

**PESTICIDE ACTION NETWORK  
NORTH AMERICA REGIONAL CENTER**

**FINANCIAL STATEMENTS**

**For the Years Ended March 31, 2020 and 2019**

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## **Independent Auditors' Report**

Board of Directors  
Pesticide Action Network North America Regional Center

We have audited the accompanying financial statements of Pesticide Action Network North America Regional Center (a California nonprofit organization), which comprise the statements of financial position as of March 31, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

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

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


### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our 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 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 Pesticide Action Network North America Regional Center as of March 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



San Francisco, California  
October 19, 2020

**PESTICIDE ACTION NETWORK  
NORTH AMERICA REGIONAL CENTER**

**STATEMENTS OF FINANCIAL POSITION**

**March 31, 2020 and 2019**

	2020	2019
<b>ASSETS</b>		
Assets:		
Cash and cash equivalents	\$ 846,077	\$ 567,319
Investments, at market value	298,188	326,135
Accounts receivable	28,098	25,492
Contracts receivable	123,675	104,872
Grants receivable	829,578	973,578
Inventory	4,858	7,270
Prepays and other receivables	52,692	43,869
Property and equipment, net	20,366	21,504
Deposits	13,690	11,943
Total assets	\$ 2,217,222	\$ 2,081,982
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 56,771	\$ 78,365
Accrued liabilities	104,682	102,753
Grant and custodial fund liabilities	559,627	371,344
Deferred revenue	133,675	113,333
Total liabilities	854,755	665,795
Net assets:		
Without donor restriction	35,110	1,334
With donor restriction	1,327,357	1,414,853
Total net assets	1,362,467	1,416,187
Total liabilities and net assets	\$ 2,217,222	\$ 2,081,982

See accompanying notes to the financial statements.

**PESTICIDE ACTION NETWORK  
NORTH AMERICA REGIONAL CENTER**

**STATEMENTS OF ACTIVITIES**

**For the Years Ended March 31, 2020 and 2019**

	2020			2019		
	Without donor restriction	With donor restriction	Total	Without donor restriction	With donor restriction	Total
Revenue and support:						
Grants	\$ 421,000	\$ 1,322,900	\$ 1,743,900	\$ 413,000	\$ 1,909,579	\$ 2,322,579
Contributions	432,667	3,500	436,167	368,528	21,200	389,728
Special events, net of direct expenses	24,107	-	24,107	830	-	830
Contracts	474,057	-	474,057	544,755	-	544,755
Program service fees	47,455	-	47,455	24,661	-	24,661
Investments, dividends and realized gains	12,667	-	12,667	7,594	-	7,594
Unrealized gain (loss) on investments	(11,826)	-	(11,826)	12,678	-	12,678
Other	12,320	-	12,320	9,022	-	9,022
Contributed goods and services	25,417	-	25,417	35,271	-	35,271
Net assets released from restrictions:						
Satisfaction of restrictions	1,413,896	(1,413,896)	-	1,541,922	(1,541,922)	-
Total revenue and support	2,851,760	(87,496)	2,764,264	2,958,261	388,857	3,347,118
Expenses:						
Program:						
Core programs	1,423,939	-	1,423,939	1,570,563	-	1,570,563
Coalitions	1,072,237	-	1,072,237	960,131	-	960,131
Total program	2,496,176	-	2,496,176	2,530,694	-	2,530,694
Administrative	74,844	-	74,844	118,552	-	118,552
Development	246,964	-	246,964	227,014	-	227,014
Total expenses	2,817,984	-	2,817,984	2,876,260	-	2,876,260
Changes in net assets	33,776	(87,496)	(53,720)	82,001	388,857	470,858
Net assets, beginning of year	1,334	1,414,853	1,416,187	(80,667)	1,025,996	945,329
Net assets, end of year	\$ 35,110	\$ 1,327,357	\$ 1,362,467	\$ 1,334	\$ 1,414,853	\$ 1,416,187

See accompanying notes to the financial statements.

**PESTICIDE ACTION NETWORK  
NORTH AMERICA REGIONAL CENTER**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended March 31, 2020 and 2019**

	2020	2019
Cash flows from operating activities:		
Changes in net assets	\$ (53,720)	\$ 470,858
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	14,574	15,753
Realized and unrealized gain on investments	6,394	(12,678)
Gain on sale of property and equipment	(500)	(284)
(Increase) decrease in assets:		
Accounts receivable	(2,606)	1,584
Contracts receivable	(18,804)	55,128
Grants receivable	144,000	(538,272)
Inventory	2,412	13,673
Prepays and other receivables	(8,823)	(3,858)
Deposits	(1,747)	(265)
Increase (decrease) in liabilities:		
Accounts payable	(21,594)	49,389
Accrued liabilities	1,929	10,225
Grant and custodial fund liabilities	188,284	102,274
Deferred revenue	20,342	(210,853)
Total adjustments	323,861	(518,184)
Net cash provided (used) by operating activities	270,141	(47,326)
Cash flows from investing activities:		
Proceeds from sale of investments	30,527	-
Purchases of investments	(8,974)	(14,126)
Proceeds from sale of property and equipment	500	450
Purchases of property and equipment	(13,436)	(6,891)
Net cash provided (used) by investing activities	8,617	(20,567)
Net increase (decrease) in cash	278,758	(67,893)
Cash and cash equivalents, beginning of year	567,319	635,212
Cash and cash equivalents, end of year	\$ 846,077	\$ 567,319

See accompanying notes to the financial statements.

**PESTICIDE ACTION NETWORK  
NORTH AMERICA REGIONAL CENTER**

**STATEMENTS OF FUNCTIONAL EXPENSES (continued)**

**For Years Ended March 31, 2020 and 2019**

Program, administrative and development expenses incurred during the year ended March 31, 2020, were as follows:

	March 31, 2020					
	Core Programs	Coalitions	Total Program	Administrative	Development	Total Expenses
Salaries and related	\$ 935,656	\$ 556,369	\$ 1,492,025	\$ 126,049	\$ 173,505	\$ 1,791,579
Donated services	-	1,440	1,440	3,558	-	4,998
Joint projects	107,595	258,943	366,538	31	71	366,640
Occupancy	90,691	29,814	120,505	9,208	13,652	143,365
Postage/Printing	15,368	10,134	25,502	418	18,657	44,577
Consultants	142,605	7,448	150,053	2,244	8,495	160,792
Office expenses	16,571	11,993	28,564	5,217	15,398	49,179
Travel	36,418	19,038	55,456	417	6,285	62,158
Information technology	39,071	21,276	60,347	6,803	7,453	74,603
Laboratory	-	26,467	26,467	-	-	26,467
Depreciation	7,909	4,155	12,064	1,007	1,503	14,574
Conferences/Meetings	11,723	12,149	23,872	8,189	1,382	33,443
Legal/Professional	-	3,625	3,625	10,875	-	14,500
Advertising	25	196	221	35	-	256
Lobbyists	17,342	4,000	21,342	-	-	21,342
Insurance	2,965	1,557	4,522	3,672	563	8,757
Indirect costs	-	103,633	103,633	(103,633)	-	-
Misc	-	-	-	754	-	754
	<u>\$ 1,423,939</u>	<u>\$ 1,072,237</u>	<u>\$ 2,496,176</u>	<u>\$ 74,844</u>	<u>\$ 246,964</u>	<u>\$ 2,817,984</u>
Total			88.5%	2.7%	8.8%	100%

See accompanying notes to the financial statements.

**PESTICIDE ACTION NETWORK  
NORTH AMERICA REGIONAL CENTER**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**For Years Ended March 31, 2020 and 2019**

Program, administrative and development expenses incurred during the year ended March 31, 2019, were as follows:

	March 31, 2019					
	Core Programs	Coalitions	Total Program	Administrative	Development	Total Expenses
Salaries and related	\$ 957,435	\$ 495,323	\$ 1,452,758	\$ 140,181	\$ 153,626	\$ 1,746,565
Donated services	5,273	6,090	11,363	7,096	420	18,879
Joint projects	110,300	225,866	336,166	31	44	336,241
Occupancy	87,697	25,777	113,474	8,581	12,233	134,288
Postage/Printing	25,078	8,414	33,492	291	15,072	48,855
Consultants	226,027	11,350	237,377	2,352	13,353	253,082
Office expenses	19,157	11,192	30,349	8,255	17,992	56,596
Travel	37,347	23,843	61,190	258	4,247	65,695
Information technology	37,663	21,505	59,168	6,924	5,232	71,324
Laboratory	-	12,617	12,617	-	-	12,617
Depreciation	8,143	4,777	12,920	1,116	1,717	15,753
Conferences/Meetings	39,026	14,024	53,050	21,392	2,490	76,932
Legal/Professional	917	3,100	4,017	11,400	-	15,417
Advertising	115	111	226	-	-	226
Lobbyists	13,575	-	13,575	-	-	13,575
Insurance	2,810	1,652	4,462	5,165	588	10,215
Indirect costs	-	94,490	94,490	(94,490)	-	-
<b>Total</b>	<b>\$ 1,570,563</b>	<b>\$ 960,131</b>	<b>\$ 2,530,694</b>	<b>\$ 118,552</b>	<b>\$ 227,014</b>	<b>\$ 2,876,260</b>
			88.0%	4.1%	7.9%	100%

See accompanying notes to the financial statements.



**PESTICIDE ACTION NETWORK  
NORTH AMERICA REGIONAL CENTER**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2020 and 2019**

**NOTE A -- Description of organization**

Pesticide Action Network North America Regional Center (DBA Pesticide Action Network [PAN] North America, also the Organization), a California nonprofit organization, was incorporated in 1984 under the name Pesticide Education and Action Project. The Organization educates the general public on pesticide-related issues, and advocates replacing hazardous pesticide use with safer, ecologically sound and socially just alternatives.

The Organization supports rigorous scientific research and promotes democratic, local control of food systems. As one of five Regional Centers worldwide, PAN's approach is to build a strategically aligned regional network of local, state, national and regional public interest organizations and coalitions, as well as a base of active individual members, in Canada and the United States, to join with more than 600 consumer, labor, health, environmental, human rights and agricultural groups in a global citizens' action network in some 90 countries. The Organization's sister Centers are located in Africa, Asia/Pacific, Europe and Latin America. This network, including more than 100 affiliated groups in North America, challenges the local and global proliferation of pesticides, defends basic rights to health and environmental quality, and advocates for environmentally sound, economically viable, fair and humane food production, distribution and consumption.

The Organization's core program is structured in four divisions: Campaigns, Communications, Membership and Grassroots Science; and also includes support of Coalitions in which PAN participates. PAN's approach is to work primarily through coalitions to build broad public will to influence fundamental change in pesticide, environmental health and food system policy. PAN campaigns combine research and analysis, strategic communications, community organizing, policymaker engagement and marketplace activism to accomplish specific social change outcomes. Fundamental to each campaign is the use of "grassroots science"—participatory and empowering scientific research and analysis led by communities facing pesticide exposure, executed in collaboration with scientists—that documents and makes visible concerns about pesticide exposure from food, air and water, and points to fair and sustainable solutions.

In its role as a Regional Center of the global Pesticide Action Network, the Organization facilitates and strengthens network campaigns. Most of PAN's projects are conducted as joint efforts with other public interest organizations. Currently the most significant coalition supported by the Organization is Californians for Pesticide Reform, for which PAN is the primary fiscal sponsor, provides administrative services, employs personnel and participates as one of the governing members carrying out the work of the coalition (see Note P). The Organization also serves as the U.S. fiscal agent for its sister PAN Regional Centers.

**NOTE B -- Summary of significant accounting policies**

**Basis of accounting**

The financial statements are presented using the accrual basis of accounting.

**PESTICIDE ACTION NETWORK  
NORTH AMERICA REGIONAL CENTER**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**March 31, 2020 and 2019**

**NOTE B -- Summary of significant accounting policies (continued)**

**Cash and cash equivalents**

Cash and cash equivalents consist of cash and money market funds.

**Investments**

Investments in marketable securities with readily determinable fair values are reported at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in changes in net assets. Short-term investments consist of cash and mutual funds.

**Property and equipment**

Property and equipment, if purchased, are recorded at cost or, if donated, at fair market value at the time of receipt. Property and equipment are depreciated on a straight-line basis over their estimated useful lives ranging from three to ten years. PAN generally capitalizes assets with an original cost over \$1,000. Depreciation expenses for the years ended March 31, 2020 and 2019, was \$14,574 and \$15,753, respectively.

**Inventory**

Inventory consists of donor materials and is stated at cost. Inventory totaled \$4,858 and \$7,270 at March 31, 2020 and 2019, respectively.

**Net assets**

The Organization recognizes all grants, pledges and donor contributions in the year they are committed. This practice may have the effect of creating large year-to-year variances in total revenue because multi-year grants are recognized only in the year committed. Contributions without donor-imposed restrictions are reported as support without donor restriction. Contributions with donor-imposed restrictions are reported as support with donor restriction.

The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires. This occurs by increasing net assets without donor restriction and decreasing net assets with donor restriction in the Statements of Activities, and the release from restrictions is reported separately from other transactions.

A picture of realized revenue and expenses for a fiscal year—the actual annual operating activity of the Organization—is provided in the first column of the Statements of Activities: revenue and support without donor restriction, expenses, and changes in net assets.

**PESTICIDE ACTION NETWORK  
NORTH AMERICA REGIONAL CENTER**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**March 31, 2020 and 2019**

**NOTE B -- Summary of significant accounting policies (continued)**

**Revenue recognition**

Promises to pay over more than one accounting cycle are recorded at the present value of the contribution if the present value discount is material.

Donated goods and specialized services are recorded as contributions at their estimated value on the date of receipt. Such donations are reported as support without donor restriction unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as support with donor restriction.

**Income taxes**

The Organization is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the Revenue and Taxation Code of the State of California. Accordingly, no provision for income taxes has been reflected in these financial statements.

PAN has elected to make expenditures to influence legislation under the provisions of the Internal Revenue Code, Section 501(h). Management does not feel it has incurred any excise taxes as a result of this activity.

The Tax Cut and Jobs Act of 2017 imposed an excise tax on non-profits which provide pre-tax transit and parking benefits to their staff, even if those benefits are paid by employee payroll deductions. The Organization provides these benefits. For the year ended March 31, 2019, the Organization paid \$998 in excise taxes for its commuter transportation benefit. This tax was retroactively reversed in December 2019 and the Organization received a full refund of the taxes paid.

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. The Organization's income tax returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed. The Organization believes that there are no material uncertain tax positions that require adjustment to the financial statements or additional footnote disclosure.

**Contributed goods and services**

The Organization recognizes the fair value of goods and specialized services received as both revenue and an offsetting expense item. Included as noncash contributions are food and beverages for events, equipment and software. Contributed inkind services include legal counsel and time spent by full- and part-time volunteers and interns on research and public education. Contributed goods and services totaled \$25,417 and \$35,271 for the years ended March 31, 2020 and 2019, respectively.

**PESTICIDE ACTION NETWORK  
NORTH AMERICA REGIONAL CENTER**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**March 31, 2020 and 2019**

**NOTE B -- Summary of significant accounting policies (continued)**

**Concentration of credit risk**

Financial instruments that subject the Organization to credit risk consist of cash and investments. The Organization maintains its cash and investments in bank deposit and short-term market accounts. The balances, at times, may exceed federally insured limits.

Investments consist of cash and mutual funds held at major financial institutions, some of which are not federally insured. Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term. Management believes the Organization's investment strategy and ability to hold investments for the long term minimize this risk.

The Organization has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant credit risk.

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE C – Supplemental disclosures of cash flow information**

No cash was paid for interest during the years ended March 31, 2020 and 2019.

Property and equipment with an original price of \$4,957 and a net book value totaling \$0 was disposed of during the year ended March 31, 2020. This included several old computers. During the year ended March 31, 2020, the Organization sold one laptop with a net book value of \$0 to outgoing staff for a total of \$500.

Property and equipment with an original price of \$10,649 and a net book value totaling \$166 was disposed of during the year ended March 31, 2019. This included several old computers and one laptop stolen from the office. During the year ended March 31, 2019, the Organization sold one laptop with a net book value of \$166 to outgoing staff for a total of \$450.

**PESTICIDE ACTION NETWORK  
NORTH AMERICA REGIONAL CENTER**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**March 31, 2020 and 2019**

**NOTE D -- Accounts receivable**

The Organization typically ends the year with accounts receivable from several sources, including pledges of donations from individuals and, until March 31, 2019, pledged campaign revenue from Earth Share (the workplace giving program for the environmental movement) along with other amounts due. The amounts receivable from these sources as of March 31, 2020 and 2019, are as follows:

	2020	2019
Individuals and other	\$ 28,098	\$ 23,671
Earth Share	-	1,821
Total accounts receivable	\$ 28,098	\$ 25,492

**NOTE E -- Grants receivable**

The Organization typically ends the year with grants receivable from several sources including foundations and government agencies/international institutions. The amounts receivable from these sources at March 31, 2020 and 2019, are as follows:

	2020	2019
Foundations	\$ 456,000	\$ 600,000
Agencies/institutions	373,578	373,578
Total grants receivable	\$ 829,578	\$ 973,578

Payments on grants receivable at March 31, 2020, are all expected to be received during the year ending March 31, 2021.

**NOTE F -- Concentrations**

**Accounts receivable, contracts receivable and grants receivable and revenue and support**

At March 31, 2020, balances of one governmental agency and two foundations represented approximately 67% of accounts receivable and grants receivable, and grants and contributions from two of those organizations accounted for approximately 32% of the Organization's grants and contributions for the year ended March 31, 2020.

At March 31, 2019, balances of one governmental agency and two foundations represented approximately 65% of accounts receivable and grants receivable, and grants and contributions from one of those organizations accounted for approximately 32% of the Organization's grants and contributions for the year ended March 31, 2019.

**PESTICIDE ACTION NETWORK  
NORTH AMERICA REGIONAL CENTER**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**March 31, 2020 and 2019**

**NOTE G -- Investments**

The Organization follows *Fair Value Measurements and Disclosures of the FASB Accounting Standards Codification*, which defines fair value, establishes a framework for measuring fair value, and requires enhanced disclosures about fair value measurements. Fair value is the amount that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (i.e., the exit price).

The Organization has categorized all investments on an individual security basis according to the fair value hierarchy as either: Level 1, observable inputs that are derived from quoted prices (unadjusted) for identical assets or liabilities in an active market; Level 2, quoted prices on non-active markets or in active markets for similar assets or liabilities, inputs other than quoted prices that are observable, and inputs that are not directly observable, but are corroborated by observable market data; or Level 3, unobservable inputs, which cannot be corroborated by external market data.

As of March 31, 2020 and 2019, all investments are categorized as Level 1. The fair value of investments consists of the following at March 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Mutual funds:		
Other	\$ 2,075	\$ -
Green Century Balanced Fund	185,900	212,323
CRA Qualified Investment Retail Fund	<u>110,213</u>	<u>113,812</u>
Total investments	<u>\$ 298,188</u>	<u>\$ 326,135</u>

**NOTE H -- Property and equipment**

Property and equipment consist of the following at March 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 100,535	\$ 92,055
Leasehold improvements	<u>15,525</u>	<u>15,525</u>
	116,060	107,580
Less accumulated depreciation	<u>(95,694)</u>	<u>(86,076)</u>
Property and equipment, net	<u>\$ 20,366</u>	<u>\$ 21,504</u>

**PESTICIDE ACTION NETWORK  
NORTH AMERICA REGIONAL CENTER**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**March 31, 2020 and 2019**

**NOTE I -- Liquidity and availability**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, investments and a line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities and the pattern of income from grants, contracts, fundraising, and investments. The Management Oversight Committee of the Board of Directors meets every four months to review all financial aspects of the organization, and the Executive and Managing Directors meet annually with the Organization's financial advisors to review investment results, assess risk, and make recommendations for changes as needed.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of March 31, 2020, the following financial assets could readily be made available within one year to meet general expenditures:

Cash and cash equivalents	\$ 846,077
Investments, at market value	298,188
Accounts receivables	28,098
Contracts receivable	123,675
Grants receivable	829,578
Donor-imposed restrictions beyond March 31, 2021	<u>(295,503)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,830,113</u>

**NOTE J -- Lease commitments**

The Organization leases office space in Berkeley, California, under a lease that expires July 31, 2022. The Organization leases office space in Lindsay, California, under a lease that expired September 9, 2019, and is continuing on a month-to-month basis. The Organization leases office space in Minneapolis, Minnesota, under a lease that expired June 30, 2019, and is continuing on a month-to-month basis. Total rent expense for the years ended March 31, 2020 and 2019, was \$139,460 and \$131,041, respectively.

**PESTICIDE ACTION NETWORK  
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**NOTES TO FINANCIAL STATEMENTS (Continued)**

**March 31, 2020 and 2019**

**NOTE J -- Lease commitments (continued)**

Future minimum lease payments under the operating lease are as follows:

<u>Years Ending March 31,</u>	
2021	\$ 124,092
2022	127,440
2023	42,856
Thereafter	<u>-</u>
	<u>\$ 294,388</u>

**NOTE K -- Line of credit**

On May 13, 2016, the Organization obtained a \$350,000 line of credit from Amalgamated Bank (formerly New Resource Bank) secured by the Organization's assets, including covenants that require the maintenance of at least \$350,000 in liquid assets. The interest on the line is payable on a monthly basis, computed at prime rate plus 1.0% (4.25% and 6.5% at March 31, 2020 and 2019, respectively). There was no outstanding balance at March 31, 2020 and 2019.

**NOTE L -- Deferred revenue**

The Organization entered into contracts for work begun during the years ended March 31, 2020 and 2019, and which will be completed in future years. The total contract funds balance not earned as of March 31, 2020 and 2019, was \$133,675 and \$113,333, respectively.

**NOTE M -- Joint costs**

For the year ending March 31, 2020, the Organization incurred joint costs of \$11,701 for three newsletter mailings with costs allocated between core programs and development in the amounts of \$10,079 and \$1,622, respectively. For the year ending March 31, 2019, the Organization incurred joint costs of \$17,528 for four newsletter mailings with costs allocated between core programs and development in the amounts of \$16,491 and \$1,037, respectively.

**NOTE N -- Functional expenses**

Program, administrative and development expenses incurred include in-kind contributions recorded as expense. Core program expenses do not include indirect costs. Overhead expenses (administrative and development) consisted of 11.3% and 11.7% of total revenue and support without donor restriction of \$2,851,760 and \$2,958,261 for the years ended March 31, 2020 and 2019, respectively.



**PESTICIDE ACTION NETWORK  
NORTH AMERICA REGIONAL CENTER**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**March 31, 2020 and 2019**

**NOTE O -- Retirement benefits**

The Organization has established a plan for discretionary employer contributions to a tax-sheltered retirement plan under Internal Revenue Code Section 403(b) for the benefit of its employees. Under the plan, a contribution may be made to the individual account of each employee. The amount of the contribution is discretionary and is determined annually by the Board of Directors. The organization did not make contributions for the years ended March 31, 2020 and 2019.

**NOTE P -- Coalition transactions and custodial liabilities**

PAN serves on occasion as fiscal sponsor and/or administrator of unincorporated coalitions, of which PAN is a member, and for sponsored organizations who may or may not be separately incorporated, whose goals and programs are determined by PAN's Board of Directors to be compatible with the mission and programs of PAN. Services may include providing necessary facilities and performing functions required to support these coalitions and sponsored organizations in accomplishing their program goals and supporting coalition and/or supported organization staff, if any, in fulfilling their responsibilities; administering grants and contributions for and contracts with such coalitions and/or sponsored organizations; and providing clerical, financial and communications assistance if requested.

Financial activity of coalitions and/or sponsored organizations whose staff is on PAN's payroll is included in the Organization's Statements of Activities and is identified in the Coalitions column in the Statements of Functional Expenses. Fiscal sponsorship that does not involve personnel administration is included in grant and custodial fund liabilities in the Statements of Financial Position, but is not recognized as revenue in the Statements of Activities.

**NOTE Q -- Indirect costs**

The Organization typically charges fiscally sponsored organizations up to 15% of direct project costs for the indirect costs of administration and development. These charges may be reduced at the Organization's discretion if the costs of administration and development are less than normal.

**NOTE R -- Subsequent events**

Subsequent to March 31, 2020, PAN received a loan on May 1, 2020, in the amount of \$347,500 through the Small Business Administration's Paycheck Protection Program (SBA PPP) at an interest rate of 1% per annum. The Organization expects it to be forgiven in full during the year ending March 31, 2021, and has recorded the amount as a conditional government grant. Any amount not forgiven will be paid back to the SBA PPP program in accordance with the program requirements.

Due to the governmental orders issued in March 2020 requiring the general public to shelter in place, normal operations have been affected. Employees continue to work remotely and management expects to return to normal business operations when it is safe to do so.

**PESTICIDE ACTION NETWORK  
NORTH AMERICA REGIONAL CENTER**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**March 31, 2020 and 2019**

**NOTE R -- Subsequent events (continued)**

The date to which events occurring after March 31, 2020, have been evaluated for possible adjustments to the financial statements or disclosure is October 19, 2020, which is the date on which the financial statements were available to be issued.