

**ECOAGRICULTURE INTERNATIONAL, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2019



**ECOAGRICULTURE INTERNATIONAL, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2019 AND 2018**

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## **REPORT OF INDEPENDENT AUDITORS**

Board of Directors  
Ecoagriculture International, Inc.

We have audited the accompanying financial statements of Ecoagriculture International, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows 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.

### **Auditor's 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 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 Ecoagriculture International, Inc. as of December 31, 2019 and 2018, 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.

*CaliberCPAGroup, PLLC*

Bethesda, MD

June 30, 2020

**ECOAGRICULTURE INTERNATIONAL, INC.**

**STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2019 AND 2018

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 291,882	\$ 523
Grants, contracts and contributions receivable	105,161	35,039
Prepaid expenses	-	2,189
Total current assets	397,043	37,751
<b>FURNITURE AND EQUIPMENT</b>		
Net of accumulated depreciation of \$22,163 and \$21,531, respectively	1,202	827
<b>DEPOSITS</b>		
	-	2,500
Total assets	\$ 398,245	\$ 41,078
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 165,863	\$ 67,380
Bank overdraft	-	1,225
Note payable	-	60,000
Line of credit	-	100,000
Total current liabilities	165,863	228,605
<b>NET ASSETS (DEFICIT)</b>		
Without donor restrictions	(150,888)	(212,267)
With donor restrictions	383,270	24,740
Total net assets (deficit)	232,382	(187,527)
Total liabilities and net assets (deficit)	\$ 398,245	\$ 41,078

See accompanying notes to financial statements.

**ECOAGRICULTURE INTERNATIONAL, INC.**

**STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Grants and contributions	\$ 278,960	\$ 933,480	\$ 1,212,440
Contract and service fee revenue	203,919	-	203,919
Conference revenue	16,984	-	16,984
Other income	9,137	-	9,137
Net assets released from restrictions	<u>574,950</u>	<u>(574,950)</u>	<u>-</u>
Total support and revenue	<u>1,083,950</u>	<u>358,530</u>	<u>1,442,480</u>
<b>EXPENSES</b>			
Program			
1000 Landscapes for 1 Billion People	291,497	-	291,497
Landscapes and Leaders	85,555	-	85,555
Outreach	32,334	-	32,334
Policy	379,765	-	379,765
Research and Synthesis	<u>46,279</u>	<u>-</u>	<u>46,279</u>
Total program	835,430	-	835,430
Management and general	147,379	-	147,379
Fund raising	<u>39,762</u>	<u>-</u>	<u>39,762</u>
Total expenses	<u>1,022,571</u>	<u>-</u>	<u>1,022,571</u>
<b>CHANGE IN NET ASSETS</b>	61,379	358,530	419,909
<b>NET ASSETS (DEFICIT)</b>			
Beginning of year	<u>(212,267)</u>	<u>24,740</u>	<u>(187,527)</u>
End of year	<u>\$ (150,888)</u>	<u>\$ 383,270</u>	<u>\$ 232,382</u>

See accompanying notes to financial statements.

**ECOAGRICULTURE INTERNATIONAL, INC.**

**STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Grants and contributions	\$ 229,985	\$ 156,587	\$ 386,572
Contract and service fee revenue	306,953	-	306,953
Conference revenue	35,712	-	35,712
Other income	17,297	-	17,297
Net assets released from restrictions	<u>186,507</u>	<u>(186,507)</u>	<u>-</u>
Total support and revenue	<u>776,454</u>	<u>(29,920)</u>	<u>746,534</u>
<b>EXPENSES</b>			
Program			
Landscapes and Leaders	237,055	-	237,055
Outreach	105,071	-	105,071
Policy	47,584	-	47,584
Research and Synthesis	<u>69,640</u>	<u>-</u>	<u>69,640</u>
Total program	459,350	-	459,350
Management and general	335,477	-	335,477
Fund raising	<u>49,090</u>	<u>-</u>	<u>49,090</u>
Total expenses	<u>843,917</u>	<u>-</u>	<u>843,917</u>
<b>CHANGE IN NET ASSETS</b>	(67,463)	(29,920)	(97,383)
<b>NET ASSETS (DEFICIT)</b>			
Beginning of year	<u>(144,804)</u>	<u>54,660</u>	<u>(90,144)</u>
End of year	<u><u>\$ (212,267)</u></u>	<u><u>\$ 24,740</u></u>	<u><u>\$ (187,527)</u></u>

See accompanying notes to financial statements.

**ECOAGRICULTURE INTERNATIONAL, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2019

	Program Services							Fund Raising	Total
	1000 Landscapes for 1 Billion People	Landscapes and Leaders	Outreach	Policy	Research and Synthesis	Total Program Services	Management and General		
<b>Personnel</b>									
Salaries	\$ 33,693	\$ 21,510	\$ 15,743	\$ 125,033	\$ 24,310	\$ 220,289	\$ 61,740	\$ 308,357	
Payroll taxes and fringe benefits	16,132	11,625	6,434	54,122	9,634	97,947	20,150	129,333	
Total personnel	49,825	33,135	22,177	179,155	33,944	318,236	81,890	437,690	
Consulting, contractual and subawards	206,043	39,576	1,967	88,470	9,394	345,450	43,957	391,605	
Professional administrative services	-	-	-	-	-	-	26,097	26,097	
Publication costs	-	-	32	270	-	302	2,126	2,428	
<b>Office expense</b>									
Bank and other fees	-	122	-	-	-	122	2,605	2,727	
Supplies	-	-	-	-	-	-	316	316	
Rent/occupancy	-	-	-	-	-	-	3,916	3,916	
Insurance	-	-	-	-	-	-	3,885	3,885	
Telephone	-	-	-	-	-	-	2,272	2,272	
Postage and delivery	-	-	-	-	-	-	32	32	
Small equipment and depreciation	-	-	-	-	-	-	632	632	
Interest	-	-	-	-	-	-	12,898	12,898	
Other	-	-	-	-	-	-	5,269	5,269	
Total office expense	-	122	-	-	-	122	31,825	31,947	
Travel	4,568	5,228	173	66,873	2,043	78,885	32,524	111,409	
Meetings/conferences	4,839	-	5,280	4,600	-	14,719	6,676	21,395	
Subtotal	265,275	78,061	29,629	339,368	45,381	757,714	225,095	1,022,571	
Allocation of indirect costs	26,222	7,494	2,705	40,397	898	77,716	(77,716)	-	
Total expenses	\$ 291,497	\$ 85,555	\$ 32,334	\$ 379,765	\$ 46,279	\$ 835,430	\$ 147,379	\$ 1,022,571	

See accompanying notes to financial statements.



**ECOAGRICULTURE INTERNATIONAL, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2018

	Program Services					Management and General	Fund Raising	Total
	Landscapes and Leaders	Outreach	Policy	Research and Synthesis	Total Program Services			
Personnel								
Salaries	\$ 101,998	\$ 25,268	\$ 24,429	\$ 39,567	\$ 191,262	\$ 126,519	\$ 34,822	\$ 352,603
Payroll taxes and fringe benefits	36,171	11,017	8,153	11,533	66,874	50,156	14,268	131,298
Total personnel	138,169	36,285	32,582	51,100	258,136	176,675	49,090	483,901
Consulting, contractual and subawards	49,232	2,399	5,177	2,022	58,830	48,573	-	107,403
Professional administrative services	6,133	910	1,264	243	8,550	28,271	-	36,821
Publication costs	-	200	-	-	200	469	-	669
Office expense								
Bank and other fees	20	-	-	36	56	4,076	-	4,132
Supplies	-	-	-	-	-	366	-	366
Rent/occupancy	13,332	-	2,350	879	16,561	15,332	-	31,893
Insurance	-	-	-	-	-	4,896	-	4,896
Telephone	-	-	-	-	-	3,815	-	3,815
Postage and delivery	-	-	-	-	-	236	-	236
Small equipment and depreciation	-	-	-	-	-	1,471	-	1,471
Interest	-	-	-	-	-	8,621	-	8,621
Other	2	112	-	(3,087)	(2,973)	19,831	-	16,858
Total office expense	13,354	112	2,350	(2,172)	13,644	58,644	-	72,288
Travel	9,213	46,834	3,791	8,404	68,242	23,330	-	91,572
Meetings/conferences	-	11,350	-	-	11,350	39,914	-	51,264
Subtotal	216,101	98,090	45,164	59,597	418,952	375,876	49,090	843,918
Allocation of indirect costs	20,954	6,981	2,420	10,043	40,398	(40,399)	-	(1)
Total expenses	\$ 237,055	\$ 105,071	\$ 47,584	\$ 69,640	\$ 459,350	\$ 335,477	\$ 49,090	\$ 843,917

See accompanying notes to financial statements.

**ECOAGRICULTURE INTERNATIONAL, INC.**

**STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 419,909	\$ (97,383)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation expense	632	1,396
Change in operating assets		
Grants, contracts and contributions receivable	(70,122)	142,872
Prepaid expenses	2,189	2,500
Deposits	2,500	-
Change in operating liabilities		
Accounts payable and accrued expenses	98,483	(132,018)
Net cash provided by (used for) operating activities	453,591	(82,633)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,007)	-
Net cash used for investing activities	(1,007)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Change in bank overdraft	(1,225)	1,225
Line of credit draws	-	97,000
Proceeds from note payable	-	60,000
Line of credit repayments	(100,000)	(81,216)
Note payable repayments	(60,000)	-
Net cash provided by (used for) financing activities	(161,225)	77,009
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	291,359	(5,624)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	523	6,147
End of year	\$ 291,882	\$ 523
<b>SUPPLEMENTAL DISCLOSURE: INTEREST PAID DURING THE YEAR</b>	\$ 12,898	\$ 7,541

See accompanying notes to financial statements.

**ECOAGRICULTURE INTERNATIONAL, INC.**

**NOTES TO FINANCIAL STATEMENTS**

YEARS ENDED DECEMBER 31, 2019 AND 2018

**NOTE 1. ORGANIZATION AND NATURE OF ACTIVITIES**

Ecoagriculture International, Inc. (the Organization), a nonprofit organization, was incorporated effective January 25, 2005. Its mission is to enable landscape partnerships to engage in long-term collaboration, access finance, and influence local, national, and global policy to advance integrated landscape management. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is a publicly supported organization under Section 509(a)(1).

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting** - The Organization's financial statements have been prepared on the accrual basis of accounting. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

**Financial Statement Presentation** - Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board Accounting Standards Codification, *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, the Organization is required to report information regarding its financial position and activities according to two classes of net assets - net assets without donor restrictions and net assets with donor restrictions.

*Net assets without donor restrictions* - These net assets are available to finance the general operations of the Organization. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in its organizing documents.

*Net assets with donor restrictions* - These net assets result from contributions and other inflows of assets, the use of which by the Organization and related entities is limited by donor-imposed time or purpose restrictions that are either temporary or perpetual. At December 31, 2019 and 2018, the Organization had no net assets subject to perpetual donor restrictions.

**Cash and Cash Equivalents** - The Organization considers cash in checking accounts and short-term investments with original maturities of 90 days or less to be cash and cash equivalents.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Unconditional Promises to Give** - Unconditional promises to give that are expected to be collected within one year are reported at their net realizable value. Unconditional promises to give that are expected to be collected in future years are reported at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Management is of the opinion that all promises to give are collectible.

**Revenue Recognition** - Contract income received but not yet earned is reported as deferred revenue.

**Functional Allocation of Expenses** - The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Salaries, fringe benefits and common costs such as occupancy, depreciation and the like are allocated based on staff time and effort studies. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The following program services are included in the accompanying financial statements:

*1000 Landscape for  
1 Billion People -*

1000 Landscapes for 1 Billion People was begun in 2019 as a long-term collaborative effort to drive systemic changes that will make local partnerships for landscape sustainability much more effective, through: a digital platform to facilitate landscape management and link actors with data, tools; institutionalizing capacity-building for integrated landscape management; establishing a network to connect landscapes with expertise, finance and one another; and promoting financial system innovations to enable landscape investments at scale.

*Landscapes and Leaders -*

Demonstrating and supporting the on-the-ground practice of ecoagriculture.

*Outreach -*

Is a collaborative initiative to foster cross-sectoral dialogue, learning and action. The partners involved aim to understand and support integrated agricultural landscape approaches to simultaneously meet goals for food production, ecosystem health and human wellbeing.

*Policy -*

Seeking to advance ecoagriculture by influencing the macro-scale institutional structures that affect management of and investment in agriculture, conservation, and rural landscapes.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Research and Synthesis* - Focusing on improving the evidence base about ecoagriculture to identify and support wide adoption of the most effective practices and approaches.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

**New Accounting Pronouncement Adopted** - During the year ended December 31, 2019, the Organization adopted the provisions of Accounting Standards Update 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (the Update). The Update provides a framework for determining whether a particular transaction is an exchange or a contribution, including how to evaluate whether a resource provider receives commensurate value in an exchange transaction, and guidance to assist entities in determining whether a contribution is either conditional or unconditional. The Update had no significant impact on the Organization's financial statements.

## NOTE 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization has access to a line of credit in the total amount of \$200,000. The following table represents the Organization's financial assets available to meet cash needs for general expenditures within one year as of December 31, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Total assets at end of year	\$ 398,245	\$ 41,078
Less non-financial assets		
Prepaid expenses and deposits	-	(2,500)
Net property and equipment	<u>(1,202)</u>	<u>(827)</u>
Total financial assets at end of year	397,043	37,751
Less amounts unavailable for general expenditures within one year		
Assets the use of which is restricted by donors	<u>(383,270)</u>	<u>(24,740)</u>
Financial assets available for general expenditures within one year	<u>\$ 13,773</u>	<u>\$ 13,011</u>

#### **NOTE 4. CONCENTRATION OF CREDIT RISK**

Financial instruments which potentially subject the Organization to concentration of credit risk consist principally of cash and temporary cash investments. The Organization maintains its cash accounts at a single financial institution. Although amounts on deposit may at times exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit, management does not believe the Organization is at significant risk with respect to cash balances as of year-end.

#### **NOTE 5. NOTE PAYABLE**

During 2018, the Organization borrowed \$60,000 from a member of the immediate family of the Organization's President, bearing interest at an annual rate of 2.8%, in order to reduce the cost of borrowing against the line of credit described in Note 6. Accrued interest in the amount of \$1,080 was due at December 31, 2018, which was paid in full along with the loan principal during 2019.

#### **NOTE 6. LINE OF CREDIT**

The Organization has a bank line of credit in the total amount of \$200,000, of which the outstanding balance at December 31, 2019 and 2018 was \$-0- and \$100,000, respectively. Advances on the line of credit bear interest at the bank's prime rate plus 3.50%, for a total of 8.75% as of December 31, 2019. Interest expense on the line of credit for the years ended December 31, 2019 and 2018 was \$11,152 and \$7,541, respectively.

#### **NOTE 7. DEFICIT IN NET ASSETS WITHOUT DONOR RESTRICTIONS**

Ecoagriculture International, Inc. had a deficit in net assets without donor restrictions of approximately \$151,000 at December 31, 2019. This represents a 29% reduction in the net asset deficit from about \$212,000 at December 31, 2018, even after making a negative core adjustment of \$5,410 for foreign exchange rate losses over the 2012-2019 period. The deficit developed in previous years, primarily from investment of core resources in developing a new initiative, *1000 Landscapes for 1 Billion People*, and engaging donors around the initiative prior to active fundraising, which took longer than expected. During 2018-19, the Organization took significant steps to reduce core expenses and has sustained this.

For 2019, revenues rose to \$1.4 million, above the Board-approved budget. Although much of the funds that arrived late in the year could not be expended during 2019, the Organization fully repaid its line of credit and other debt.

The Organization is on track in 2020 to meet the Board-approved budget of \$1.4 million, having begun the year with \$383,000 of funding, with another \$337,000 of grant revenue recognized as of the end of May 2020, and an additional \$160,000 in contracting revenue. The Organization has a robust pipeline of proposals submitted, mostly in support for our *1000 Landscapes* program, as well as for work on climate-smart landscapes. Even with conservative

**NOTE 7. DEFICIT IN NET ASSETS WITHOUT DONOR RESTRICTIONS (CONTINUED)**

income projections, anticipating a slowdown in giving by donors due to the COVID-19 pandemic, management expects to further reduce the Organization's deficit in net assets without donor restrictions by the end of 2020.

**NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at year-end and net assets released from donor restrictions during 2019 and 2018 were in support of the following programs.

	2019			
	Beginning of Year	Contributions	Released	End of Year
1000 Landscapes	\$ -	\$ 640,740	\$ (291,496)	\$ 349,244
Landscapes and leaders	21,282	92,851	(83,552)	30,581
Outreach	328	-	10	338
Policy	36	199,889	(199,912)	13
Research and synthesis	3,094	-	-	3,094
	<u>\$ 24,740</u>	<u>\$ 933,480</u>	<u>\$ (574,950)</u>	<u>\$ 383,270</u>

  

	2018			
	Beginning of Year	Contributions	Released	End of Year
Landscapes and leaders	\$ 32,584	\$ 107,687	\$ (118,989)	\$ 21,282
Outreach	338	22,000	(22,010)	328
Policy	5,979	15,300	(21,243)	36
Research and synthesis	15,759	11,600	(24,265)	3,094
	<u>\$ 54,660</u>	<u>\$ 156,587</u>	<u>\$ (186,507)</u>	<u>\$ 24,740</u>

**NOTE 9. RETIREMENT PLAN**

The Organization has a defined contribution pension plan covering substantially all full-time employees. Contributions are made at 3% of covered compensation and the total expense for 2019 and 2018 was \$15,427 and \$11,625, respectively.

**NOTE 10. OPERATING LEASE**

The Organization has been operating for many years with a geographically distributed staff across a number of countries, and has put in place software and processes to enable fully virtual office management, with data and documents stored in the cloud, a process the Organization intends to maintain for the foreseeable future. The last lease for physical office space expired in December 2018 and for which rent expense for that year totaled \$29,999. The Organization vacated the property in mid-December 2018 and has had no physical office since then.

**NOTE 11. SUBSEQUENT EVENTS REVIEW**

Subsequent to year-end, U.S. and global business and financial markets have been significantly impacted by the Coronavirus pandemic. The potential effects of the pandemic on the Organization's operations and cash flows cannot be determined at this time. The Organization did receive a loan of approximately \$77,000 through the Paycheck Protection Program, which it expects to be entirely forgiven during 2020. All subsequent events have been evaluated through June 30, 2020, which is the date the financial statements were available to be issued. This review and evaluation revealed no other new material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.