Thousand Currents and Subsidiary

Consolidated Financial Statements

June 30, 2021

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' 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, 2021, 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.

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 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 Subsidiary as of June 30, 2021, 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 25, 2022

THOUSAND CURRENTS AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2021

ASSETS

Current Assets	
Cash and cash equivalents	$ 13,752,475
Grants receivable (Note 5)	1,479,000
Grants receivable - Employee Retention Credit (Note 6)	95,121
Accounts receivable	42,918
Investments (Note 7)	2,625,448
Prepaid expenses	25,420
Total current assets	18,020,382
Property and equipment - net (Note 8)	2,893
Noncurrent Assets	
Grants receivable, net of current portion	180,000
Deposits	6,300
Total noncurrent assets	186,300
Total assets	$ 18,209,575

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable and accrued expenses	$ 161,519
Grants payable	420,386
Accrued payroll and benefits	101,856
Deferred revenue	53,750
Total current liabilities	737,511
Noncurrent Liabilities	
Forgivable loan (Note 9)	308,300
Total liabilities	1,045,811
Net assets	
Without donor restrictions	12,426,311
With donor restrictions (Note 10)	4,737,453
Total net assets	17,163,764
Total liabilities and net assets	$ 18,209,575

THOUSAND CURRENTS AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support			
Contributions	$ 749,691	$ 2,917,110	$ 3,666,801
Foundations and corporations	2,275,732	8,498,690	10,774,422
Government grants - Employee Retention Credit	132,972	-	132,972
Total support	3,158,395	11,415,800	14,574,195
Revenue			
Academy tuition	167,502	-	167,502
Realized and unrealized gain on investments	469,128	-	469,128
Interest and dividend income - net	53,151	-	53,151
Other income	19,994	-	19,994
Total revenue	709,775	-	709,775
Net assets released from restrictions	74,717,248	(74,717,248)	-
TOTAL SUPPORT AND REVENUE	78,585,418	(63,301,448)	15,283,970
EXPENSES			
Program services	78,874,341	-	78,874,341
Supporting services:			
Management and general	811,923	-	811,923
Fundraising	821,899	-	821,899
TOTAL EXPENSES	80,508,163	-	80,508,163
Change in net assets	(1,922,745)	(63,301,448)	(65,224,193)
Net assets - beginning of year	14,349,056	68,038,901	82,387,957
Net assets - end of year	$ 12,426,311	$ 4,737,453	$ 17,163,764

The accompanying notes are an integral part of these consolidated financial statements.

THOUSAND CURRENTS AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

	Programs					Supporting Services		
	Fiscal Projects	Grants and Grantee Services	Education and Outreach	CLIMA Fund	Total Programs	Management and General	Fundraising	Total Expenses
Salaries	31,190	496,032	141,556	140,100	808,878	410,848	462,746	1,682,472
Employee benefits	1,873	75,878	18,965	18,311	115,027	90,247	68,963	274,237
Payroll taxes	2,386	38,898	9,725	9,389	60,398	41,916	34,204	136,518
Total personnel	35,449	610,808	170,246	167,800	984,303	543,011	565,913	2,093,227
Accounting	-	-	-	-	-	94,845	-	94,845
Bank and payroll fees	36,436	11,519	1,527	1,345	50,827	8,322	10,502	69,651
Conferences and meetings	-	529	-	1,680	2,209	152	3,312	5,673
Consultant fees	17,000	432,685	297,367	54,865	801,917	61,904	155,790	1,019,611
Depreciation	-	210	52	51	313	226	185	724
Dues, licenses, service fee	-	3,417	-	-	3,417	15,487	36,485	55,389
Grants	69,164,086	5,658,976	3,000	1,958,000	76,784,062	-	-	76,784,062
Information technology	35,910	15,586	31,779	4,485	87,760	17,740	14,217	119,717
Insurance	-	2,666	667	643	3,976	10,213	2,345	16,534
Language interpretation	-	57,778	7,097	7,528	72,403	3,067	1,165	76,635
Legal	18,397	9,402	2,351	2,269	32,419	26,496	8,268	67,183
Occupancy	3	21,188	8,889	5,149	35,229	22,990	18,630	76,849
Supplies and office expens	-	2,564	11,499	1,319	15,382	2,202	4,534	22,118
Travel and meals	-	83	21	20	124	5,268	553	5,945
Total expenses	69,307,281	6,827,411	534,495	2,205,154	78,874,341	811,923	821,899	80,508,163

The accompanying notes are an integral part of these consolidated financial statements.

THOUSAND CURRENTS AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ (65,224,193)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Realized and unrealized gains on investments	(469,128)
Depreciation	724
Changes in operating assets and liabilities:	
Accounts receivable	(42,918)
Grants receivable	14,214,325
Grants receivable - Employee Retention Credit	(95,121)
Prepaid expenses	(144)
Accounts payable and accrued expenses	(15,824)
Grants payable	391,048
Accrued payroll and benefits	(8,719)
Deferred revenue	(43,750)
Net cash used in operating activities	(51,293,700)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales of investments	1,084,597
Purchase of investments	(1,024,151)
Net cash provided by investing activities	60,446
NET DECREASE IN CASH AND CASH EQUIVALENTS	(51,233,254)
CASH AND CASH EQUIVALENTS - beginning of year	64,985,729
CASH AND CASH EQUIVALENTS - end of year	$ 13,752,475

The accompanying notes are an integral part of these consolidated financial statements.

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 Global Network Foundation, Inc. ("BLMGNF") (refer to Note 11).

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 accompanying consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles promulgated in the United States for Not-for-Profit organizations ("U.S. GAAP").

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, 2021, 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.

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.

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. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue.

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, 2021. Accordingly, no allowance for doubtful accounts was deemed necessary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments consist of equities, bonds, and exchange traded funds 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 or 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2021.

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, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Academy for Collaborative Philanthropic Leadership

Revenue recognition is evaluated through the following five steps under the Accounting Standards Codification ("ASC") 606: (i) identification of the contract or contracts with a customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price in the contract; and (v) recognition of revenue when or as a performance obligation is satisfied.

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. The performance obligation of the Organization is to provide training sessions that support the transformation of philanthropy grounded in leadership and collaboration practices from the Global South and communities of color in the United States. The revenue is recognized ratably over the course of the applicable academic year.

The transaction price is fixed and nonrefundable. Payment terms are typically 30 days from the invoice date, however, payment terms may be made in one lump sum or installments over the covered academic period. The Organization does not offer rights of return for its services in the normal course of business, and contracts generally do not include customer acceptance clauses. The Organization's academic term starts in March of each year and lasts for three years.

Under ASC 606, contract liabilities consist of unearned revenue from tuition for the next academic term. The following table provides information about significant changes in unearned revenue within one year at June 30, 2021:

Deferred revenue, beginning of year	$	97,500
Revenue recognized that was previously included in deferred revenue at the beginning of year		(78,288)
Increase in deferred revenue due to cash received during the period for the subsequent academic years		34,538
Deferred revenue, end of year	$	53,750

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

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 February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 consolidated financial statements.

During June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. FASB has issued subsequent standards to clarify, correct errors in or improve the guidance. ASU No. 2016-13 (as amended) is effective for annual periods and interim periods within those annual periods beginning after December 15, 2022. Early adoption is permitted for annual and interim periods beginning after December 15, 2018. The Organization is currently assessing the effect that ASU 2016-13 will have on its consolidated financial statements.

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 May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which replaces most existing revenue recognition guidance in U.S. GAAP and is intended to improve and converge with international standards the financial reporting requirements for revenue from contracts with customers. ASU 2014-09 and its amendments were included primarily in ASC 606.

The core principle of ASC 606 is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. Revenue is recognized when control of the promised goods or services is transferred to customers. ASC 606 also requires additional disclosures about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgements used, and assets recognized from costs incurred to obtain of fulfill a contract. Two methods of transition were permitted upon adoption: full retrospective and modified retrospective. The Organization adopted ASC 606 effective July 1, 2020 using the modified retrospective method applied to all contracts that were not completed at the date of initial application. The adoption of ASC 606 did not have a material effect on the Organization’s financial position or changes in its net assets and there was no cumulative effect adjustment to the opening balance of net assets of July 1, 2020 as a result of ASC 606 implementation.

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.

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, 2021:

Financial assets at June 30, 2021:	
Cash and cash equivalents	$ 13,752,475
Grants receivable	1,659,000
Grants receivable - Employee Retention Credit	95,121
Accounts receivable	42,918
Investments	2,625,448
Total financial assets	18,174,962
Less: Amounts not available to be used within one year:	
Net assets with donor restrictions	4,737,453
Less: net assets with time restrictions expected to be met within one year	(304,000)
Total amounts not available to be used within one year	4,433,453
Financial assets available to meet general expenditures within one year	$ 13,741,509

5. GRANTS RECEIVABLE

At June 30, 2021, grants receivable consisted of the following:

Due in less than one year	$ 1,479,000
Due in one to five years	180,000
	$ 1,659,000

At June 30, 2021, the discount to present value for grants expected to be received in more than one year was considered immaterial to the financial statements.

6. EMPLOYEE RETENTION CREDIT

The Employee Retention Credit ("ERC"), which was included as part of the Coronavirus Aid, Relief and Economic Security ("CARES") Act and amended by the Consolidated Appropriations Act and the American Rescue Plan Act, and the Infrastructure Investment and Jobs Act, incentivizes employers severely impacted by the COVID-19 pandemic to retain their employees when they might otherwise find it difficult to do so. The fully refundable tax credit is allowed against the employer's share of employment taxes for qualified wages paid after March 12, 2020 and before October 2021. Credits in excess of the tax amounts paid by an employer are treated as overpayments and are also refunded to the employer. The ERC is calculated as a percentage of qualified wages (as defined in the CARES Act, as amended) paid by an eligible employer. The Organization qualified for the ERC as it experienced a significant decline in gross receipts (for 2020, defined as a 50% decline in gross receipts when compared to the same calendar quarter in 2019, and for 2021 defined as a 20% decline in gross receipts when compared to the same calendar quarter in 2019). The Organization averaged less than 100 full-time employees during 2019, therefore, it was considered a small employer during 2021. As a small employer, all of the Organization's otherwise qualified wages were eligible for the ERC. For 2021, the ERC equaled 70% of an employee's qualified wages up to $10,000 per employee per calendar quarter with a maximum annual credit of $21,000 for each employee.

The Organization accounts for this federal funding in accordance with FASB ASC 958-605 guidance for conditional contributions and, accordingly, revenues are measured and recognized when barriers are substantially met. The Organization claimed credits of $132,972 for the quarter ended June 30, 2021 on timely filed forms 941 which are included in government grants in the consolidated statement of activities for the year ended June 30, 2021. As of June 30, 2021, the Organization had an ERC receivable of $95,121.

7. INVESTMENTS

At June 30, 2021, investments consisted of the following:

	Fair Value	Level 1	Level 2
Bond funds	$ 860,385	$ 860,385	$ -
Equity funds	1,087,043	1,087,043	-
Exchange traded funds	293,452	293,452	-
Municipal bonds	384,568	-	384,568
	$ 2,625,448	$ 2,240,880	$ 384,568

8. PROPERTY AND EQUIPMENT

At June 30, 2021, property and equipment are comprised of the following:

Furniture	$	5,065
Less: Accumulated depreciation		(2,172)
	$	2,893

For the year ended June 30, 2021, depreciation expense amounted to $724.

9. 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 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 met the PPP’s loan forgiveness requirements, and therefore, applied for forgiveness in August 2021. When 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.

On September 1, 2021, the Organization received the legal release from the SBA, and therefore, will record the amount forgiven, $308,600, as forgiveness income within its statement of activities for the year ending June 30, 2022.

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.

10. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2021, net assets with donor restrictions consisted of the following:

Subject to purpose restrictions:		
CLIMA Fund	$	2,554,853
Buen Vivir Fund		523,600
Contributions receivable restricted for:		
CLIMA Fund		790,000
Latin America Program		340,000
Buen Vivir Fund		150,000
A&B Solidarity Fund		75,000
		4,433,453
Subject to passage of time:		304,000
	$	4,737,453

During the year ended June 30, 2021, net assets with donor restrictions were released for the following purposes:

BLMGNF	$	69,744,054
CLIMA Fund		2,047,155
Passage of time		754,091
Buen Vivir Fund		659,900
Africa Program		369,062
Radical Learning for Lasting Change		350,000
Latin America Program		328,009
A&B Solidarity Fund		289,477
Climate Justice Resilience Fund Project		100,000
Asia Program		75,500
	$	74,717,248

11. FISCAL SPONSORSHIP ACTIVITY

Thousand Currents acted as a fiscal sponsor for BLMGNF, receiving grants, contributions and gifts in support of BLMGNF and its purposes and to make such funds available to BLMGNF. In return for providing such services, Thousand Currents charged a fiscal sponsorship fee of up to 15% of the funds received, in addition to reimbursement of the expenses identified. Thousand Currents provided BLMGNF with administrative, accounting, grants management, insurance, human resource, legal, and compliance support in exchange for the fiscal sponsorship fee. The fiscal sponsorship agreement granted 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.

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 BLMGNF. Under a grant and asset transfer agreement dated September 23, 2020, the total amount transferred of approximately $69.1 million was made during the year ended June 30, 2021 to the BLMGNF.

12. 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 until August 31 ,2021. On September 1, 2021, the Organization entered into a month-to-month agreement to utilize a virtual office.

Total rent expense amounted to $49,479 for the year ended June 30, 2021.

13. 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.

14. CONCENTRATIONS

Receivables

For the year ended June 30, 2021, 66% of grant receivable is due from three donors.

Payables

For the year ended June 30, 2021, 21% of accounts payable is payable to one vendor and 68% of grants payable are payable to four Organizations. For the year ended June 30, 2021, 90% of grant expenses was paid to one grantee.

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.

15. RISKS AND UNCERTAINTIES

On March 11, 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 9) and claimed ERC of $132,972 (refer to Note 6). 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.

16. SUBSEQUENT EVENTS

On September 20, 2021, the PPP loan was loan was forgiven by SBA (refer to Note 9).

The Organization has evaluated subsequent events through May 25, 2022, the date the consolidated financial statements were available to be issued.