

Thousand Currents and Subsidiary

Consolidated Financial Statements

June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of Thousand Currents and Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Thousand Currents and Subsidiary, a nonprofit organization (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, 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.

Auditor's 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 auditor's 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 Thousand Currents and its subsidiary as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BAKER TILLY US, LLP*Baker Tilly US, LLP*

San Francisco, California

May 7, 2021

**THOUSAND CURRENTS AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2020**

ASSETS

Current Assets

Cash and cash equivalents	\$ 64,985,729
Grants receivable (Note 5)	15,873,325
Investments (Note 6)	2,216,765
Prepaid expenses	<u>25,277</u>
Total current assets	83,101,096
Property and equipment - net (Note 7)	3,617
Deposits	<u>6,300</u>
Total assets	<u><u>\$ 83,111,013</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses	\$ 177,343
Grants payable	29,338
Accrued payroll and benefits	110,575
Deferred revenue	<u>97,500</u>
Total current liabilities	414,756

Noncurrent Liabilities

Forgivable loan (Note 8)	<u>308,300</u>
Total liabilities	<u>723,056</u>

Net assets

Without donor restrictions	14,349,056
With donor restrictions (Note 9)	<u>68,038,901</u>
Total net assets	<u>82,387,957</u>
Total liabilities and net assets	<u><u>\$ 83,111,013</u></u>

**THOUSAND CURRENTS AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Support			
Contributions	\$ 569,434	\$ 74,702,238	\$ 75,271,672
Foundations and corporations	<u>1,350,451</u>	<u>10,031,103</u>	<u>11,381,554</u>
Total support	<u>1,919,885</u>	<u>84,733,341</u>	<u>86,653,226</u>
Revenue			
Academy tuition	92,415	-	92,415
Realized and unrealized gain on investments	70,878	-	70,878
Interest and dividend income - net	48,503	-	48,503
Other income	<u>43,992</u>	<u>-</u>	<u>43,992</u>
Total revenue	<u>255,788</u>	<u>-</u>	<u>255,788</u>
Net assets released from restrictions	<u>20,571,274</u>	<u>(20,571,274)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>22,746,947</u>	<u>64,162,067</u>	<u>86,909,014</u>
EXPENSES			
Program services	9,343,841	-	9,343,841
Supporting services:			
Management and general	778,288	-	778,288
Fundraising	<u>678,143</u>	<u>-</u>	<u>678,143</u>
TOTAL EXPENSES	<u>10,800,272</u>	<u>-</u>	<u>10,800,272</u>
Change in net assets	11,946,675	64,162,067	76,108,742
Net assets - beginning of year	<u>2,402,381</u>	<u>3,876,834</u>	<u>6,279,215</u>
Net assets - end of year	<u>\$ 14,349,056</u>	<u>\$ 68,038,901</u>	<u>\$ 82,387,957</u>

**THOUSAND CURRENTS AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020**

	<u>Programs</u>			<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Fiscal Projects</u>	<u>Grants and Grantee Services</u>	<u>Education and Outreach</u>	<u>Total Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 213,462	\$ 546,795	\$ 237,224	\$ 997,481	\$ 353,448	\$ 347,235	\$ 1,698,164
Employee benefits	19,064	107,362	47,008	173,434	63,480	61,382	298,296
Payroll taxes	15,096	43,765	21,134	79,995	27,180	24,407	131,582
Total personnel	247,622	697,922	305,366	1,250,910	444,108	433,024	2,128,042
Accounting	24,375	-	-	24,375	78,248	-	102,623
Bank and payroll fees	2,580,201	9,266	2,452	2,591,919	5,234	6,957	2,604,110
Conferences and meetings	1,900	10,522	75,987	88,409	57,067	18,794	164,270
Consultant fees	1,159,359	302,681	196,426	1,658,466	42,275	114,671	1,815,412
Depreciation	-	272	131	403	169	152	724
Dues, licenses, service fees	2,850	4,756	1,759	9,365	4,620	11,382	25,367
Grants	797,798	1,877,206	519,500	3,194,504	-	-	3,194,504
Information technology	3,709	15,335	9,997	29,041	10,924	8,472	48,437
Insurance	19,534	3,714	1,793	25,041	4,306	2,146	31,493
Language interpretation	-	18,690	44,259	62,949	20,357	575	83,881
Legal	51,666	7,177	1,715	60,558	5,248	1,981	67,787
Occupancy	19,205	31,303	14,974	65,482	19,832	16,978	102,292
Supplies and office expenses	69,009	3,043	19,480	91,532	13,478	12,802	117,812
Travel and meals	58,026	97,840	35,021	190,887	72,422	50,209	313,518
Total expenses	\$ 5,035,254	\$ 3,079,727	\$ 1,228,860	\$ 9,343,841	\$ 778,288	\$ 678,143	\$ 10,800,272

**THOUSAND CURRENTS AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 76,108,742
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Realized and unrealized gains on investments	(70,878)
Depreciation	724
Changes in operating assets and liabilities:	
Grants receivable	(15,490,393)
Prepaid expenses	29,310
Accounts payable and accrued expenses	39,851
Grants payable	(12,387)
Accrued payroll and benefits	40,679
Deferred revenue	97,500
Net cash provided by operating activities	<u>60,743,148</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales of investments	572,225
Purchase of investments	<u>(648,107)</u>
Net cash used in investing activities	<u>(75,882)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from forgivable loan	<u>308,300</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	60,975,566
CASH AND CASH EQUIVALENTS - beginning of year	<u>4,010,163</u>
CASH AND CASH EQUIVALENTS - end of year	<u><u>\$ 64,985,729</u></u>

**THOUSAND CURRENTS AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020**

1. ORGANIZATION AND NATURE OF ACTIVITIES

Thousand Currents is a California nonprofit public benefit corporation formed in 1985 that partners with grassroots groups, led by women, youth, and Indigenous Peoples in the Global South who are transforming their communities and creating lasting solutions to their shared global challenges.

Thousand Currents' programs include:

- **Grants and Grantee services:** In addition to providing financial resources to partners in Africa, Asia, and Latin America, Thousand Currents organizes local and transnational learning exchanges and facilitates strategic networks and alliances. Through the Climate Leaders in Movement Action Fund ("CLIMA"), they work in collaboration with their peers to increase resources to our grassroots partners.
- **Philanthropic Outreach and Education:** Thousand Currents works to educate, train and support philanthropists to engage in meaningful and transformative giving through programs such as the Thousand Currents Academy and Diaspora Partnerships. They also model effective giving and investment practices by creating experimental programs like the Buen Vivir Fund.
- Thousand Currents acts as a fiscal sponsor, primarily for Black Lives Matter (refer to Note 10).
- Lastly, Thousand Currents works in solidarity with groups in the United States by offering fiscal sponsorship services.

In January 2018, Thousand Currents formed Buen Vivir Investment Management, LLC, ("BVIM") (the "Subsidiary") with Thousand Currents as its sole member. BVIM's purpose is to further the charitable purpose of Thousand Currents and to support investment related activities that are within their programmatic focus. In February 2018, BVIM entered into an operating agreement with the Buen Vivir Fund, LLC ("BVF"), to act as its implementing member and manage the day to day activities of BVF under the direction of the Members Assembly, as defined in the agreement. BVIM has no ownership interest in BVF. There were no fees earned by BVIM from BVF during the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Thousand Currents and its wholly-owned Subsidiary BVIM, (collectively the "Organization"). Significant inter-company transactions and balances have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements of the Organization are prepared on an accrual basis of accounting in accordance with U.S. generally accepted accounting principles for not-for-profit organizations.

THOUSAND CURRENTS AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Description of Net Assets

The Organization reports information regarding its consolidated financial position and activities according to two classes of net assets as follows:

Without Donor Restrictions

Net assets without donor restrictions consist of resources which have not been specifically restricted by a donor. Net assets without donor restrictions may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

With Donor Restrictions

Net assets with donor restrictions consist of contributions and other inflows of assets whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Net assets with donor restrictions also includes funds held in perpetuity as directed by donors, which specify the assets donated be invested to provide a permanent source of income. As of June 30, 2020, there were no net assets with donor restrictions held in perpetuity.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Concentration of Credit Risk

The Organization maintains its cash balances at various financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per depositor. At various times throughout the year, the balances in these accounts may be in excess of insured amounts. Money market funds are protected under the Securities Investor Protection Corporation ("SIPC") up to \$500,000, with additional private insurance purchased by the financial institution up to \$1,150,000. The Organization has not experienced any losses in such accounts and management believes that it is not exposed to any significant risk on these excess deposits.

Cash and Cash Equivalents

The Organization considers all highly liquid investments, with an initial maturity of three months or less, to be cash equivalents. The Organization holds its available cash in a checking and investment account with a major United States bank and with a brokerage house, respectively.

**THOUSAND CURRENTS AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and Accounts Receivable

Grants receivable includes unconditional promises to give from donors. Accounts receivable represent amounts billed and accrued but not yet collected for services. Grants and accounts receivable are recorded at net realizable value.

Unconditional grants and accounts receivable are subject to an allowance for uncollectible amounts. The Organization considers all grants and accounts receivable to be fully collectible at June 30, 2020. Accordingly, no allowance for doubtful accounts was deemed necessary.

Investments

Investments consist of equities, bonds, exchange traded funds, and real estate investment trusts that are recorded at their published fair market value. Unrealized and realized gains and losses are reflected as increases or decreases in the consolidated statement of activities. Marketable equity securities or investments received by donation are recorded at fair value on the date of receipt, are sold as soon as practicable after receipt, and are classified based on the donor's intention.

Dividend and interest income are recorded when received by the Organization, and are reflected net of investment fees.

Fair Value Measurements

The Organization considers the use of market-based information over entity specific information in valuing its investments, using a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of the financial assets, as of the measurement date.

The three-level hierarchy for fair value measurements is defined as follows:

- *Level 1* inputs to the valuation methodology - quoted prices (unadjusted) for identical assets or liabilities in active markets.
- *Level 2* inputs to the valuation methodology - quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the investment.
- *Level 3* inputs to the valuation methodology - unobservable and significant to the fair value measurement.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. An asset or liability's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

**THOUSAND CURRENTS AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation, or, if donated, at the fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets which range from 3 to 7 years. The Organization capitalizes assets with a cost or donated value of \$5,000 or more and an estimated life greater than one year.

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

Grants Payable

Unconditional grants are recognized as grant expense and a liability when the Organization approves the grants. Grant refunds are recorded as receivable and as a reduction of grant expense at the time the Organization becomes aware the grant will be refunded.

Sabbatical

The Organization offers a sabbatical to staff who have completed seven years of service subject to a variety of limitations and conditions. There was no accrued sabbatical as of June 30, 2020.

Revenue Recognition

Contributions and Grants

Contributions and grants, including unconditional promises to give, from individuals, foundations, and corporations, are recorded as without donor restrictions, or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Unconditional promises to give, including contributions from individuals and foundation grants, are recorded at their net realizable values. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Conditional promises to give are not included as support until such time the conditions are substantially met.

Contributions - in-Kind

Donations of materials are recorded as support at their fair value on the date of the donation. Donated services are recognized if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. There were no contributions in-kind received during the year ended June 30, 2020.

**THOUSAND CURRENTS AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Academy Tuition

The Organization recognizes tuition fee revenue in the period in which the services are provided. Amounts received in advance of service periods are recorded as deferred revenue.

Income Taxes

Thousand Currents qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and by California Revenue and Taxation Code Section 23701(d), and accordingly, is not subject to federal and California income taxes. BVIM is a single member LLC and considered a disregarded entity for federal purposes. For state reporting purposes BVIM is subject to the California gross receipts tax and minimum franchise tax of \$800.

Each year, management considers whether any material tax position the Organization has taken is more likely than not to be sustained upon examination by the applicable taxing authority. Management believes that any positions the Organization has taken are supported by substantial authority, and hence, do not need to be measured or disclosed in these consolidated financial statements.

Functional Allocation of Expenses

The Organization's costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain shared costs have been allocated among programs and supporting services benefited, pro rata based on average time spent and usage of resources.

Recently Issued Accounting Standards

During May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) ("ASU 2014-09"). ASU 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers in an amount that reflects the expected consideration received in exchange for those goods or services. Additional updates defer the effective date of ASU 2014-09, clarify the implementation guidance on principal versus agent considerations, clarify the identification of performance obligations and the licensing implementation guidance and affect other narrow aspects of Topic 606. Topic 606 (as amended) is effective for fiscal years beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. The Organization is currently assessing the impact that ASU 2015-09 (as amended) will have on its consolidated financial statements.

**THOUSAND CURRENTS AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Issued Accounting Standards (continued)

During February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842) (“ASU 2016-02”). ASU 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the statement of financial position. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. FASB has issued subsequent standards that deferred the implementation date. Topic 842 (as amended) is effective for annual periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. The Organization is currently assessing the effect that Topic 842 (as amended) will have on its results of operations, financial position and cash flows.

During September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (“ASU 2020-07”). ASU 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021. The Organization is currently assessing the effect that ASU 2020-07 will have on its consolidated financial statements.

3. NEW ACCOUNTING PRONOUNCEMENT

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) (“ASU 2018-08”). These amendments clarify and improve the scope and accounting guidance around contributions of cash and other assets received and made by all entities, including business entities. The amendments should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional or unconditional. The Organization adopted ASU 2018-08 on a modified prospective basis effective July 1, 2019, resulting in additional grants receivable of \$1,050,000 at June 30, 2020.

4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has various sources that provide liquidity during the year such as contributions, academy, and investment revenue.

The Organization considers net assets without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include programmatic expenses, administrative and general expenses, and fundraising expenses that are expected to be paid in the subsequent year.

**THOUSAND CURRENTS AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020**

4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

The table below represents financial assets available to fund general operating expenditures within one year at June 30, 2020:

Financial assets at June 30, 2020:	
Cash and cash equivalents	\$ 64,985,729
Grants receivable	15,873,325
Investments	<u>2,216,765</u>
Total financial assets	<u>83,075,819</u>
Less: Amounts not available to be used within one year:	
Net assets with donor restrictions	68,038,901
Less: net assets with time restrictions expected to be met within one year	<u>(400,000)</u>
Total amounts not available to be used within one year	<u>67,638,901</u>
Financial assets available to meet general expenditures within one year	<u><u>\$ 15,436,918</u></u>

5. GRANTS RECEIVABLE

At June 30, 2020, grants receivable amounting to \$15,873,325 are all due within than one year.

6. INVESTMENTS

At June 30, 2020, investments consisted of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Bond funds	\$ 399,859	\$ 399,859	\$ -
Equities	383,680	383,680	-
Equity funds	525,417	525,417	-
Exchange traded funds	317,232	317,232	-
Municipal bonds	572,738	-	572,738
REITs	17,839	17,839	-
	<u>\$ 2,216,765</u>	<u>\$ 1,644,027</u>	<u>\$ 572,738</u>

**THOUSAND CURRENTS AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020**

7. PROPERTY AND EQUIPMENT

At June 30, 2020, property and equipment are comprised of the following:

Furniture	\$ 5,065
Less: Accumulated depreciation	<u>(1,448)</u>
	<u>\$ 3,617</u>

For the year ended June 30, 2020, depreciation expense amounted to \$724.

8. FORGIVABLE LOAN

On May 12, 2020, the Organization received loan proceeds in the amount of \$308,300 under the Paycheck Protection Program (“PPP”) which was established as part of the Coronavirus Aid, Relief and Economic Security (“CARES”) Act and is administered through the Small Business Administration (“SBA”). The PPP provides loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a “covered period” (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. Any unforgiven portion is payable over 2 years if issued before, or 5 years if issued after, June 5, 2020 at an interest rate of 1% with payments deferred until the SBA remits the borrower’s loan forgiveness amount to the lender, or, if the borrower does not apply for forgiveness, ten months after the end of the covered period. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties.

The Organization is expecting to meet the PPP’s loan forgiveness requirements, and therefore, will apply for forgiveness in 2021. If legal release is received, the Organization will record the amount forgiven as forgiveness income within its statement of activities. If any portion of the Organization’s PPP loan is not forgiven, the Organization will be required to repay that portion, plus interest, over two years with the repayment term beginning at the time that the SBA remits the amount forgiven to the Organization’s lender.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six year after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

**THOUSAND CURRENTS AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020**

9. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2020, net assets with donor restrictions consisted of the following:

Subject to purpose restrictions:	
Black Lives Matter	\$ 66,396,233
Radical Learning for Lasting Change	350,000
CLIMA Fund	349,168
Buen Vivir Fund	443,500
Climate Justice Resilience Fund Project	<u>100,000</u>
	67,638,901
 Subject to passage of time:	
	<u>400,000</u>
	<u><u>\$ 68,038,901</u></u>

During the year ended June 30, 2020, net assets with donor restrictions were released for the following purposes:

Black Lives Matter	\$ 16,609,487
Passage of time	1,413,000
CLIMA Fund	837,916
A&B Solidarity Fund	727,531
Academy Program	312,415
Buen Vivir Fund	308,000
Africa Program	197,500
Latin American Program	97,925
Asia Program	<u>67,500</u>
	<u><u>\$ 20,571,274</u></u>

10. FISCAL SPONSORSHIP ACTIVITY

Thousand Currents acts as a fiscal sponsor for Black Lives Matter, receiving grants, contributions and gifts in support of Black Lives Matter and its purposes and to make such funds available to Black Lives Matter. In return for providing such services, Thousand Currents charges a fiscal sponsorship fee of up to 15% of the funds received, in addition to reimbursement of the expenses identified. The fiscal sponsorship agreement grants variance power to the Organization over these funds. Accordingly, the amounts received and disbursed are reflected in the consolidated statements of activities of the Organization.

**THOUSAND CURRENTS AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020**

11. LEASE OBLIGATIONS

The Organization leases its office under an operating lease which expired on March 31, 2020. Every quarter starting March 2020, the Organization renewed its office lease for three months. On December 16, 2020, the Organization renewed its office lease for another three months through March 31, 2021. Subsequent to March 31, 2021, the lease became a month-to-month lease. Future minimum lease payments for facilities are as follows:

<u>Year ending June 30,</u>	
2021	<u>\$ 38,610</u>

Total rent expense amounted to \$63,872 for the year ended June 30, 2020.

12. CONTINGENCIES

Grant Awards

Grant awards require the fulfillment of certain terms as set forth in the instrument of grant. Failure to fulfill the terms of the grant award could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants.

13. RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the COVID-19 outbreak as a pandemic. In addition, the California State Governor ordered the closure of the physical location of every business, except those identified in the "critical infrastructure sectors", for a limited period of time. With the onset of COVID-19 and the prohibition on public gatherings in San Francisco beginning March 2020, the Organization cancelled a number of events, travel, and in-person academy, and has developed contingency plans for operations and funding. In addition, the Organization obtained a PPP loan in the amount of \$308,300 (refer to Note 8). The disruption and economic impact of the outbreak is uncertain. The Organization will continue to monitor the situation closely, but given the uncertainty about the situation, management cannot estimate the impact to the financial statements.

THOUSAND CURRENTS AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020

14. SUBSEQUENT EVENTS

On August 26, 2020, the Organization approved a grant amounted to \$1 million to Black Lives Matter Global Network Foundation, a Delaware nonstock nonprofit foundation.

On October 6, 2020, the California Office of the Attorney General approved the notice of proposed transfer filed by Thousand Currents associated with their fiscal sponsorship agreement of the Black Lives Matter Global Network Project to the Black Lives Matter Global Network Foundation. Under a grant and asset transfer agreement dated September 23, 2020, the total amount transferred of \$66,490,000 was made in October 2020 to the Black Lives Matter Global Network Foundation.

Management has reviewed events and transactions through May 7, 2021, the date the consolidated financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying consolidated financial statements nor have any subsequent events occurred, the nature of which would require disclosure.