

CompassPoint Nonprofit Services

Financial Statements

December 31, 2022

CompassPoint Nonprofit Services

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Independent Auditors' 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, 2022, 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, 2022, 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 2021 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated June 30, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



San Francisco, California
July 12, 2023

CompassPoint Nonprofit Services

Statement of Financial Position

December 31, 2022 (With Summarized Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 5,071,451	\$ 4,610,560
Receivables:		
Grants receivable, net	1,035,600	215,100
Accounts receivable	26,188	1,271
Prepaid expenses	61,049	36,590
Deposits and other assets	1,836	-
	<u>6,196,124</u>	<u>4,863,521</u>
Total current assets		
	6,196,124	4,863,521
Property and Equipment, Net	19,746	16,790
Grants Receivable, Net of Current Portion	-	35,000
	<u>-</u>	<u>35,000</u>
Total assets	<u>\$ 6,215,870</u>	<u>\$ 4,915,311</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 99,813	\$ 93,895
Accrued payroll and vacation	168,890	142,450
Deferred revenue	167,532	145,952
Paycheck Protection Program loan, current portion	-	52,873
	<u>436,235</u>	<u>435,170</u>
Total current liabilities		
	436,235	435,170
Noncurrent Liabilities		
Paycheck Protection Program loan, net of current portion	-	292,467
	<u>-</u>	<u>292,467</u>
Total liabilities	<u>436,235</u>	<u>727,637</u>
Net Assets		
Without donor restrictions	3,886,372	3,559,889
With donor restrictions	1,893,263	627,785
	<u>5,779,635</u>	<u>4,187,674</u>
Total net assets		
	5,779,635	4,187,674
Total liabilities and net assets	<u>\$ 6,215,870</u>	<u>\$ 4,915,311</u>

See notes to financial statements

CompassPoint Nonprofit Services

Statement of Activities

Year Ended December 31, 2022 (With Summarized Comparative Totals for 2021)

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenue				
Support:				
Foundations	\$ 472,000	\$ 2,900,000	\$ 3,372,000	\$ 4,034,361
Individuals	4,625	-	4,625	2,633
Contributed nonfinancial assets	16,752	-	16,752	16,752
Total support	<u>493,377</u>	<u>2,900,000</u>	<u>3,393,377</u>	<u>4,053,746</u>
Revenue:				
Contracts	89,250	-	89,250	144,188
Workshops	541,840	-	541,840	602,213
Total revenue	<u>631,090</u>	<u>-</u>	<u>631,090</u>	<u>746,401</u>
Net assets released from restrictions	<u>1,634,522</u>	<u>(1,634,522)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,758,989</u>	<u>1,265,478</u>	<u>4,024,467</u>	<u>4,800,147</u>
Expenses				
Program services	2,137,589	-	2,137,589	1,634,072
Management and general	676,623	-	676,623	645,736
Fundraising	24,751	-	24,751	29,662
Total expenses	<u>2,838,963</u>	<u>-</u>	<u>2,838,963</u>	<u>2,309,470</u>
Change in net assets from operations	<u>(79,974)</u>	<u>1,265,478</u>	<u>1,185,504</u>	<u>2,490,677</u>
Other Revenues and Losses				
Loss on disposal of property and equipment	-	-	-	(5,120)
Interest income	55,585	-	55,585	1,369
Paycheck Protection Program loan forgiveness income	345,340	-	345,340	-
Other income	5,532	-	5,532	9,904
Change In net assets	<u>406,457</u>	<u>-</u>	<u>406,457</u>	<u>6,153</u>
Change In net assets	<u>326,483</u>	<u>1,265,478</u>	<u>1,591,961</u>	<u>2,496,830</u>
Net Assets, Beginning	<u>3,559,889</u>	<u>627,785</u>	<u>4,187,674</u>	<u>1,690,844</u>
Net Assets, Ending	<u>\$ 3,886,372</u>	<u>\$ 1,893,263</u>	<u>\$ 5,779,635</u>	<u>\$ 4,187,674</u>

See notes to financial statements

CompassPoint Nonprofit Services

Statement of Functional Expenses

Year Ended December 31, 2022 (With Summarized Comparative Totals for 2021)

	2022			2021				
	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	\$ 640,650	\$ 945,690	\$ 251,282	\$ 1,837,622	\$ 520,143	\$ 22,980	\$ 2,380,745	\$ 1,774,693
Organizational contracting	21,815	32,642	6,664	61,121	57,110	354	118,585	85,129
Professional services	11,405	16,289	5,835	33,529	56,476	358	90,363	80,003
Meetings and conferences	63,007	9,271	2,909	75,187	4,707	177	80,071	32,587
Travel and reimbursement	33,105	3,739	1,039	37,883	1,809	89	39,781	2,007
Supplies, furniture, and equipment	11,259	5,041	1,401	17,701	5,434	121	23,256	9,617
Organizational gifts and sponsorships	5,620	8,165	4,769	18,554	3,874	197	22,625	-
Bank service fees	11	21,598	5	21,614	138	159	21,911	22,983
Depreciation and amortization	5,169	7,493	2,067	14,729	1,981	101	16,811	29,159
Donated services	-	-	-	-	16,752	-	16,752	16,752
Insurance	1,875	2,724	757	5,356	4,902	66	10,324	10,726
Occupancy	2,558	3,716	1,033	7,307	1,763	89	9,159	179,514
Printing and publication	1,570	84	23	1,677	8	-	1,685	42,918
Other	1,701	2,471	1,137	5,309	1,526	60	6,895	23,382
Total expenses	\$ 799,745	\$ 1,058,923	\$ 278,921	\$ 2,137,589	\$ 676,623	\$ 24,751	\$ 2,838,963	\$ 2,309,470

See notes to financial statements

CompassPoint Nonprofit Services

Statement of Cash Flows

Year Ended December 31, 2022 (With Summarized Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 1,591,961	\$ 2,496,830
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	16,811	29,159
Loss on disposal of fixed assets	-	5,120
Paycheck Protection Program loan forgiveness income	(345,340)	-
Changes in operating assets and liabilities:		
Grants receivable, net	(785,500)	509,039
Accounts receivable	(24,917)	31,461
Other receivables	-	80,000
Prepaid expenses	(24,459)	26,219
Deposits and other assets	(1,836)	23,701
Accounts payable and accrued liabilities	5,918	15,703
Accrued payroll and vacation	26,440	(13,359)
Deferred revenue	21,580	69,773
Net cash provided by operating activities	<u>480,658</u>	<u>3,273,646</u>
Cash Flows From Investing Activities		
Proceeds from disposal of fixed assets	-	960
Purchase of equipment	(19,767)	(1,230)
Net cash used in investing activities	<u>(19,767)</u>	<u>(270)</u>
Cash Flows From Financing Activities		
Proceeds from Paycheck Protection Program loan	-	345,340
Net cash provided by financing activities	<u>-</u>	<u>345,340</u>
Net change in cash and cash equivalents	460,891	3,618,716
Cash and Cash Equivalents, Beginning	<u>4,610,560</u>	<u>991,844</u>
Cash and Cash Equivalents, Ending	<u>\$ 5,071,451</u>	<u>\$ 4,610,560</u>
Supplemental Disclosure of Noncash Financing Activities		
PPP loan forgiveness	<u>\$ 345,340</u>	<u>\$ -</u>

See notes to financial statements

CompassPoint Nonprofit Services

Notes to Financial Statements

December 31, 2022

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. The Organization practitioners and key partners design and deliver regular offerings of public workshops. 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:

Net Assets Without Donor Restrictions - Net assets without donor restrictions represent net assets that are not subject to donor-imposed stipulations. The Organization's Board of Directors may designate net assets without restrictions for a specific purpose. At December 31, 2022, there were no board designated net assets without donor restrictions.

Net Assets 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.

CompassPoint Nonprofit Services

Notes to Financial Statements

December 31, 2022

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 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.

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.

Contributed Nonfinancial Assets

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, 2022, the value of donated services included as contributed nonfinancial assets in the accompanying financial statements was \$16,752 and consisted of a donated license for the accounting system.

CompassPoint Nonprofit Services

Notes to Financial Statements

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Contracts and Workshops

Revenue recognition for the Organization's contracts are 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.

Revenue for contracts where customers receive benefit throughout the term of the contract are recognized over time. Revenue for workshops and all other contracts are recognized at a point-in-time after the service has been delivered. For the year ended December 31, 2022, the contract revenues recognized over time amounted to \$21,250, and contract revenues recognized at a point-in-time amounted to \$609,840.

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 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, 2021, from which the summarized information was derived.

CompassPoint Nonprofit Services

Notes to Financial Statements

December 31, 2022

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.

Recently Issued Accounting Standards

During June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. The FASB has issued subsequent standards to clarify, correct errors in or improve the guidance. ASU No. 2016-13 (as amended) will be effective for the Organization for the year ending December 31, 2023. Early adoption is permitted. The Organization is currently evaluating the timing of its adoption of ASU No. 2016-13 (as amended) and its impact on its financial statements.

Subsequent Events

The Organization has evaluated subsequent events for potential recognition or disclosure through July 12, 2023, the date which the financial statements were available to be issued.

3. New Accounting Pronouncements

During 2022, the Organization adopted Accounting Standards Update No. 2020-07, *Not-for-Profit Entities (Topic 958) 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 adoption of ASU No. 2020-07 did not have a material impact on the Organization's financial statements.

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, 2022, and interim periods within fiscal years beginning after December 15, 2022. The adoption of ASU No. 2016-02 did not have a material impact on the Organization's financial statements.

CompassPoint Nonprofit Services

Notes to Financial Statements

December 31, 2022

4. 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 \$1,893,263 in donor restricted net assets as of the year ended December 31, 2022, approximately \$1,000,000 is expected to be released in 2023 to cover general expenditures, including salaries and ongoing operating expenses.

Financial assets at December 31, 2022:	
Cash and cash equivalents	\$ 5,071,451
Receivables	
Grants receivable, net	1,035,600
Accounts receivable	<u>26,188</u>
Total financial assets	6,133,239
Donor restricted assets not expected to be used within one year	<u>(12,704)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 6,120,535</u>

5. 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, 2022, 97% of the total grants receivable were from one grantor. Total revenue from two grantors made up 79% of the total support for the year ended December 31, 2022.

6. Grants Receivable

At December 31, 2022, grants receivable consists of the \$1,035,600, due in less than one year.

CompassPoint Nonprofit Services

Notes to Financial Statements

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7. Property and Equipment

Property and equipment consist of:

Furniture and equipment	\$ 346,851
Less accumulated depreciation	<u>(327,105)</u>
	<u>19,746</u>
Website/database development costs	47,272
Less accumulated amortization	<u>(47,272)</u>
	<u>-</u>
Property and equipment, net	<u>\$ 19,746</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. On January 21, 2022, the Organization received legal release from the SBA, and therefore, recorded amount forgiven, \$345,340, as forgiveness income in its 2022 statement of activities.

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 expires in September 2023. The line was not utilized during 2022.

CompassPoint Nonprofit Services

Notes to Financial Statements

December 31, 2022

10. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2022 have the following purpose and time restrictions:

Subject to expenditure for specific purposes	
HIVE leadership program	\$ 540,103
Racial equity	200,000
Organizational equity	65,160
Public training	88,000
Subject to passage of time	
Time restricted, general support releases in 2023	<u>1,000,000</u>
	<u>\$ 1,893,263</u>

For the year ended December 31, 2022, 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	\$ 1,115,000
HIVE leadership program	109,897
MERI Mindfulness	13,500
Black community cultivation	45,000
Organizational equity	184,839
Listen4Good	4,286
Self-care for Black women leaders program	150,000
Public training	<u>12,000</u>
	<u>\$ 1,634,522</u>

11. Retirement Plan

The Organization sponsors a defined contribution 401(k) plan and 401(k) Roth (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 contributes to eligible employees based on a profit sharing contributions. For the year ended December 31, 2022, contributions were \$10,015.