SUSTAINABLE CONSERVATION

FINANCIAL STATEMENTS

December 31, 2020

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2019)

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

SUSTAINABLE CONSERVATION

Contents

CROSBY & KANEDA

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Sustainable Conservation
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of Sustainable Conservation, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, cash flows and functional expenses 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 Sustainable Conservation as of December 31, 2020, 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 Sustainable Conservation's December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 11, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crosby & Kaneda CPAs LLP

Oakland, California
May 21, 2021

SUSTAINABLE CONSERVATION

Statement of Financial Position
December 31, 2020
(With Comparative Totals as of December 31, 2019)

	2020	2019
Assets		
Assets		
Cash and cash equivalents	$ 1,023,281	$ 574,436
Investments (Note 3)	1,980,718	1,906,163
Contributions receivable, net (Note 5)	863,636	1,494,636
Accounts receivable	148,229	362,038
Prepaid expenses and deposits	98,452	108,770
Property and equipment, net (Note 6)	28,486	39,172
Investments - endowment (Note 3)	1,642,331	1,538,100
Total Assets	$ 5,785,133	$ 6,023,315
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 174,008	$ 387,966
Accrued paid time off (Note 9)	183,892	148,489
Deferred revenue	20,000	7,500
Deferred rent liability	64,428	1,079
Total Liabilities	442,328	545,034
Net Assets		
Without donor restrictions	2,632,984	1,504,932
With donor restrictions (Note 10)	2,709,821	3,973,349
Total Net Assets	5,342,805	5,478,281
Total Liabilities and Net Assets	$ 5,785,133	$ 6,023,315

SUSTAINABLE CONSERVATION

Statement of Activities
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
Support and Revenue				
Support				
Foundation and community	$ 651,753	$ 1,397,500	$ 2,049,253	$ 3,152,587
Contributions	1,159,801	331,461	1,491,262	2,831,921
Government	283,998		283,998	503,936
Paycheck Protection Program (Note 12)		569,500	569,500	-
In-kind contributions (Note 13)	19,988		19,988	11,198
Total Support	2,115,540	2,298,461	4,414,001	6,499,642
Revenue				
Client services	164,807		164,807	225,139
Interest and other	14,606		14,606	15,680
Total Revenue	179,413	-	179,413	240,819
Support provided by expiring time and purpose restrictions	3,666,220	(3,666,220)	-	-
Endowment appropriation (Note 11)	70,000	(70,000)		-
Total Support and Revenue	6,031,173	(1,437,759)	4,593,414	6,740,461
Expenses				
Program	3,300,335		3,300,335	3,349,998
Management and general	600,467		600,467	579,796
Fundraising	1,007,461		1,007,461	1,015,812
Total Expenses	4,908,263	-	4,908,263	4,945,606
Change in Net Assets from operations	1,122,910	(1,437,759)	(314,849)	1,794,855
Investment activity, net (Note 3)	5,142	174,231	179,373	241,798
Change in Net Assets	1,128,052	(1,263,528)	(135,476)	2,036,653
Net Assets, beginning of year	1,504,932	3,973,349	5,478,281	3,441,628
Net Assets, end of year	$ 2,632,984	$ 2,709,821	$ 5,342,805	$ 5,478,281

SUSTAINABLE CONSERVATION

Statement of Cash Flows
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	2020	2019
Cash flows from operating activities		
Change in net assets	$ (135,476)	$ 2,036,653
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	16,436	32,118
Loss on disposition of equipment	-	28,817
Investment activity, net	(179,373)	(241,798)
Donated stock	(69,413)	-
Change in assets and liabilities:		
Contributions receivable, net	631,000	(993,522)
Accounts receivable	213,809	(296,917)
Prepaid expenses and deposits	10,318	(22,559)
Accounts payable and accrued expenses	(213,958)	282,917
Accrued paid time off	35,403	(3,804)
Deferred revenue	12,500	7,500
Deferred rent liability	63,349	(12,411)
Net cash provided (used) by operating activities	384,595	816,994
Cash flows from investing activities		
Purchase of fixed assets	(5,750)	-
Proceeds from investments - endowment	70,000	70,812
Net cash provided (used) by investing activities	64,250	70,812
Net change in cash and cash equivalents	448,845	887,806
Cash and cash equivalents, beginning of year	574,436	1,592,793
Cash and cash equivalents, end of year	$ 1,023,281	$ 574,436
Supplemental Information		
Donated stock	$ 69,413	$ -

SUSTAINABLE CONSERVATION

Statement of Functional Expenses
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	Program	Management and General	Fundraising	Total 2020	Total 2019
Salaries	$ 1,546,077	$ 350,690	$ 606,526	$ 2,503,293	$ 2,473,882
Retirement contributions	71,985	14,131	28,893	115,009	117,471
Other employee benefits	224,149	45,568	90,039	359,756	368,310
Payroll taxes	115,208	22,675	46,519	184,402	190,328
Total Personnel	1,957,419	433,064	771,977	3,162,460	3,149,991
Technical and research consulting	952,996	-	-	952,996	842,348
Other fees for service	75,658	69,024	57,879	202,561	297,067
Advertising and promotion	1,418	-	-	1,418	5,805
Supplies and office expenses	43,147	6,538	37,621	87,306	86,400
Occupancy	202,142	45,614	93,767	341,523	288,935
Travel and meals	8,824	1,018	2,355	12,197	68,088
Information technology	35,810	27,608	27,836	91,254	56,363
Conferences and meetings	-	8,119	14,254	22,373	75,989
Depreciation	16,436	-	-	16,436	32,118
Insurance	6,485	9,482	1,772	17,739	13,685
Loss on disposition of equipment	-	-	-	-	28,817
Total Expenses	$ 3,300,335	$ 600,467	$ 1,007,461	$ 4,908,263	$ 4,945,606

NOTE 1: NATURE OF ACTIVITIES

Sustainable Conservation (the Organization) helps California thrive by uniting people to solve the toughest challenges facing our land, air, and water. Every day, the Organization brings together businesses, landowners and the government to steward the resources that we all depend on in ways that are just and make economic sense.

The Organization currently drives collaborative solutions to meet the water needs of California's environment, people, and economy for current and future generations. The Organization currently focuses on advancing sustainable groundwater management, helping the California dairy industry address water quality and quantity concerns, and accelerating the stewardship of natural and working lands and waterways.

The Organization has offices in San Francisco and Modesto, California and supports its activities primarily through public and private grants and contributions.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

The Organization's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor-imposed restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments, if any, increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Accounts Receivable

Accounts receivable consisted of contracts receivable and other minor receivables such as interest receivables and/or employee advanced. Such amounts are primarily unsecured non-interest-bearing amounts due from grantors or other funders from cost reimbursement or performance grants or contracts. The Organization considers all accounts receivable to be fully collectible at December 31, 2020. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Contributions Receivable

Contributions receivable including pledges and grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed. The Organization considers all contributions receivable to be fully collectible at December 31, 2020. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Accounting for Revenue

The Organization recognizes revenue as performance obligations are satisfied.

Revenue is recognized over time when any of the following conditions are met: The customer receives and consumes the benefits provided by the Organization's performance as the Organization performs; the Organization's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or the work does not create an asset with an alternative use to the Organization and the entity has a right to payment for performance completed to date.

Revenue is recognized over time for cost reimbursement contracts as eligible expenses are incurred if other conditions of the contract are satisfied. Revenue from agreements that include milestones and milestone payments are recognized over time as milestones are reached. Revenue from agreements based on hourly rates are recognized over time as time is expended if the Organization expects it will have an enforceable right to payment for such amounts. Revenue is recognized based on estimated progress towards complete satisfaction of the performance obligation if the Organization can reasonably measure such progress. If the Organization's efforts are expended evenly throughout the performance period the Organization may recognize revenue on a straight-line basis over such a period.

Revenue is recognized at a point in time when goods or services are provided to customers and the Organization is not required to provide additional goods or services or if the above criteria are not met. Revenue from the sales of goods or merchandise are recognized at the point in time when the goods or merchandise are provided to the customer.

The Organization tracks contract assets representing earned amounts that are not yet receivable separately from accounts receivable, if any. As a practical expedient the Organization disregards the effects of potential financing components if the period between payment and performance is one year or less.

Client Services

Client services revenue consist primarily of activities carried out on a contracted fee for service basis. The Organization recognizes revenue and is paid as progress is made over time on the performance obligations, generally on a monthly basis. Contracts may include a cap on the amounts billable towards a performance obligation.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of December 31, 2020 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with specialized skills, and would otherwise be purchased by the Organization.

Accounting for Purchases and Sales of Securities

The Organization accounts for purchases and sales of securities on a settlement date basis. It is the policy of the Organization to immediately sell any donated securities received.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents except for brokerage cash and money market fund balances held for investment purposes which are included in investments.. Cash held for investment purposes is classified with investments. For statement of cash flow purposes, proceeds from investments reflect transfers from investment accounts to operating accounts, and additions to investment reflect transfers from operating accounts to investment accounts.

Property and Equipment

Property and equipment purchased by the Organization are recorded at cost. The Organization capitalizes all expenditures for property and equipment over $5,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on property and equipment as follows:

Furniture and equipment	3 - 7 years
Leasehold improvements	5 years
Website	3 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

Deferred Revenue

Deferred revenue represents funds received in advance of related performance obligations which have not yet been completely fulfilled.

Deferred Rent Liability

Certain of the Organizations leases may include non-level payment terms or rent-free periods. The Organization recognizes rental expense for minimum lease payments from operating leases on a straight-line basis over the lease term, including any additional cancelable option periods where failure to exercise such options would result in an economic penalty. Consistent with this policy rent expense is recorded beginning at the start of the Organization’s use of the property or build-out period during which time the Organization may not make rent payments.

Expense Recognition and Allocation

The cost of providing the organization’s programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on full time equivalent (FTE). The document source is the monthly timesheet prepared by every staff, which tracks in which functional area and programs they dedicated their time.

Occupancy, depreciation, and amortization are allocated on the basis of the quarterly average of FTE for each program and supporting activity.

Telephone and internet services, insurance, and supplies and miscellaneous expenses that cannot be directly identified are allocated on the basis of employee's full-time equivalents for each program and supporting activity.

Management and general activities include the functions necessary to provide support for the organization's program activities. They include activities that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar functions that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Changes in Accounting Principles

The Organization adopted *ASU 2014-09 – Revenue from Contracts with Customers (Topic 606)* during the year ended December 31, 2020. This guidance requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of ASU 2014-09 did not result in a material change to timing of when revenue is recognized.

Prior Year Summarized 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 GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 3: INVESTMENTS

Investments consisted of the following at December 31:

	2020	2019
General investments	$ 1,980,718	$ 1,906,163
Endowment investments	1,642,331	1,538,100
Total	$ 3,623,049	$ 3,444,263

As of December 31, 2020 total investments include the Organization's endowment funds which may not be available for immediate use as described in Note 11.

Investment Activity

Investment activity consisted of the following for the years ended December 31:

	2020	2019
Interest and dividends	$ 36,872	$ 31,368
Realized and unrealized gain (loss), net	142,501	210,430
Total	$ 179,373	$ 241,798

The Organization classifies endowment investment activity as a non-operating activity as the activity relates to the Organization's endowment funds which are intended for long term use.

NOTE 4: FAIR VALUE MEASUREMENTS

The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

Fair value of investments measured on recurring basis were as follows as of December 31, 2020:

	Level 1	Level 2	Total
Cash and cash equivalents	$ 805,871	$ -	$ 805,871
Mutual Funds/ETF's			
Intermediate term bond fund	445,285	-	445,285
Large cap international growth fund	468,612	-	468,612
Large cap blend fund	637,775	-	637,775
Mid cap international growth funds	90,659	-	90,659
Certificates of deposit	-	1,174,847	1,174,847
Total	$ 2,448,202	$ 1,174,847	$ 3,623,049

Certificates of deposit – Based on the values shown on the Organization's investment statements on the last trading day of the year. The Organization's broker reports such values based on pricing service inputs including inputs from third parties.

NOTE 5: CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of unconditional pledges and grants. Contributions receivable that are expected to be collected after more than one year are recorded with a discount to present value at a rate of 3.59% (1.59% plus 2% risk premium) and an allowance for doubtful accounts if deemed appropriate. Contributions receivable are due as follows for the years ended December 31:

	2020	2019
Within one year	$ 768,866	$ 1,035,200
Between one and five years, net	100,000	490,000
Less discount to present value	(5,230)	(30,564)
Total	$ 863,636	$ 1,494,636

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	2020	2019
Furniture and equipment	$ 35,596	$ 35,596
Leasehold improvements	18,080	18,080
Website	68,699	68,699
Work in progress – leasehold improvements	5,750	-
Less accumulated depreciation	(99,639)	(83,203)
Total	$ 28,486	$ 39,172

NOTE 7: COMMITMENTS

The Organization is party to a lease for office space in San Francisco which expires January 2027, with an option to renew for an additional five years at fair market value. The Organization also leases office equipment under a non-cancelable lease that expires June 2021. Future minimum lease payments were as follows for the years ending December 31:

2021	$ 287,040
2022	294,420
2023	303,229
2024	312,333
2025	321,726
Thereafter	359,038
Total	$ 1,877,786

Rent for the years ended December 31, 2020 and 2019 was $309,539 and $260,488, respectively.

NOTE 8: CONTINGENCIES

Compliance with Donor Restrictions

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The

Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 9: ACCRUED PAID TIME OFF

Accrued paid time off consisted of the following for the years ending December 31:

	2020	2019
Paid time off	$ 157,517	$ 125,031
Sabbatical	26,375	23,458
Total	$ 183,892	$ 148,489

Sabbatical Policy

The Organization offers eligible employees up to four weeks paid sabbatical leave after seven consecutive years of full-time employment, or 8 weeks after 10 years of service, provided they have not taken a prior sabbatical leave. Sabbatical benefits do not vest and leave is subject to the financial health and programmatic needs of the Organization. The Executive Director and the Board of Directors retain the discretion to grant or deny requests for sabbatical leave.

NOTE 10: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available as follows as of December 31:

	2020	2019
Purpose restricted	$ 767,720	$ 1,985,249
Endowment	1,642,331	1,538,100
Time restricted	299,770	450,000
Total	$ 2,709,821	$ 3,973,349

NOTE 11: ENDOWMENT

The Organization's endowment (the Fund) was established for the purpose of supporting the mission of the Organization. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Funds established by donors, including any required match amounts are considered *donor-restricted endowment funds*. Funds, if any, established by the Board of Directors to function as endowments are referred to as *board-designated endowment funds.*

Interpretation of Relevant Law

The State of California's enacted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) which establishes law for the management and investment of donor-restricted endowment funds. Donor-restricted endowment funds are subject to a time restriction imposed by UPMIFA until amounts are appropriated for expenditure by the Organization. UPMIFA permits the Organization to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as it determined is prudent for the uses, benefits, purposes and durations for which the endowment fund was established. In making these determinations the Organization must act in good faith and consider general economic conditions, effects of inflation and deflation, tax consequences, the role of each investment in the overall portfolio, expected total return from income and appreciation, the charity's other resources, and the needs of the charity and the fund to make distributions and preserve capital.

Investment Return Objectives, Risk Parameters and Strategies

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of up to 7%, while growing the funds in possible. Investment risk is measured in terms of the total endowment fund investment assets and allocation between asset classes and strategies are managed to not expose the Fund to unacceptable levels of risk.

Funds with Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the original gift amount. There were no deficiencies of this nature as of December 31, 2020. In the event of such deficiencies the Organization may elect to reduce the amount appropriated for use until such deficiencies are eliminated.

Spending Policy

The Organization has a policy of appropriating for distribution each year up to 7% of its endowment fund's average fair value of the prior twelve calendar quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. An appropriation of 5% was approved for the year ended December 31, 2020. The Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effect of inflation. The composition and changes in the endowment were as follows for the year ended December 31, 2020:

	Investment Returns	Perpetual Endowment	Total
Beginning balance	$ 538,100	$ 1,000,000	$ 1,538,100
Net investment gain (loss)	174,231	-	174,231
Appropriation for use	(70,000)	-	(70,000)
Ending balance	$ 642,331	$ 1,000,000	$ 1,642,331

NOTE 12: PAYCHECK PROTECTION PROGRAM (PPP)

On April 17, 2020, the Organization received a Paycheck Protection Program (PPP) loan of $569,500 bearing interest of 1% with a maturity date of April 2022. The Organization concludes that the loan represents, in substance, funding from a governmental assistance program. The Organization accounts for such funding in accordance with *FASB ASC 958-605* as conditional support based on compliance with program terms and allocation of eligible costs to this funding.

On December 24, 2020, the Organization received notice of forgiveness for the full amount of the PPP loan totaling $569,500. The SBA reserves the right to audit any forgiveness granted, and such audit activity, if any, may result in changes to amounts forgiven or a requirement to return funds received under the program.

NOTE 13: IN-KIND CONTRIBUTIONS

The Organization received the benefit of the following donated in-kind goods and services during the years ended December 31:

	2020	2019
Legal services	$ 19,988	$ 8,815
Event supplies	-	2,383
Total	$ 19,988	$ 11,198

Donated legal services consisted of services from firm and individual attorneys delivered as part of the Organization’s programs. The Organization developed their estimate of the value of donated legal services based on approximately 48.75 hours of time valued at $410 per hour.

NOTE 14: CONCENTRATIONS

Contributions Receivable

Approximately 36% of contributions receivable were from two donors as of December 31, 2020.

Support and Revenue

Two funders provided approximately 23% of total support and revenue during the year ending December 31, 2020.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by monitoring the financial strength of the institutions holding such amounts.

NOTE 15: RETIREMENT PLAN

The Organization has a 401(k) retirement plan for eligible employees. Under the plan, the Organization provides a 100% match up to 5% of compensation. Contributions by the Organization were $115,009 and $117,471 during the years ended December 31, 2020 and 2019, respectively.

NOTE 16: LINE OF CREDIT

The Organization has a secured line of credit with a bank for a total of $250,000 bearing a variable interest rate of 5.25% (prime plus 2%) as of December 31, 2020. As of December 31, 2020, there was no outstanding balance on the line of credit.

NOTE 17: RELATED PARTY TRANSACTIONS

A Board member of the Organization serves as the Chief Executive Officer of a nonprofit organization (the “Partner”) with which the Organization entered into program related cost reimbursement agreements. The Partner billed the Organization $66,557 and $170,863 for expenses incurred under the agreements during the years ended December 31, 2020 and 2019, respectively.

NOTE 18: JOINT COSTS OF ACTIVITIES THAT INCLUDED FUNDRAISING APPEALS

The Organization produced an online annual report that included both a fundraising and management and general component. The costs of these activities were allocated as follows for the years ended December 31:

	2020	2019
Costs allocated to management and general activities	$ 10,000	$ 7,700
Costs allocated to fundraising activities	10,000	2,300
Total	$ 20,000	$ 10,000

NOTE 19: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2020 include the following:

Cash and cash equivalents	$ 1,023,281
Investments	3,623,049
Contributions receivable	863,636
Accounts receivable	148,229
Less donor-restricted endowment funds	(1,642,331)
Less purpose-restricted net assets	(767,720)
Less time restricted contributions receivable, noncurrent	(100,000)
Total	$ 3,148,144

Available liquid assets include both funds without donor restrictions and those with donor restrictions available for use within one year. Funds with either board designations or long-term donor restrictions are excluded because such amounts are considered illiquid.

The Organization's working capital and cash flows vary during the year based on the timing of grant awards and a concentration of contributions received near calendar year end. As part of the Organization's liquidity management plan, the Organization maintains a revolving line of credit to cover short-term cash needs.

NOTE 20: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and has concluded that as of May 21, 2021, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose beyond the following:

Public Health Order - Coronavirus

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community. In March 2020, the Organization, and the area it operates in was subject to a public health order related to COVID-19 coronavirus which affected activities of the Organization. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the effect that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact on its financial condition, liquidity, operations, and workforce.

Paycheck Protection Program (PPP) Loan – Second Round

On February 8, 2021, the Organization received an additional PPP loan of $569,500 bearing interest of 1% with a maturity date of February 2026. The Organization may be eligible for forgiveness of some or all of this loan. Guidance related to this program is evolving, and it remains possible that final forgiveness amounts may vary or that no forgiveness will be offered.