource providers, with early adoption permitted. ASU 2018-08 has been applied on a modified prospective basis, applied to agreements that were either not completed, or were entered into, after June 30, 2019.

ENVIRONMENTAL FUND FOR TEXAS, INC.
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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09's core principle requires an entity to recognize revenue in a manner that depicts the transfer of goods and/or services to a customer in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods and/or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The statement, effective for annual periods beginning after December 15, 2018, has been implemented using the modified retrospective approach and there were no significant changes in recognizing revenue from contracts with customers.

2. FAIR VALUE OF FINANCIAL INSTRUMENTS

The requirements of Fair Value Measurements and Disclosures of the Accounting Standards Codification apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement is the same in both cases – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price).

Fair Value Measurements and Disclosures also establish a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 Inputs – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 Inputs – Inputs other than quoted prices included with Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 Inputs – Unobservable inputs for the asset or liability.

ENVIRONMENTAL FUND FOR TEXAS, INC.
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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

2. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

| Description | Fair Value | Fair Value Measurements Using: | | |
|------------------|------------|---|--|--|
| | | Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| PPP loan payable | \$ 41,597 | \$ - | \$ - | \$ 41,597 |

The loan payable's fair value is determined by the loan agreement. The fair value of the remaining current assets and current liabilities approximate the carrying amounts of such instruments due to their short-term, highly liquid nature.

3. RETIREMENT PLAN

The Organization offers full time employees the opportunity for participation in a contributory retirement plan. The Organization matches employees' contributions up to 3% of salary. The expense to the Organization for the year ended June 30, 2020 was \$1,980.

4. PUBLIC SUPPORT DESIGNATED TO EARTHSHARE OF TEXAS

Public support received during the annual campaign, not designated for a specific participant organization, is to be allocated and distributed to participant agencies based on a formula determined by the governing board and approved by the membership council.

Such undistributed funds are to be allocated equally to fully participating agencies. The allocations are to be tracked and reported to participant agencies and no interest is to accumulate on undistributed funds. Whenever the Board authorizes payments on distributions, the payments will be pro-rata to participant agencies. If a participant agency resigns and is in good standing, the agency is entitled to its share of moneys from campaigns conducted while still participating in EarthShare of Texas, whenever that payment occurs. A terminated organization will be entitled to its share of moneys from campaigns conducted while still participating in EarthShare of Texas, less expenses, fines, annual dues, entry fees, and any other moneys due to EarthShare of Texas. A terminated organization is not entitled to a refund of any dues, fees, or moneys previously paid to EarthShare of Texas.

Public Support Designated to EarthShare of Texas of \$31,725 agrees to Distributions to Members of \$31,725 on the Statement of Functional Expenses.

ENVIRONMENTAL FUND FOR TEXAS, INC.
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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

5. IN-KIND RENT

Donations of materials or services that either create or enhance nonfinancial assets or that require specialized skills that would otherwise need to be purchased are recognized as revenues at their respective fair values. Donated office space of \$32,500 was recognized in the accompanying statement of activities for the year ended June 30, 2020.

6. EARTHSHARE NATIONAL

The Organization is an affiliate of EarthShare, a national nonprofit that connects the most influential environmental organizations with employers, people and communities to protect the planet. As a state affiliate, the Organization supports the national member organizations by providing access to the state employee charitable campaigns. Affiliate fees paid to EarthShare National were \$17,528 for the year ended June 30, 2020.

7. LIQUIDITY AND AVAILABILITY

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.

| | |
|---|-------------------|
| Cash and cash equivalents | \$ 509,304 |
| Pledges receivable | 170,950 |
| Other receivables | 148,618 |
| Membership dues receivable | <u>61,215</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 890,087</u> |

As part of the Organization's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage those obligations as well as unanticipated liquidity needs, the Organization maintains approximately \$550,000 in its operating and savings accounts. Although the Organization does not intend to spend from its savings accounts, amounts could be made available if needs exceed what is held in the operating accounts.

ENVIRONMENTAL FUND FOR TEXAS, INC.
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NOTES TO FINANCIAL STATEMENTS

June 30, 2020

8. PPP LOAN PAYABLE

In April 2020, the Organization was approved for a Paycheck Protection Program (PPP) loan from the federal government in the amount of \$41,597, with an interest rate of 1% per annum based on a year of 365 days until maturity. The Organization has used the proceeds of the loan only for purposes authorized by the PPP and is planning to apply for loan forgiveness in whole. The loan repayment terms have not been established and as such, the loan has been classified as non-current on the statement of financial position.

9. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statement are issued. Management has evaluated subsequent events through February 11, 2021, the date the audit report was available for issuance.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact future activities of the Organization. The continuing disruption is having a broad and negative impact on the US economy and the ability to fundraise for the various campaigns has been impacted. However, the related financial impact of this and other business disruptions cannot be reasonably estimated at this time.