

CompassPoint Nonprofit Services

Financial Statements

December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
CompassPoint Nonprofit Services

Opinion

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the CompassPoint Nonprofit Services 2020 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated August 20, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BAKER TILLY US, LLP

San Francisco, California
June 30, 2022

COMPASSPOINT NONPROFIT SERVICES
STATEMENT OF FINANCIAL POSITION
December 31, 2021 with Summarized Comparative Totals for 2020

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 4,610,560	\$ 991,844
Receivables		
Grants receivable - net	215,100	759,139
Accounts receivable	1,271	32,732
Other	-	80,000
Prepaid expenses	36,590	62,809
Deposits	-	23,701
	4,863,521	1,950,225
Property and Equipment - net	16,790	50,799
Grants Receivable - net of current portion	35,000	-
Total assets	\$ 4,915,311	\$ 2,001,024
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 236,345	\$ 234,001
Deferred revenue	145,952	76,179
Paycheck Protection Program loan - current portion	52,873	-
	435,170	310,180
Noncurrent Liabilities		
Paycheck Protection Program loan - net of current portion	292,467	-
Total liabilities	727,637	310,180
Net Assets		
Without donor restrictions	3,559,889	669,325
With donor restrictions	627,785	1,021,519
	4,187,674	1,690,844
Total liabilities and net assets	\$ 4,915,311	\$ 2,001,024

COMPASSPOINT NONPROFIT SERVICES
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021 with Summarized Comparative Totals for 2020

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Support				
Foundations	\$ 3,231,000	\$ 803,361	\$ 4,034,361	\$ 558,576
Individuals	2,633	-	2,633	22,814
In-kind donations	16,752	-	16,752	11,168
Total support	<u>3,250,385</u>	<u>803,361</u>	<u>4,053,746</u>	<u>592,558</u>
Revenue				
Contracts	144,188	-	144,188	106,331
Workshops	602,213	-	602,213	171,279
Total revenue	<u>746,401</u>	<u>-</u>	<u>746,401</u>	<u>277,610</u>
Net assets released from restrictions	1,197,095	(1,197,095)	-	-
Total support and revenue	<u>5,193,881</u>	<u>(393,734)</u>	<u>4,800,147</u>	<u>870,168</u>
EXPENSES				
Program services	1,634,072	-	1,634,072	1,875,956
Management and general	645,736	-	645,736	809,674
Fundraising	29,662	-	29,662	58,888
Total expenses	<u>2,309,470</u>	<u>-</u>	<u>2,309,470</u>	<u>2,744,518</u>
Change in net assets from operations	<u>2,884,411</u>	<u>(393,734)</u>	<u>2,490,677</u>	<u>(1,874,350)</u>
OTHER REVENUES AND LOSSES				
Loss on disposal of property and equipment	(5,120)	-	(5,120)	-
Interest income	1,369	-	1,369	11,167
Paycheck Protection Program loan forgiveness income	-	-	-	323,830
Loss on return of grant	-	-	-	(300,000)
Other income	9,904	-	9,904	6,801
Total other revenues and losses	<u>6,153</u>	<u>-</u>	<u>6,153</u>	<u>41,798</u>
CHANGE IN NET ASSETS	<u>2,890,564</u>	<u>(393,734)</u>	<u>2,496,830</u>	<u>(1,832,552)</u>
NET ASSETS - beginning of year	<u>669,325</u>	<u>1,021,519</u>	<u>1,690,844</u>	<u>3,523,396</u>
NET ASSETS - end of year	<u>\$ 3,559,889</u>	<u>\$ 627,785</u>	<u>\$ 4,187,674</u>	<u>\$ 1,690,844</u>

COMPASSPOINT NONPROFIT SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021 with Summarized Comparative Totals for 2020

	2021						2020	
	Program Services			Total Program Services	Management and General	Fundraising	Total	Total
Leadership Programs and Organizational Contracts	Public Events and Workshops	Publishing and Community Influence						
Salaries and employee benefits	\$ 286,377	\$ 875,376	\$ 123,612	\$ 1,285,365	\$ 464,665	\$ 24,663	\$ 1,774,693	\$ 1,925,961
Occupancy	30,182	87,594	13,050	130,826	46,131	2,557	179,514	302,547
Organizational contracting	30,069	17,419	2,297	49,785	34,894	450	85,129	201,246
Professional services	6,641	15,782	2,717	25,140	54,419	444	80,003	76,821
Printing and publication	7,216	20,942	3,120	31,278	11,029	611	42,918	21,052
Meetings and conferences	6,582	22,431	907	29,920	2,527	140	32,587	22,277
Depreciation and amortization	5,652	16,832	2,492	24,976	3,963	220	29,159	45,173
Bank service fees	-	21,469	-	21,469	1,489	25	22,983	10,859
Donated services	-	-	-	-	16,752	-	16,752	11,168
Insurance	1,262	3,662	546	5,470	5,149	107	10,726	11,892
Supplies	1,539	4,459	218	6,216	1,749	43	8,008	18,124
Travel and reimbursement	1,580	27	306	1,913	94	-	2,007	4,523
Equipment rental and maintenance	247	856	107	1,210	378	21	1,609	3,811
Grants to others	-	-	-	-	-	-	-	78,000
Other	5,500	13,059	1,945	20,504	2,497	381	23,382	11,064
Total expenses	\$ 382,847	\$ 1,099,908	\$ 151,317	\$ 1,634,072	\$ 645,736	\$ 29,662	\$ 2,309,470	\$ 2,744,518

COMPASSPOINT NONPROFIT SERVICES
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021 with Summarized Comparative Totals for 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,496,830	\$ (1,832,552)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	29,159	45,173
Loss on disposal of fixed assets	5,120	-
Paycheck Protection Program loan forgiveness income	-	(323,830)
Loss on return of restricted grant	-	300,000
Changes in operating assets and liabilities		
Grants receivable - net	509,039	506,878
Accounts receivable	31,461	(28,343)
Other receivables	80,000	(80,000)
Prepaid expenses	26,219	6,291
Deposits	23,701	-
Accounts payable and accrued liabilities	2,344	(9,132)
Deferred rent	-	(18,465)
Deferred revenue	69,773	2,132
Net cash provided by (used in) operating activities	3,273,646	(1,431,848)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from disposal of fixed assets	960	-
Purchase of equipment	(1,230)	(10,698)
Purchases of investments	-	(13,973)
Proceeds from sale of investments	-	1,589,473
Net cash (used in) provided by investing activities	(270)	1,564,802
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	345,340	323,830
Net cash provided by financing activities	345,340	323,830
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,618,716	456,784
CASH AND CASH EQUIVALENTS - beginning of year	991,844	535,060
CASH AND CASH EQUIVALENTS - end of year	\$ 4,610,560	\$ 991,844

COMPASSPOINT NONPROFIT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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 60 public classes each year. The core content includes supervision and coaching skills, financial management, fund development, and conflict resolution 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 in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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.

COMPASSPOINT NONPROFIT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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.

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.

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.

COMPASSPOINT NONPROFIT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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, 2021, the value of donated services included as in-kind donations in the accompanying financial statements was \$16,752, and consisted of a donated license for the accounting system.

Contracts and Workshops

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

Revenue from contracts includes revenue from consulting services and coaching sessions and is recognized when performance obligations under the terms of the contracts with the customers are satisfied. The contract generally consists of a combination of written agreements and invoices. The performance obligation represents performance of a contractually agreed-upon task, which may include consulting services and coaching sessions. Time and expense arrangements require the customer to pay based on the numbers of hours worked at contractually agreed-upon rates. The Organization recognizes revenue for these arrangements based on hours incurred and contracted rates utilizing the right-to-invoice practical expedient because the Organization has a right to consideration for services completed to date.

Revenue from workshops is recognized when the related services are provided. The performance obligation includes registration and training sessions on a specific date and time. The transaction price is fixed, and the amount is identified on the Organization's workshop fee schedule and standard pricing model. Discounts are established upfront and do not contain variable consideration. There are no significant financing components.

The Organization offers a ten-business day cancellation policy after registration in which guests can cancel for a full refund. After this time has expired, a cancellation fee may be charged in accordance with the Organization's terms and conditions.

COMPASSPOINT NONPROFIT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Contracts and Workshops (continued)

Revenue for contracts where customers receive benefit throughout the term of the contract are recognized over time. Revenue for all other contracts are recognized at a point-in-time. For the year ended December 31, 2021, the contract revenues recognized over time amounted to \$38,688, and contract revenues recognized at a point-in-time amounted to \$707,713.

Revenue for workshops is recognized at a point-in-time after the workshop takes place.

Payments in advance for consumer fees 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, 2020, from which the summarized information was derived.

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.

COMPASSPOINT NONPROFIT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Recent Accounting Pronouncements

During February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases* (Topic 842). ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the statement of financial position. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. FASB has issued subsequent standards that deferred the implementation date. Topic 842 (as amended) is effective for annual periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

During September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021.

The Organization is currently evaluating the impact of these standards on its financial statements.

Subsequent Events

The Organization has evaluated subsequent events for potential recognition or disclosure through June 30, 2022, the date which the financial statements were available to be issued.

COMPASSPOINT NONPROFIT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

3. 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 \$627,785 in donor restricted net assets as of the year ended December 31, 2021, approximately \$386,000 is expected to be released in 2022 to cover general expenditures, including salaries and ongoing operating expenses.

Financial assets at December 31, 2021:	
Cash and cash equivalents	\$ 4,610,560
Receivables	
Grants receivable, net	250,100
Accounts receivable	<u>1,271</u>
Total financial assets	4,861,931
Donor restricted assets not expected to be used within one year	<u>(235,000)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 4,626,931</u>

4. CONCENTRATIONS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents 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). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

At December 31, 2021, 99.9% of the total grants receivable were from two grantors. Total revenue from two grantors made up 84% of the total support for the year ended December 31, 2021.

COMPASSPOINT NONPROFIT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

5. GRANTS RECEIVABLE

At December 31, 2021, grants receivable consists of the following:

Receivable in less than one year	\$ 215,100
Receivable in one to five years	<u>35,000</u>
Grants receivable, net	<u>\$ 250,100</u>

At December 31, 2021, the discount to present value for contributions expected to be received in more than one year was considered immaterial to the financial statements.

6. EMPLOYEE RETENTION CREDIT

The Employee Retention Credit (ERC), which was included as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and amended by the Consolidated Appropriations Act (CAA), the American Rescue Plan Act (ARPA), and the Infrastructure Investment and Jobs Act (IIJA), incentivizes employers severely impacted by the COVID-19 pandemic to retain their employees when they might otherwise find it difficult to do so. The fully refundable tax credit is allowed against the employer's share of employment taxes for qualified wages paid after March 12, 2020 and before October 1, 2021. Credits in excess of the tax amounts paid by an employer are treated as overpayments and are also refunded to the employer. The ERC is calculated as a percentage of qualified wages (as defined in the CARES Act, as amended) paid by an eligible employer. The Organization qualified for the ERC as it experienced a significant decline in gross receipts for 2021, defined as a 20% decline in gross receipts when compared to the same quarter in 2019. The Organization averaged less than 100 full-time employees (FTEs) during 2019, therefore, it was considered a small employer during 2020 and 2021. As a small employer, all of the Organization's otherwise qualified wages were eligible for the ERC. For 2021, the ERC equaled 70 percent of an employee's qualified wages up to \$10,000 per employee per calendar quarter with a maximum annual credit of \$21,000 for each employee. Accordingly, the Organization has recorded a reduction of \$122,971 expense within the salaries and employee benefits line item in its statement of functional expenses for the year ended December 31, 2021.

COMPASSPOINT NONPROFIT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

7. PROPERTY AND EQUIPMENT

Property and equipment consist of:

Furniture and equipment	\$ 317,298
Leasehold improvements	13,622
	<u>330,920</u>
Less: accumulated depreciation	(315,202)
	<u>15,718</u>
Website/database development costs	47,272
Less: accumulated amortization	(46,200)
	<u>1,072</u>
Property and equipment - net	<u>\$ 16,790</u>

8. PAYCHECK PROTECTION PROGRAM

On February 8, 2021, the Organization received loan proceeds in the amount of \$345,340 under the second draw of Paycheck Protection Program (PPP) which was established as part of the CARES Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. Any unforgiven portion is payable over 2 years if issued before, or 5 years if issued after, June 5, 2020 at an interest rate of 1% with payments deferred until the SBA remits the borrower's loan forgiveness amount to the lender, or, if the borrower does not apply for forgiveness, ten months after the end of the covered period. The Organization may request to repay the loan over five years and the request is subject to the approval of the lender. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties.

The Organization met the PPP's loan forgiveness requirements, and therefore, applied for forgiveness in October 2021. When legal release is received, the Organization will record the amount forgiven as forgiveness income within its statement of activities.

On January 21, 2022, the Organization received legal release from the SBA, and therefore, will record the amount forgiven, \$345,340, as forgiveness income in its 2022 statement of activities.

COMPASSPOINT NONPROFIT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

8. PAYCHECK PROTECTION PROGRAM (continued)

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request. Total PPP loans received under the program amounted to \$669,170.

9. LINE OF CREDIT

The Organization had a \$200,000 revolving line of credit with a bank which expired in September 2021. The line was not utilized during 2021. In October 2021, the Organization reestablished the line of credit with the bank. The expiration of the new line of credit is September 2023.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2021 have the following purpose and time restrictions:

Subject to expenditure for specific purposes:	
Organizational Equity	\$ 265,000
Racial Equity	200,000
Black Community Cultivation	45,000
MERI Mindfulness	13,500
Listen4Good	4,285
Subject to passage of time:	
Time restricted - general support releases in 2022	<u>100,000</u>
	<u>\$ 627,785</u>

For the year ended December 31, 2021, 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	\$ 1,002,083
Leadership Development for Emerging Reproductive Health Leaders	184,940
Listen4Good	8,572
MERI Mindfulness	<u>1,500</u>
	<u>\$ 1,197,095</u>

COMPASSPOINT NONPROFIT SERVICES
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

11. 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. There are no contributions made during the year ended December 31, 2021.