

# **CompassPoint Nonprofit Services**

Financial Statements

December 31, 2019

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
CompassPoint Nonprofit Services**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of CompassPoint Nonprofit Services (a California nonprofit corporation) (the "Organization"), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CompassPoint Nonprofit Services as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the CompassPoint Nonprofit Services 2018 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated August 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**BAKER TILLY US, LLP**A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

San Francisco, California  
January 29, 2021

**COMPASSPOINT NONPROFIT SERVICES**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2019 with Summarized Comparative Totals for 2018**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
<b>Assets</b>		
Cash and cash equivalents	\$ 229,556	\$ 2,123,618
Investments	1,881,004	400,420
Grants receivable, net	1,566,017	467,808
Accounts receivable	4,389	7,393
Prepaid expenses	69,100	45,701
Deposits	23,701	23,701
Property and equipment, net	85,274	127,690
Total assets	\$ 3,859,041	\$ 3,196,331
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 243,133	\$ 139,208
Deferred rent	18,465	53,533
Deferred revenue	74,047	120,321
Total liabilities	335,645	313,062
<b>Net Assets</b>		
Without donor restrictions	578,908	600,419
With donor restrictions	2,944,488	2,282,850
Total net assets	3,523,396	2,883,269
Total liabilities and net assets	\$ 3,859,041	\$ 3,196,331

**COMPASSPOINT NONPROFIT SERVICES**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2019 with Summarized Comparative Totals for 2018**

	<b>2019</b>			<b>2018</b>
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>SUPPORT AND REVENUE</b>				
Support				
Foundations	\$ 203,190	\$ 2,994,873	\$ 3,198,063	\$ 2,403,099
Individuals	16,946	-	16,946	12,609
In-kind donations	4,000	-	4,000	5,000
Total support	224,136	2,994,873	3,219,009	2,420,708
Revenue				
Consumer fees	423,082	-	423,082	736,876
Government contracts	-	-	-	8,825
Royalties	-	-	-	3,444
Total revenue	423,082	-	423,082	749,145
Net assets released from restrictions	2,333,235	(2,333,235)	-	-
Total support and revenue	2,980,453	661,638	3,642,091	3,169,853
<b>EXPENSES</b>				
Program services	2,313,101	-	2,313,101	2,403,150
Management and general	694,637	-	694,637	657,043
Fundraising	38,480	-	38,480	38,948
Total expenses	3,046,218	-	3,046,218	3,099,141
Change in net assets from operations	(65,765)	661,638	595,873	70,712
<b>OTHER REVENUES</b>				
Interest income	33,430	-	33,430	5,798
Other income, net	10,824	-	10,824	4,703
	44,254	-	44,254	10,501
<b>CHANGE IN NET ASSETS</b>	(21,511)	661,638	640,127	81,213
<b>NET ASSETS - beginning of year</b>	600,419	2,282,850	2,883,269	2,802,056
<b>NET ASSETS - end of year</b>	\$ 578,908	\$ 2,944,488	\$ 3,523,396	\$ 2,883,269

**COMPASSPOINT NONPROFIT SERVICES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2019 with Summarized Comparative Totals for 2018

	2019						2018	
	Program Services							
	Leadership		Publishing and					
	Programs and	Public Events and	Community	Total Program	Management	Fundraising	Total	Total
	Organizational	Workshops	Influence	Services	and General			
	Contracts							
Salaries and employee benefits	\$ 792,379	\$ 427,743	\$ 114,735	\$ 1,334,857	\$ 525,652	\$ 29,565	\$ 1,890,074	\$ 1,736,798
Organizational contracting	352,154	96,945	2,850	451,949	14,201	612	466,762	633,622
Occupancy	126,825	68,884	19,218	214,927	73,656	5,354	293,937	264,237
Depreciation and amortization	33,146	17,985	5,020	56,151	11,081	805	68,037	81,397
Meetings and conferences	46,023	13,621	1,180	60,824	5,508	323	66,655	163,317
Professional services	14,081	7,476	2,304	23,861	41,643	525	66,029	61,439
Grants to others	60,000	-	-	60,000	-	-	60,000	-
Travel and reimbursement	44,965	203	14	45,182	-	-	45,182	47,463
Printing and publication	12,071	5,633	1,572	19,276	6,023	438	25,737	29,876
Supplies	11,637	6,071	950	18,658	3,466	210	22,334	22,948
Insurance	4,050	2,199	614	6,863	5,572	171	12,606	14,924
Bank service fees	285	8,370	21	8,676	474	338	9,488	7,074
Equipment rental and maintenance	1,058	1,041	160	2,259	3,755	45	6,059	18,066
Donated services	-	4,000	-	4,000	-	-	4,000	5,000
Other	3,630	1,317	671	5,618	3,606	94	9,318	12,980
<b>Total expenses</b>	<b>\$ 1,502,304</b>	<b>\$ 661,488</b>	<b>\$ 149,309</b>	<b>\$ 2,313,101</b>	<b>\$ 694,637</b>	<b>\$ 38,480</b>	<b>\$ 3,046,218</b>	<b>\$ 3,099,141</b>

**COMPASSPOINT NONPROFIT SERVICES**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2019 with Summarized Comparative Totals for 2018

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 640,127	\$ 81,213
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	68,037	81,397
Loss on disposal of equipment	-	361
Changes in operating assets and liabilities		
Grants receivable, net	(1,098,209)	583,743
Accounts receivable	3,004	36,571
Government contracts receivable	-	2,650
Inventory	-	4,317
Prepaid expenses	(23,399)	57,819
Accounts payable and accrued liabilities	103,925	(55,282)
Deferred rent	(35,068)	(30,078)
Deferred revenue	(46,274)	12,339
<b>Net cash (used in) provided by operating activities</b>	<b>(387,857)</b>	<b>775,050</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(1,677,108)	(400,420)
Proceeds from sale of investments	196,524	-
Purchase of equipment	(25,621)	-
<b>Net cash used in investing activities</b>	<b>(1,506,205)</b>	<b>(400,420)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,894,062)</b>	<b>374,630</b>
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<b>2,123,618</b>	<b>1,748,988</b>
<b>CASH AND CASH EQUIVALENTS - end of year</b>	<b>\$ 229,556</b>	<b>\$ 2,123,618</b>



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## COMPASSPOINT NONPROFIT SERVICES

### NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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#### 1. DESCRIPTION OF ORGANIZATION

CompassPoint Nonprofit Services (the "Organization") works shoulder to shoulder with leaders, nonprofit organizations, and movement networks as we build a more equitable world together. We are a national nonprofit leadership practice that believes that nonprofits are powerful vehicles for positive social change and that creating a world free of oppression means practicing liberation inside and out. Our primary areas of work include:

- Developing programming that nurtures technical skills while creating space, time, and community for leaders to explore emotional dimensions of leadership and examine critical issues of race, power, and privilege. We do this through our cohort leadership programs and consulting engagements that we co-design with our clients and partners.
- Creating exceptional learning experiences that increase participants' skills and prepare them to lead improvements in organizational practice. CompassPoint practitioners and key partners design and deliver roughly 125 public classes each year. The core content includes supervision and coaching skills, financial literacy, strategy development, and effective board service, among other subjects.
- Producing and curating content that informs and inspires leaders and capacity builders to consider and evolve their practice. Publishing regularly is essential to our practice because when we write, we make sense of what we are learning as we do this work, reading the work of others is essential to our own development as capacity builders, and because we have a platform from which to share great content with leaders across the country.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *Basis of Accounting*

The accompanying financial statements are prepared on the accrual basis of accounting. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

##### *Financial Statement Presentation*

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

##### *Without Donor Restrictions*

Net assets without donor restrictions represent net assets that are not subject to donor-imposed stipulations.

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**COMPASSPOINT NONPROFIT SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

***Financial Statement Presentation*** (continued)

*With Donor Restrictions*

Net assets with donor restrictions represent net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time and net assets to be held in perpetuity as directed by donors. The Organization currently has no assets held in perpetuity.

***Cash and Cash Equivalents***

The Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

***Investments***

Investments are stated at fair value based on quoted market prices. Gains and losses that result from market fluctuations are recognized in the period in which such fluctuation occurs in the statement of activities. Unrealized gains are included in the change in net assets in the accompanying statement of activities. Interest income is recorded when received by the Organization. Interest income is shown net of investment fees.

***Fair Value Measurements***

The Organization considers the use of market-based information over entity specific information in valuing its assets and liabilities valued at fair value, using a three-level hierarchy for fair value measurements, based on the nature of inputs used in the valuation of an asset or liability as of the measurement date.

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

- Level 1: Quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2: Observable inputs, other than quoted prices included within Level 1, for the asset or liability, either directly or indirectly through corroboration with observable market data (market corroborated inputs).
- 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.

Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

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**COMPASSPOINT NONPROFIT SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

***Grants and Accounts Receivable***

Grants receivable include 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. Grants receivable that are expected to be received in future years are discounted to the anticipated present value of future cash flows using a discount risk free rate. The Organization considers grants and accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

***Property and Equipment***

Property and equipment, if purchased, are recorded at cost or, if donated, at fair market value at the time of receipt. Furniture and equipment are depreciated over three to fifteen years, depending on their estimated useful lives on the straight-line basis. Website/database development costs are amortized over three to seven years depending on their estimated useful lives on the straight-line basis. Leasehold improvements are recorded at cost and amortized on the straight-line basis over the shorter of the estimated useful lives of the respective assets or remaining term on the lease. The Organization generally capitalizes assets with an original cost of over \$2,000. Costs for repairs and maintenance are expensed as incurred.

***Deferred Rent***

The Organization's office lease agreement provides for rent escalations during the lease term. The Organization records rent expense on a straight-line basis over the term of the lease. Accordingly, deferred rent is recorded to the extent that cumulative rent expense exceeds actual rent payments.

***Revenue Recognition***

***Contributions***

Grants and contributions revenue are evaluated under Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958), and are accounted for as nonreciprocal transactions. Unconditional contributions and grants received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and nature of any donor restrictions. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

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**COMPASSPOINT NONPROFIT SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

***Revenue Recognition*** (continued)

*Contributions* (continued)

Conditional contributions and grants are recognized only when the conditions they depend on are substantially met and contributions become unconditional. Grants and contributions to be received over more than one fiscal year are recorded at the present value of estimated future cash flows.

Management reviews the collectability of grants and contributions receivable and establishes reserves for uncollectible amounts when needed.

*In-Kind Donations*

Donated services are recognized at fair value when received if such services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. During the year ended December 31, 2019, the value of donated services included as in-kind donations in the accompanying financial statements was \$4,000, and consisted of workshop and conference instruction.

*Consumer Fees*

The Organization recognizes revenue generated from leadership programs, consulting, public events and workshops in the period when services are provided. Payments in advance for consulting, public events and workshops are reflected as deferred revenue in the statement of financial position.

***Functional Allocation of Expenses***

The costs of providing the various program services and supporting activities of the Organization are shown on the Statements of Activities and of Functional Expenses. Expenses that can be identified with a specific program or activity are allocated directly according to the function benefited. Certain costs, including occupancy, office supplies and others have been allocated among the program services and supporting activities benefited on a pro-rata basis based on the proportion of direct costs incurred by each program.

***Comparative Financial Information***

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

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**COMPASSPOINT NONPROFIT SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

***Income Taxes***

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code, Section 23701d. Accordingly, it has not provided for income taxes in these financial statements.

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 financial statements.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the functional allocation of expenses and collectability of receivables.

***Reclassifications***

Certain reclassifications have been made to prior year balances in order to conform to the current year presentation

***Recent Accounting Pronouncements***

The FASB issued Accounting Standards Update ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (“ASU 2014-09”). The new standard is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when products are transferred to customers. The new standard will be effective for the Organization for the year ending December 31, 2020. The Organization is currently evaluating the impact on its financial statements.

The FASB also issued ASU No. 2016-02, *Leases* (Topic 842) (“ASU 2016-02”) for lease accounting to increase transparency and comparability among companies by requiring the recognition of lease assets and lease liabilities by lessees. The new standard will be effective for the Organization for the year ending December 31, 2022, and early adoption is permitted. The Organization is currently evaluating the timing of its adoption and its impact on its financial statements

***Subsequent Events***

The Organization has evaluated subsequent events for potential recognition or disclosure through January 29, 2021, the date which the financial statements were available to be issued (refer to Note 13).

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**COMPASSPOINT NONPROFIT SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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**3. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT**

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). These amendments clarify and improve the scope and accounting guidance around contributions of cash and other assets received and made by all entities, including business entities. The amendments should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional or unconditional. The Organization adopted this pronouncement for the year ended December 31, 2019. The adoption of ASU 2018-08 on a modified prospective basis did not have a material effect on the Organization's financial position or results of operations.

**4. INVESTMENTS**

At December 31, 2019, investments consist of the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market funds	\$ 305,552	\$ -	\$ 305,552
Certificates of deposit	-	510,318	510,318
U.S. Treasury/agency securities	-	1,065,134	1,065,134
	<u>\$ 305,552</u>	<u>\$ 1,575,452</u>	<u>\$ 1,881,004</u>

There were no Level 3 investments at December 31, 2019.

**5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization receives significant contributions that are restricted by donors. Contributions, which are restricted for programs that are ongoing, major, and central to the Organization's annual operations, are deemed available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Of the \$2.9 million in donor restricted assets as of the year ended December 31, 2019, approximately \$1.9 million will be released in 2020 to cover general expenditures, including salaries and ongoing operating expenses. When this amount is included, along with available liquid assets at year end, the Organization has approximately 10 months worth of assets available to cover general expenditures.

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**COMPASSPOINT NONPROFIT SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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**5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)**

Financial assets at December 31, 2019:	
Cash and cash equivalents	\$ 229,556
Investments	1,881,004
Grants receivable	1,566,017
Accounts receivable	<u>4,389</u>
Total financial assets	3,680,966
Donor restricted assets not expected to used within one year	<u>(1,044,488)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,636,478</u>

**6. CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, investments and grants receivable. Risks associated with cash and cash equivalents are mitigated by banking with creditworthy institutions. Such balances with any one institution may, at times, be in excess of federally insured amounts (currently \$250,000 per depositor). Investments are secured up to the limit set by the Securities Investor Protection Corporation ("SIPC") (currently \$500,000 per depositor). At December 31, 2019, the Organization held investments in excess of the SIPC insurance limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

At December 31, 2019, 94% of the total grants receivable were from one grantor. Total revenue from one grantor made up 70% of the total revenue and support for the year ended December 31, 2019.

**7. GRANTS RECEIVABLE**

At December 31, 2019, grants receivable consist of the following:

Receivable in less than one year	\$ 839,954
Receivable in one to five years	<u>750,000</u>
Total grants receivable	1,589,954
Unamortized discount	<u>(23,937)</u>
Grants receivable, net	<u>\$ 1,566,017</u>

The Organization used a discount rate of 2.46% based on the daily treasury yield rate at the grant date.

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**COMPASSPOINT NONPROFIT SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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**8. PROPERTY AND EQUIPMENT**

Property and equipment consist of:

Furniture and equipment	\$ 685,269
Leasehold improvements	13,622
	<hr/> 698,891
Less: accumulated depreciation	(618,342)
	<hr/> 80,549
Website/database development costs	47,272
Less: accumulated amortization	(42,547)
	<hr/> 4,725
Property and equipment - net	<hr/> <u>\$ 85,274</u>

Depreciation and amortization expense for the year ended December 31, 2019 was \$68,037.

**9. LINE OF CREDIT**

The Organization had a \$200,000 revolving line of credit with a bank which expired in September 2019. The line was not utilized during 2019. The Organization is in the process of reestablishing the line of credit with the bank as of January 29, 2021, the date which the financial statements were available to be issued.

**10. COMMITMENTS AND CONTINGENCIES**

***Facilities and Equipment Leases***

The Organization has an office lease agreement with monthly payments of \$23,285, which expired in July 2020. Subsequent to year end, the Organization entered into an amended lease agreement which extended the lease term for an additional year with monthly payments of \$24,412. The Organization also has an equipment lease that was extended from an original expiration date of May 2020 to March 2023 with monthly payments of \$1,476.

The future minimum lease payments required under these leases are as follows:

**Year ending December 31,**

2020	\$ 295,580
2021	164,182
2022	17,712
2023	3,690
	<hr/> <u>\$ 481,164</u>

For the year ended December 31, 2019, total rent expense under these leases was \$272,716.



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**COMPASSPOINT NONPROFIT SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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**11. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at December 31, 2019 have the following purpose and time restrictions:

Subject to expenditure for specific purposes:

Diverse Emerging Environmental Leaders Initiative	\$ 925,602
Leadership Development for Emerging Reproductive Health Leaders	216,949
Organizational Equity Leadership Development Program	113,328
Next Generation Leadership of Color Leadership Development - Inland Regi	65,880
Public Training Program	5,000
	<u>1,326,759</u>

Subject to passage of time:

Time restricted - general support releases in 2020	841,667
Time restricted - general support releases in 2021	776,062
	<u>1,617,729</u>
	<u>\$ 2,944,488</u>

For the year ended December 31, 2019, net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

Time restricted - general support	\$ 808,333
Diverse Emerging Environmental Leaders Initiative	790,022
Leadership Development for Emerging Reproductive Health Leaders	346,503
Next Generation Leadership of Color Leadership Development - Inland Region	193,371
Organizational Equity Leadership Development Program	111,672
Network Weaving Learning Lab & Feasibility Study	44,907
Public Training Program	24,333
Fundraising Bright Spots	9,094
Self Card for Black Women Leaders	5,000
	<u>\$ 2,333,235</u>

**12. RETIREMENT PLAN**

The Organization sponsors a defined contribution 401(k) plan (the "Plan") for all eligible employees. All employees who have completed a 90-day period of employment and are twenty-one years of age or older are eligible to participate and may make elective deferrals up to the maximum amounts allowed by the Internal Revenue Service. The Organization does not make matching contributions to the Plan.

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**COMPASSPOINT NONPROFIT SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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**13. SUBSEQUENT EVENTS**

On March 11, 2020, the World Health Organization declared the novel coronavirus ("COVID-19") outbreak a pandemic. The worldwide spread of COVID-19 has resulted in a global slowdown of economic activity. As a result, The Organization may experience negative impacts to the results of its operations and its financial position. Currently, there is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. In response, the Organization obtained a note payable from a bank under the Coronavirus, Relief and Economic Security Act Paycheck Protection Program (the "Act") in the amount \$328,830 in April 2020. As provided for in the Act, the Organization applied for and received forgiveness of the note in December 2020 by using the proceeds of the note for qualified costs and maintaining employee headcount and salaries during the forgiveness period.

The Organization experienced a 15% reduction in revenue overall in 2020 compared to calendar year 2019 due to the impact of the pandemic. In 2020, The Organization has preliminarily recorded a net operating loss of \$354,000, much of which was offset by a donor-approved reclassification of \$363,000 in restricted net assets to unrestricted. Therefore, the year ended with a slight increase to overall unrestricted net assets. The Organization plans to break even in operating income and expenses for 2021 as well due to decreased expense and potential revenue and payroll tax credits from government relief programs. At the time of this issuance, The Organization expects to have retained \$550,000 in liquid unrestricted net assets as of December 31, 2021. Any additional impact on the operations and financial position of the Organization cannot be reasonably estimated at this time.