

STAND
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020



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**STAND
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YEAR ENDED DECEMBER 31, 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Stand
San Francisco, California

We have audited the accompanying financial statements of Stand (a California nonprofit public benefit corporation, the Organization), which comprises the statement of financial position as of December 31, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Organization'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 Organization'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.

Board of Directors
Stand

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stand as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter Regarding a Change in Accounting Principle

As discussed in Note 2 to the financial statements, management has adopted Accounting Standards Update (ASU) No. 2014-09 *Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Pasadena, California
November 30, 2021

STAND
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

Cash and Cash Equivalents	\$ 4,653,073
Accounts Receivable	32,000
Contributions Receivable	58,104
Prepaid Expenses and Other Assets	77,426
Property and Equipment, Net	<u>36,441</u>
Total Assets	<u><u>\$ 4,857,044</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 213,763
Loan Payable	<u>409,450</u>
Total Liabilities	623,213

NET ASSETS

Without Donor Restrictions	506,136
With Donor Restrictions	<u>3,727,695</u>
Total Net Assets	<u>4,233,831</u>

Total Liabilities and Net Assets	<u><u>\$ 4,857,044</u></u>
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See accompanying Notes to Financial Statements.

**STAND
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions and Grants	\$ 1,036,993	\$ 6,799,363	\$ 7,836,356
Fee for Service	151,478	-	151,478
Other Income	20,983	-	20,983
Net Assets Released from Restrictions	4,441,435	(4,441,435)	-
Total Revenue and Support	<u>5,650,889</u>	<u>2,357,928</u>	<u>8,008,817</u>
EXPENSES			
Program	4,476,974	-	4,476,974
General and Administrative	469,568	-	469,568
Fundraising	608,344	-	608,344
Total Expenses	<u>5,554,886</u>	<u>-</u>	<u>5,554,886</u>
CHANGE IN NET ASSETS	96,003	2,357,928	2,453,931
Net Assets - Beginning of Year	<u>410,133</u>	<u>1,369,767</u>	<u>1,779,900</u>
NET ASSETS - END OF YEAR	<u><u>\$ 506,136</u></u>	<u><u>\$ 3,727,695</u></u>	<u><u>\$ 4,233,831</u></u>

See accompanying Notes to Financial Statements.

STAND
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program						
	Healthy Forest	Climate - Canada	Climate	Total	General and Administration	Fundraising	Total
Wages	\$ 280,812	270,342	\$ 887,692	\$ 1,438,846	\$ 186,234	\$ 408,923	\$ 2,034,003
Payroll Taxes	24,912	23,071	79,406	127,389	15,831	35,101	178,321
Other Benefits	57,118	55,981	189,279	302,378	35,245	85,795	423,418
Payroll Fees	5,832	5,532	20,686	32,050	33,225	9,181	74,456
Professional Fees	304	966	1,382	2,652	13,114	58	15,824
Contract Services	233,882	529,750	1,461,758	2,225,390	28,107	12,795	2,266,292
Rent	4,547	14,450	11,521	30,518	24,664	871	56,053
Utilities	851	2,705	2,156	5,712	4,616	163	10,491
Office Supplies	397	3,391	1,228	5,016	8,416	481	13,913
Office Expenses	8,582	66	13,938	22,586	1,205	890	24,681
Telephone, Fax, and Internet	2,721	6,051	6,422	15,194	8,782	4,905	28,881
Postage and Delivery	6	9	188	203	1,378	292	1,873
Printing and Photocopy	1,067	711	137	1,915	115	144	2,174
Advertising and Promotion	3,445	12,816	48,574	64,835	13,425	7,755	86,015
Travel	4,857	10,697	27,353	42,907	17,506	4,537	64,950
Food and Reception	1,418	502	3,173	5,093	1,289	491	6,873
Staff Development and Recognition	759	3,250	5,198	9,207	3,249	2,455	14,911
Stipend/Honorarium	57	174	227	458	8,578	704	9,740
Fundraising and Special Events	525	893	6,819	8,237	416	1,197	9,850
Meetings	194	110	356	660	47	67	774
Dues and Subscriptions	5,096	26,138	44,234	75,468	31,755	17,355	124,578
Insurance	1,039	3,303	2,634	6,976	5,638	199	12,813
Miscellaneous	398	16,700	16,164	33,262	998	7,028	41,288
Depreciation	1,960	5,358	6,542	13,860	4,662	6,957	25,479
Grants to Other Organizations	-	-	6,162	6,162	-	-	6,162
Bad Debt	-	-	-	-	21,073	-	21,073
Total Expenses by Function	<u>\$ 640,779</u>	<u>\$ 992,966</u>	<u>\$ 2,843,229</u>	<u>\$ 4,476,974</u>	<u>\$ 469,568</u>	<u>\$ 608,344</u>	<u>\$ 5,554,886</u>

See accompanying Notes to Financial Statements.

**STAND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 2,453,931
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	25,479
Changes in Operating Assets and Liabilities:	
Accounts Receivable	23,817
Contributions Receivable	379,111
Prepaid Expenses and Other Assets	(46,061)
Accounts Payable and Accrued Expenses	(79,764)
Refundable Advance	(500,000)
Net Cash Provided by Operating Activities	<u>2,256,513</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed Asset Acquisitions	(16,412)
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CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from PPP Loan	<u>409,450</u>
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NET CHANGE IN CASH AND CASH EQUIVALENTS

2,649,551

Cash and Cash Equivalents - Beginning of Year

2,003,522

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 4,653,073

See accompanying Notes to Financial Statements.

STAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 NATURE OF ORGANIZATION

Our Mission: Stand. Earth challenges corporations and governments to treat people and the environment with respect because our lives depend on it.

Our Vision: A world where respect for people and the environment comes first.

Our campaigns challenge destructive corporate and governmental practices. demand accountability, and create solutions that protect the forests and the stable climate required to keep our planet - and us - thriving. As we have done since our founding, we pursue audacious solutions, campaign for as long as it takes to see them through, punch way above our weight. and treat everyone, including our adversaries, with respect. Our work has resulted in sweeping industry-wide changes and environmental protection on a massive scale.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting to conform to accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to nonprofit institutions. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein have been classified and are reported as follows:

Net Assets Without Donor Restrictions – Net assets not subject to donor-imposed restrictions.

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, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released when the assets are placed in service. 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.

Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

STAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expirations of donor-imposed restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as net assets released from restrictions.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received and reported in their appropriate net asset group, subject to the existence or absence of donor-imposed stipulations. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at a discount rate consistent with general principles for present value measurement. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on contributions. At December 31, 2020, future collections of contributions receivable are expected to be collected within one year.

Conditional promises, 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. During the year ended December 31, 2020, the Organization did not receive any conditional promises.

Fee for Service

Fee for service revenues are recognized as research is being performed and delivered.

Functional Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Expenses requiring allocation are allocated on the basis of estimates of time and effort, and employee headcount.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization has received favorable determination letters indicating it is generally exempt from federal income taxes and California franchise taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

STAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

U.S. GAAP provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes all of the positions taken by the Organization are more likely than not to be sustained upon examination.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk are cash and cash equivalents. The Organization's cash, at times, may exceed the Federal Deposit Insurance Corporation statutory limits. The Organization continually monitors its receivables and establishes valuation reserves as considered appropriate. As of December 31, 2020, three donors represents approximately 87% of the total contributions receivable.

Risks and Uncertainties

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. 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 2021 operations and financial result including but not limited to declines in contribution revenues and costs for increased use of services. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated.

Subsequent Events

Subsequent events have been evaluated through November 30, 2021, the date that these financial statements were available to be issued. Other than further described in Note 6, there were no subsequent events that would require adjustments or disclosures in these financial statements.

New Accounting Pronouncements Adopted During Current Accounting Period

In fiscal year 2020, the Organization adopted Accounting Standards Update (ASU) No. 2014-09 *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a full retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

New Accounting Pronouncements Adopted During Future Accounting Period

The FASB issued *ASU 2016-02 Leases (Topic 842)*. This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. Management is evaluating the effects of the new standard.

**STAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 LIQUIDITY AND AVAILABILITY

As of December 31, 2020, the Organization's 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, are as follows:

Cash and Cash Equivalents	\$ 4,653,073
Accounts Receivable	32,000
Subtotal	<u>4,685,073</u>
Less: Net Assets with Donor Restriction	<u>(3,707,695)</u>
Total	<u><u>\$ 977,378</u></u>

No other restrictions have been imposed by board of this organization regarding use of general operating cash. The Organization maintains and monitors its cash flow periodically to ensure funds are available for next 90 days of operation. However, available cash balance fluctuates throughout the year. Restricted funds are released upon expiration of time restrictions, or completion of program requirements. Additionally, the Organization has lines of credit, that can be used for liquidity purposes, as further described in Note 6.

NOTE 4 LOAN PAYABLE

PPP Loan

In May 2020, the Organization received a loan in the amount of \$409,450 to fund payroll, rent and utilities through the Paycheck Protection Program (the "PPP Loan"). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. In April 2021, the PPP Loan was forgiven in its entirety.

The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty, however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

Lines of Credit

The Organization has two unsecured lines of credit with a financial institution with a maximum draw totaled of \$700,000. The lines of credit bear an interest rate of 4%, and expire on March 10, 2022. At December 31, 2020, there were no outstanding balances on these lines of credit.

STAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following:

Subject to Expenditure for Specified Purpose:	
Climate Campaign	\$ 3,566,303
Healthy Forest	141,392
Total	<u>3,707,695</u>
Subject to Passage of Time	20,000
Total Net Assets with Donor Restrictions	<u><u>\$ 3,727,695</u></u>

In 2020, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time.

Subject to Expenditure for Specified Purpose:	
Climate Campaign	\$ 3,130,017
Healthy Forest	575,752
Total	<u>3,705,769</u>
Passage of Specified Time	735,666
Total Net Assets Released from Donor Restrictions	<u><u>\$ 4,441,435</u></u>

NOTE 6 COMMITMENTS

The Organization entered into a lease for office space for the term June 2020 to May 2023. Monthly payments of \$3,044 are due with 3% increases June 2021 and June 2022. Minimum annual rental payments required under the leases in effect on December 31 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 37,177
2022	38,292
2023	16,151
Total	<u><u>\$ 91,620</u></u>

NOTE 7 RETIREMENT PLAN

The Organization has a defined contribution plan covering employees with at least 1,000 hours of service in the initial 12 months of employment or in any subsequent plan year. The Organization matches participants' contributions to the plan equal to 70% of the first 6% of before-tax savings. Participants can contribute before-tax contributions of 1 to 15% of their total compensation, up to the Internal Revenue Service indexed maximum for a calendar year. There were no employer matches during 2020. The employer contribution plan is on hold since January 2009.

STAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 LOBBYING

Through its lobbying program, the Organization uses unrestricted resources to influence state, local, and federal legislation related to its exempt purpose through grassroots organizing and direct contact with elected officials or their staff.

The Organization is funded by an array of foundations grants, individual gifts and organizational donations. The Organization uses only unrestricted individual gifts to support its state, local and federal legislation related lobbying activities.

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