KEEP AMERICA BEAUTIFUL, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Keep America Beautiful, Inc.
Stamford, Connecticut

We have audited the accompanying financial statements of Keep America Beautiful, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, 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 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Keep America Beautiful, Inc. as of December 31, 2020 and 2019, and the changes in its nets assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Pronouncement

As discussed in Note 2 to the financial statements, the Keep America Beautiful, Inc. adopted the amendments in Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* as of January 1, 2020. Our opinion is not modified with respect to these matters.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts
May 7, 2021

KEEP AMERICA BEAUTIFUL, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

	2020	2019
Cash and cash equivalents	$ 2,710,112	$ 3,236,560
Gift cards	204,714	334,914
Contributions receivable, net	425,644	1,491,542
Prepaid expenses and other assets	31,799	63,321
Investments	4,012,407	3,410,830
Property and equipment, net	23,952	53,638
TOTAL ASSETS	$ 7,408,628	$ 8,590,805

LIABILITIES AND NET ASSETS

	2020	2019
Liabilities:		
Accounts payable and accrued expenses	$ 338,482	$ 544,860
Refundable advances	10,000	50,000
Total liabilities	348,482	594,860
Net assets:		
Without donor restrictions	3,337,501	4,722,559
With donor restrictions	3,722,645	3,273,386
Total net assets	7,060,146	7,995,945
TOTAL LIABILITIES AND NET ASSETS	$ 7,408,628	$ 8,590,805

See accompanying notes to financial statements.

KEEP AMERICA BEAUTIFUL, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:						
Contributions and grants	$ 1,521,504	$ 4,024,465	$ 5,545,969	$ 3,449,870	$ 3,458,300	$ 6,908,170
In-kind contributions	6,745,430	-	6,745,430	13,908,195	-	13,908,195
Benefit dinner, net of direct benefits to donors	219,339	-	219,339	352,653	-	352,653
Conferences and fees	373,936	-	373,936	376,400	-	376,400
Investment income, net	26,577	-	26,577	42,872	-	42,872
Realized and unrealized gains on investments	579,620	-	579,620	634,299	-	634,299
Net assets released from donor restrictions	3,575,206	(3,575,206)	-	3,304,387	(3,304,387)	-
Total revenues and support	13,041,612	449,259	13,490,871	22,068,676	153,913	22,222,589
Expenses:						
Program	11,674,402	-	11,674,402	17,861,213	-	17,861,213
Management and general	1,793,306	-	1,793,306	1,897,069	-	1,897,069
Fundraising	958,962	-	958,962	1,079,589	-	1,079,589
Total expenses	14,426,670	-	14,426,670	20,837,871	-	20,837,871
Changes in net assets	(1,385,058)	449,259	(935,799)	1,230,805	153,913	1,384,718
Net assets, beginning	4,722,559	3,273,386	7,995,945	3,491,754	3,119,473	6,611,227
NET ASSETS, ENDING	$ 3,337,501	$ 3,722,645	$ 7,060,146	$ 4,722,559	$ 3,273,386	$ 7,995,945

See accompanying notes to financial statements.

KEEP AMERICA BEAUTIFUL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program	Management and General	Fundraising	Direct Benefits to Donors	Total Expenses
Donated media	$ 5,909,339	$ -	$ -	$ -	$ 5,909,339
Employee compensation and related	1,349,150	1,061,285	706,869	-	3,117,304
Event supplies, production and support	1,256,833	5,768	46,018	37,621	1,346,240
Professional and consulting	908,989	315,326	100,396	238	1,324,949
Marketing and communications	1,100,096	6,388	-	-	1,106,484
Affiliate and other grants	844,751	-	-	-	844,751
Occupancy	124,232	76,653	67,005	129	268,019
Office and related	94,603	82,779	15,443	2,468	195,293
Technology	35,700	100,440	6,627	6,250	149,017
Travel and conferences	50,709	12,070	16,604	-	79,383
Bad debt	-	55,015	-	-	55,015
Insurance	-	47,896	-	-	47,896
Depreciation	-	29,686	-	-	29,686
	11,674,402	1,793,306	958,962	46,706	14,473,376
Less expenses included with revenues on the statement of activities and changes in net assets	-	-	-	(46,706)	(46,706)
TOTAL EXPENSES	$ 11,674,402	$ 1,793,306	$ 958,962	$ -	$ 14,426,670

See accompanying notes to financial statements.

KEEP AMERICA BEAUTIFUL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program	Management and General	Fundraising	Direct Benefits to Donors	Total Expenses
Donated media	$ 13,014,227	$ -	$ -	$ -	$ 13,014,227
Employee compensation and related	1,557,049	857,682	722,348	-	3,137,079
Event supplies, production and support	1,428,244	57,332	134,126	157,388	1,777,090
Affiliate and other grants	1,026,906	-	-	-	1,026,906
Professional and consulting	248,040	610,364	64,956	655	924,015
Occupancy	123,520	76,135	66,552	-	266,207
Marketing and communications	193,408	42,283	6,307	-	241,998
Travel and conferences	131,874	23,055	47,021	491	202,441
Office and related	108,545	39,067	38,279	882	186,773
Technology	29,400	97,562	-	-	126,962
Insurance	-	61,706	-	-	61,706
Depreciation	-	31,883	-	-	31,883
	17,861,213	1,897,069	1,079,589	159,416	20,997,287
Less expenses included with revenues on the statement of activities and changes in net assets	-	-	-	(159,416)	(159,416)
TOTAL EXPENSES	$ 17,861,213	$ 1,897,069	$ 1,079,589	$ -	$ 20,837,871

See accompanying notes to financial statements.

KEEP AMERICA BEAUTIFUL, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash flows used in operating activities:		
Changes in net assets	$ (935,799)	$ 1,384,718
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Forgiveness of paycheck protection program loan	(513,972)	-
Depreciation	29,686	31,883
Bad debt expense	55,015	-
Realized and unrealized gains on investments	(579,620)	(634,299)
Changes in operating assets and liabilities:		
Gift cards	130,200	(334,914)
Contributions receivable, net	1,010,883	(1,199,108)
Prepaid expenses and other assets	31,522	48,342
Accounts payable and accrued expenses	(206,378)	101,676
Refundable advances	(40,000)	(302,972)
Net cash used in operating activities	(1,018,463)	(904,674)
Cash flows from investing activities:		
Purchases of investments	(48,516)	(1,621,470)
Proceeds from sales of investments	26,559	3,046,158
Acquisition of property and equipment	-	(71,662)
Net cash provided by (used in) investing activities	(21,957)	1,353,026
Cash flows from financing activities:		
Proceeds from paycheck protection program loan	513,972	-
Net cash provided by financing activities	513,972	-
Net increase (decrease) in cash and cash equivalents	(526,448)	448,352
Cash and cash equivalents - beginning	3,236,560	2,788,208
CASH AND CASH EQUIVALENTS - ENDING	$ 2,710,112	$ 3,236,560

See accompanying notes to financial statements.

NOTE 1. ORGANIZATION

Keep America Beautiful, Inc. (the "Organization" or "KAB") is a nonprofit organization whose network of local, statewide, and international affiliate programs educates individuals about litter prevention and ways to reduce, reuse, recycle, and properly manage waste materials. KAB's mission is to engage individuals in taking greater responsibility for improving their community environments. Through partnerships and strategic alliances with citizens, businesses, and government, KAB programs involve millions of volunteers annually to clean up, beautify, and improve their neighborhoods, thereby creating healthier, safer, and more livable community environments.

The local affiliates are separate nonprofit entities and/or agencies of local governments that are not controlled by KAB and, therefore, their financial position, changes in net assets, and cash flows are not included in the accompanying financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Net Assets

The Organization follows the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic *Presentation of Financial Statements of Not-for-Profit Entities*. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization did not have any net assets with donor restrictions that are perpetual in nature at December 31, 2020 and 2019.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates (continued)

Significant estimates for the years ended December 31, 2020 and 2019 include the valuation of in-kind contributions (Note 11). In-kind contributions and expenses include donated media, which is recognized in the amount of $5,909,339 and $13,014,227, respectively, in the accompanying statements of activities and changes in net assets and statements of functional expenses for the years ended December 31, 2020 and 2019, respectively. Management uses third party valuations and applies a discount to these values based on various factors and perceived value of the services received.

Concentration of Credit Risk

Cash and cash equivalents include cash on hand, demand deposits, and highly liquid investments with original maturities of three months or less. At times, deposits of cash may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Contributions Receivable

Contributions receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of probable uncollectible amounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to contributions and grants receivable. At December 31, 2020, the allowance for uncollectible accounts totaled $55,000. There was no allowance for doubtful accounts at December 31, 2019 as all contributions receivable amounts were deemed collectable. All contributions receivable were considered current and due within one year at both December 31, 2020 and 2019.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values based on quoted prices in active markets in the statements of financial position. Investment income and investment gains and losses are reported as increases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

Fair Value Measurement

The Organization follows the provisions of the *Fair Value Measurements* Topic of the FASB ASC. This Topic clarifies that fair value is an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. This Topic establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. Determining where an asset or liability falls within that hierarchy depends on the lowest level input that is significant to the fair value measurement as a whole. The three levels of the fair value hierarchy are described below.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (continued)

Level 1 - Quoted market prices that are available in active markets for identical assets or liabilities. The types of financial instruments included in Level 1 are marketable equity securities that are traded in an active exchange market.

Level 2 - Pricing inputs other than quoted prices in active markets, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 includes assets and liabilities whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The following is a description of the valuation methodologies used for asset investments measured at fair value, as well as the general classification pursuant to the valuation hierarchy. There have been no changes in the methodologies used at December 31, 2020 and 2019.

- *Money market funds, fixed income bond funds, mutual funds, and common stock* have been reported in the financial statements at fair value. The fair value of these securities is based upon quoted prices from an active market and are therefore categorized in level 1.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of the certain financial instruments could result in a different fair value measurement at the reporting date.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at fair value, on the date of the contribution. Expenditures for maintenance and repairs are expensed as incurred. Repairs which materially extend the life of the assets are capitalized. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful lives of three to five years.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Valuation of Long-Lived Assets

The Organization accounts for the valuation of long-lived assets in accordance with the FASB ASC Topic *Property, Plant and Equipment*. This Topic requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. At December 31, 2020 and 2019, the Organization has determined that no long-lived assets are impaired.

Refundable Advances

Refundable advances as of December 31, 2020 and 2019 represents advances from sponsors earmarked specifically and conditionally upon programs to be held during a future period.

Revenue Recognition

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues without donor restrictions.

Year Ended December 31, 2020

The Organization adopted ASC Topic 606, *Revenue from Contracts with Customers* ("Topic 606") on January 1, 2020. With the adoption of Topic 606, revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Under Topic 606, the Organization recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The majority of the Organization's services represent a bundle of services that are not capable of being distinct and as such, are treated as a single performance obligation that is satisfied as the services are rendered. The Organization determines the transaction price based on contractually agreed upon rates, adjusted for any variable consideration, if any.

Fees and publication sales and conferences are offered by the Organization throughout the course of the year. Revenues from fees are recognized over the calendar year. Publication sales are recorded at the time of sale whereas conference revenue is recorded at the time the conference is held.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Year Ended December 31, 2019

For the year ended December 31, 2019, the Organization recognized revenue when (1) the service was performed and the Organization had no significant obligations remaining to be performed; (2) a final understanding as to specific nature and terms of the agreed upon transaction had occurred; (3) price was fixed and determinable; and (4) collection was assured. Services generally met these criteria, and revenue was recognized, when services were rendered.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. All contributions receivable at December 31, 2020 and 2019 were due within one year, therefore no discount was recorded.

Contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues without donor restrictions. Contributions of cash or other assets to be used to acquire land, buildings and equipment with donor stipulations are reported as revenues with donor restrictions; the restrictions are considered to be released at the time the long-lived assets are placed in service.

Contributions of services are reported as revenues and expenses without donor restrictions at the fair value of the services received only if the services create or enhance a non-financial asset or would typically need to be purchased by the Organization if they had not been provided by individuals with those skills. Contributions of goods are reported at fair value as revenues and expenses without donor restrictions at the time the goods are received (Note 11).

Disaggregation of Revenue

The Organization operates its programs from Stamford, Connecticut but coordinates and hosts events and programs across the country. The Organization's viability is dependent on the strength of the economy in the United States and its ability to generate revenues from donors, fundraising events and other sources, and its ability to collect these revenues.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of providing various program and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited on a reasonable basis that is consistently applied. Employee compensation and related expenses are allocated on the basis of time and effort. Occupancy expense is allocated on a square footage basis. Other expenses are allocated based on actual usage or allocated based on time and effort, depending on the nature of the expense.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and accordingly, no provision for income taxes has been recorded in the accompanying financial statements. The Organization is subject to federal and state income taxes on unrelated business income, if any. The Organization files informational tax returns as required by the IRC.

The Organization accounts for uncertain tax positions in accordance with FASB ASC Topic *Income Taxes*. This Topic prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. This Topic also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. At December 31, 2020 and 2019, management believes that the Organization has no material uncertain tax positions.

Recently Implemented Accounting Pronouncements

Revenue from Contracts with Customers - In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("Topic 606"), with several clarifying updates issued subsequently. In conjunction with Topic 606, a new subtopic, ASC 340-40, *Other Assets and Deferred Costs – Contracts with Customers*, was also issued. The updated standard replaces most existing revenue recognition and certain cost guidance under U.S. GAAP. Collectively, the Organization refers to Topic 606 and Subtopic 340-40 as "ASC 606". ASC 606 amends existing accounting standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services to customers based on the expected consideration to be received in exchange for those goods and services. The Organization adopted ASC 606 effective January 1, 2020 using the modified retrospective approach. Use of the modified retrospective approach means the Organization's comparative periods prior to initial application are not restated. The Organization has determined that the adjustments using the modified retrospective approach did not have a material impact on the date of the initial application along with the disclosure of the effect on prior periods. The Organization applied the portfolio approach in implementing ASC 606.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued But Not Yet Effective Accounting Pronouncements

In-kind Contributions - In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"), which is intended to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. This ASU is effective for annual periods beginning after June 15, 2021, with early adoption permitted. KAB is evaluating the effect that ASU 2020-07 will have on its financial statements and related disclosures.

Leases - In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"). This update requires all leases with a term greater than 12 months to be recognized on the statement of position through a right-of-use asset and a lease liability and enhanced disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842* and ASU No. 2018-11, *Leases: Targeted Improvements* which provided narrow amendments to clarify how to apply certain aspects of the new leases standard and options regarding transition. The standard requires either a modified retrospective transition approach with application in all comparative periods presented, or an alternative transition method, which permits the Organization to use its effective date as the date of initial application without restating the comparative period financial statements and recognizing any cumulative effect adjustment to the opening statement of financial position. In June 2020, the FASB issued ASU No. 2020-05 *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842).* ASU 2020-05 amended the effective date for ASU 2016-02 and related amendments. ASU 2016-02, as amended, is effective for fiscal years beginning after December 15, 2021. The Organization is evaluating the effect that ASU 2016-02 will have on its financial statements and related disclosures.

Reclassifications

Certain amounts included in the 2019 financial statements have been reclassified to conform to the 2020 presentation. These reclassification adjustments had no effect on previously reported net assets or changes in net assets.

Subsequent Events

The Organization has evaluated all events subsequent to the statement of financial position date of December 31, 2020, through the date which the financial statements were available to be issued, May 7, 2021, and has determined that there are no subsequent events that require disclosure under FASB ASC Topic *Subsequent Events* other than as discussed in Note 13.

NOTE 3. AVAILABILITY AND LIQUIDITY

The following reflects the Organization's financial assets as of December 31, 2020, reduced by amounts that are not available for general use within one year of the statement of financial position date because of donor-imposed restrictions that may not be released within one year through the normal course of business and board designations. As part of its liquidity management plan, the Organization operates its programs within a balanced budget and relies on grants and contributions, with and without donor restrictions, to fund its operations and program activities. Cash is maintained in checking and savings accounts and is readily available for use. Investments are available for liquidation upon approval by the board of directors.

Cash	$ 2,710,112
Contributions receivable, net	425,644
Investments	4,012,407
Total financial assets	7,148,163
Less amounts not available to be used within one year:	
Board designated net assets	(4,012,407)
Donor restricted contributions	(3,722,645)
Subtotal	(586,889)
Donor restricted net assets expected to be released within one year through conducting the normal activities of the Organization	2,432,258
Financial assets available to meet cash needs for general expenditures within one year	$ 1,845,369

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2020	2019
Digital assets	$ 261,073	$ 261,073
Property and equipment	51,693	54,490
	312,766	315,563
Less accumulated depreciation	(288,814)	(261,925)
	$ 23,952	$ 53,638

Depreciation expense for the years ended December 31, 2020 and 2019 totaled $29,686 and $31,883, respectively.

NOTE 5. INVESTMENTS

The Organization's board of directors designated the Organization's investments as the KAB Sustainability Fund (the "Fund") to help ensure the long-term continuity of the Organization and its future ability to carry out its charitable mission. The Fund is administered by the executive committee of the board of directors in accordance with the board of director's adopted policies. As the Fund is board-designated, the balance of the investment account is included in net assets without donor restrictions. All interest and dividend earnings are reinvested into the Fund as they are earned. The Organization's total investment balance of $4,012,407 and $3,410,830 was held in the Fund at December 31, 2020 and 2019, respectively.

Investments are stated at fair value and are summarized as follows at December 31:

	2020	2019
Cash and money market funds	$ 856,829	$ 509,210
Fixed income bond funds	504,397	693,972
Mutual funds	58,360	258,080
Common stock	2,592,821	1,949,568
	$ 4,012,407	$ 3,410,830

The following schedule summarizes the investment return which is reported as investment income in the accompanying statements of activities and changes in net assets as of December 31:

	2020	2019
Investment income	$ 53,136	$ 70,339
Investment fees	(26,559)	(27,467)
	$ 26,577	$ 42,872

The following schedule summarizes realized and unrealized gains recognized on investments held at December 31:

	2020	2019
Net gains recognized during the year on equity securities	$ 579,620	$ 634,299
Less: net gains recognized during the year on equity securities sold during the period	98,181	190,341
Unrealized gain recognized during the year on equities still held at December 31	$ 481,439	$ 443,958

NOTE 6. FAIR VALUE MEASUREMENT

The following fair value hierarchy table represents information about the Organization's assets measured at fair value on a recurring basis as of December 31, 2020:

	Level 1	Level 2	Level 3	Fair Value
Cash and money market	$ 856,829	$ -	$ -	$ 856,829
Fixed income bond funds	504,397	-	-	504,397
Mutual funds:				
Foreign large-blend	58,360	-	-	58,360
Common stock:				
Consumer goods	671,152	-	-	671,152
Healthcare	541,878	-	-	541,878
Technology	466,484	-	-	466,484
Financial services	303,782	-	-	303,782
Industrials	233,250	-	-	233,250
Communication services	220,954	-	-	220,954
Real estate	79,595	-	-	79,595
Basic materials	75,726	-	-	75,726
Total common stock	2,592,821	-	-	2,592,821
Total	$ 4,012,407	$ -	$ -	$ 4,012,407

The following fair value hierarchy table represents information about the Organization's assets measured at fair value on a recurring basis as of December 31, 2019:

	Level 1	Level 2	Level 3	Fair Value
Cash and money market	$ 509,210	$ -	$ -	$ 509,210
Fixed income bond funds	693,972	-	-	693,972
Mutual funds:				
Foreign large-blend	65,240	-	-	65,240
Large and mid-cap blend	159,712	-	-	159,712
Small-cap	33,128	-	-	33,128
Total mutual funds	258,080	-	-	258,080
Common stock:				
Healthcare	320,768	-	-	320,768
Consumer goods	493,593	-	-	493,593
Industrials	274,718	-	-	274,718
Technology	267,400	-	-	267,400
Communication services	173,080	-	-	173,080
Financial services	168,195	-	-	168,195
Basic materials	126,295	-	-	126,295
Real estate	71,075	-	-	71,075
Energy	54,444	-	-	54,444
Total common stock	1,949,568	-	-	1,949,568
Total	$ 3,410,830	$ -	$ -	$ 3,410,830

NOTE 7. PAYCHECK PROTECTION PROGRAM

On April 14, 2020, the Organization received loan proceeds of $513,972 under the Paycheck Protection Program ("PPP"). The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks so long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels. At least 60% of the loan proceeds must be spent on payroll costs, as defined by the PPP for the loan forgiveness.

The PPP loan matures two years from the date of first disbursement of proceeds to the Organization (the "PPP Loan Date") and accrues interest at a fixed rate of 1%. Payments are deferred for at least the first ten months and payable in equal consecutive monthly installments of principal and interest commencing upon expiration of the deferral period of the PPP Loan Date.

U.S. GAAP does not contain authoritative accounting standards for forgivable loans provided by governmental entities. Absent authoritative accounting standards, interpretative guidance issued and commonly applied by financial statement preparers allow for the selection of accounting policies amongst acceptable alternatives. Based on the facts and circumstances, the Organization determined it most appropriate to account for the PPP loan proceeds under the conditional contribution model within ASC 958-605. Under the conditional contribution model, the Organization recognizes the proceeds received as a refundable advance, and subsequently recognizes grant revenue as the conditions are met. Conditions are deemed to be met as the allowable expenses are incurred. The Organization deemed the conditional contribution model to be the most appropriate accounting policy for this arrangement based on the nature of the PPP loan program. The Organization recognized $513,972 of grant revenue under the PPP loan program during the year ended December 31, 2020, which is included in contributions and grants on the statements of activities and changes in net assets. There is no remaining balance from the loan that is recorded as a refundable advance.

The Organization currently intends to use the proceeds for purposes consistent with the PPP, however, there can be no assurances that the Organization will ultimately meet the conditions for forgiveness of the loan or that the Organization will not take actions that cause the Organization to be ineligible for forgiveness of the loan, in whole or in part. If not forgiven, principal loan payments of $311,667 and $202,305 are due during the years ended December 31, 2021 and 2022, respectively.

NOTE 8. NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31:

	2020	2019
Great American Clean-Up	$ 1,386,379	$ 175,000
Cigarette litter prevention	1,045,879	1,248,300
Recycling projects	584,570	788,771
Brewery partnership project	275,000	-
Employee engagement	155,000	155,000
Other programs	149,411	89,198
Affiliate development	63,167	70,000
Keep Newark Beautiful	48,842	-
RETREET (Note 13)	14,397	-
Grants	-	485,000
Litter research	-	209,617
National conference	-	52,500
Total	$ 3,722,645	$ 3,273,386

Net assets released from donor restrictions are as follows for the years ended December 31:

	2020	2019
Satisfaction of purpose restrictions:		
Recycling projects	$ 1,149,201	$ 837,742
Cigarette litter prevention	751,095	1,359,876
Litter research	592,157	-
Grants	485,000	-
Great American Clean-Up	301,621	-
Other programs	78,007	826,442
RETREET (Note 13)	57,604	-
Keep Newark Beautiful	51,188	-
National conference	52,500	90,000
Vision	50,000	-
Affiliate development	6,833	160,327
Employee engagement	-	30,000
Total	$ 3,575,206	$ 3,304,387

NOTE 9. LEASES

Occupancy

During 2019, the Organization amended its previous lease agreement and entered into a 10-year lease for new space in the same building for their Stamford, Connecticut headquarters. The amended lease is effective through 2030. The space was provided rent-free for six months, with monthly rental payments beginning at $19,959 starting in 2019. The monthly payments increase annually through the end of the lease. Rent expense is recognized on the straight-line basis and expenses related to this lease were approximately $239,500 per year for the years ended December 31, 2020 and 2019.

NOTE 9. LEASES (CONTINUED)

Office Equipment

The Organization has multiple operating leases for office equipment requiring monthly payments ranging from $600 to $950 with expiration dates ranging from November 2021 through March 2022, along with various other equipment leases on an at-will basis. Total rent expense under these lease agreements for the years ended December 31, 2020 and 2019 were $20,788 and $26,447, respectively.

Required future minimum lease payments are as follows:

Year	Amount
2021	$ 248,513
2022	242,763
2023	245,313
2024	249,063
2025	252,813
Thereafter	1,161,250
	$ 2,399,715

NOTE 10. EMPLOYEE BENEFIT PLANS

The Organization has a qualified 403(b) defined contribution pension plan for all employees. Participants may make voluntary contributions to the plan, not to exceed the limitations prescribed by the IRC. Under the plan, the Organization makes semi-monthly elections to match a portion of employees' contribution up to 5%. The Organization's contribution to the plan was $140,504 and $74,967, respectively, to the plan for the years ended December 31, 2020 and 2019.

NOTE 11. IN-KIND CONTRIBUTIONS

The Organization received in-kind contributions totaling $6,745,430 and $13,908,195, respectively, for the years ended December 31, 2020 and 2019. The value of donated goods and services for the years ended December 31, 2020 and 2019 recognized in the accompanying financial statements is as follows:

	2020	2019
Revenue:		
Donated media	$ 5,909,339	$ 13,014,227
Program supplies and equipment	464,082	366,308
Marketing	341,309	-
Conference fees	30,700	-
Gift cards	-	490,160
Professional and consulting services	-	37,500
Total in-kind revenue reported	$ 6,745,430	$ 13,908,195

NOTE 11. IN-KIND CONTRIBUTIONS (CONTINUED)

	2020	2019
Expenses:		
Donated media	$ 5,909,339	$ 13,014,227
Event supplies, production and support	464,082	521,554
Marketing	341,309	-
Conference fees	30,700	-
Professional and consulting services	-	37,500
Total in-kind expenses reported	6,745,430	13,573,281
Assets reported:		
Gift cards	-	334,914
Total in-kind assets reported	-	334,914
Total in-kind expenses and assets reported	$ 6,745,430	$ 13,908,195

NOTE 12. UNCERTAINTIES, COMMITMENTS, AND CONTINGENCIES

COVID-19

In March of 2020, the World Health Organization declared COVID-19 to constitute a "Public Health Emergency of International Concern". The Organization remained open during the pandemic having employees work remotely and taking the necessary sanitation and social distancing protocols to operate programs safely within state and local COVID-19 guidelines. The Organization held certain events virtually and postponed other events as a result of the pandemic. Due to the uncertainty of the situation, long-term operational disruption and related financial impacts, if any, cannot be reasonably estimated at this time.

NOTE 13. SUBSEQUENT EVENTS

Paycheck Protection Program Second Draw Loan

During February 2021, the Organization received loan proceeds of $513,972 under the Paycheck Protection Program Second Draw Loans (“PPP SD”). The second round of PPP funding, which was established as part of the Consolidated Appropriations Act, provides loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after twenty-four weeks so long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels. Not more than 40% of the amount forgiven can be attributable to nonpayroll costs.

The PPP SD loan matures five years from the date of first disbursement of proceeds to the Organization (the “PPP SD Loan Date”) and accrues interest at a fixed rate of 1%. Payments are deferred for the covered period plus ten months and payable in fifty (50) equal consecutive monthly installments of principal and interest commencing on the eleventh month anniversary of the end of the covered period.

NOTE 13. SUBSEQUENT EVENTS (CONTINUED)

Paycheck Protection Program Second Draw Loan (continued)

The Organization currently intends to use the proceeds for purposes consistent with the PPP SD, however, there can be no assurances that the Organization will ultimately meet the conditions for forgiveness of the loan or that management will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part.

Acquisition

Effective January 14, 2021, Keep America Beautiful, Inc. entered into an Asset Transfer Agreement with RETREET. RETREET's mission is to provide disaster relief to communities on a local, national, and international level by leading volunteers in restoring decimated urban forests and to inspire and educate people to take action every day to improve and beautify their community environment. Keep America Beautiful, Inc. will be the sole surviving organization as a result of the acquisition.