NONPROFIT CONNECT

FINANCIAL STATEMENTS

Year Ended December 31, 2019
with
Independent Auditors' Report

NONPROFIT CONNECT

FINANCIAL STATEMENTS

December 31, 2019

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Keller & Owens, LLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Nonprofit Connect

We have audited the accompanying financial statements of **Nonprofit Connect** (the "Organization"), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' 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 auditors consider 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 **Nonprofit Connect** as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* and ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

Report on Summarized Comparative Information

We have previously audited **Nonprofit Connect**'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 22, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Keller & Owens, LLC

Overland Park, Kansas
August 17, 2020

NONPROFIT CONNECT

STATEMENT OF FINANCIAL POSITION
December 31, 2019

(with comparative totals as of December 31, 2018)

ASSETS

	2019	2018
Cash and Cash Equivalents	$ 224,542	$ 279,282
Accounts Receivable, net	6,021	20,861
Prepaid Expenses	18,915	5,347
Investments	1,234,519	1,083,347
Property and Equipment, net	13,416	14,942
Total Assets	$ 1,497,413	$ 1,403,779

LIABILITIES AND NET ASSETS

	2019	2018
Liabilities:		
Accounts payable and accrued liabilities	$ 45,642	$ 40,452
Deferred revenue	158,564	141,905
Refundable advances	-	190,000
Total Liabilities	204,206	372,357
Net Assets:		
Without donor restrictions:		
Board-designated for endowment	60,333	40,895
Undesignated	1,147,658	873,276
Total without donor restrictions	1,207,991	914,171
With donor restrictions	85,216	117,251
Total Net Assets	1,293,207	1,031,422
Total Liabilities and Net Assets	$ 1,497,413	$ 1,403,779

See accompanying notes

NONPROFIT CONNECT

STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

(with comparative totals for the year ended December 31, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenue:				
Membership dues	$ 294,714	$ -	$ 294,714	$ 273,108
JobLink postings	205,025	-	205,025	232,035
Awards luncheon	248,700	-	248,700	227,610
Philly Awards	35,500	-	35,500	27,385
Educational programs	199,900	-	199,900	185,148
Contributions and grants	245,037	3,000	248,037	159,853
Investment return, net	146,209	4,859	151,068	(48,373)
Other	7,776	-	7,776	5,504
Net assets released from restrictions	39,894	(39,894)	-	-
Total Support and Revenue	1,422,755	(32,035)	1,390,720	1,062,270
Expenses:				
Program services	864,596	-	864,596	748,216
Supporting Services:				
Management and general	191,966	-	191,966	233,101
Fundraising	72,373	-	72,373	38,257
Total Expenses	1,128,935	-	1,128,935	1,019,574
Change in Net Assets	293,820	(32,035)	261,785	42,696
Net Assets at Beginning of Year	914,171	117,251	1,031,422	988,726
Net Assets at End of Year	$ 1,207,991	$ 85,216	$ 1,293,207	$ 1,031,422

See accompanying notes

NONPROFIT CONNECT

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

(with comparative totals for the year ended December 31, 2018)

	2019							
	Program Services							
	Education	Events	Member Resources	Total Program	Management and General	Fundraising	Total	2018 Total
Wages and taxes	$ 163,871	$ 119,354	$ 55,994	$ 339,219	$ 110,335	$ 54,008	$ 503,562	$ 464,446
Employee benefits	28,599	20,830	9,772	59,201	19,255	9,426	87,882	90,433
Professional services	6,938	34,580	33,108	74,626	26,438	-	101,064	131,437
Meals and catering	50,152	41,175	-	91,327	3,404	-	94,731	80,506
Speaker fees	50,570	-	3,600	54,170	-	-	54,170	38,070
Member services	60,712	-	14,647	75,359	-	3,756	79,115	30,271
Facility rent	14,847	14,380	3,298	32,525	6,611	1,649	40,785	38,134
Supplies	22,963	5,494	-	28,457	1,784	-	30,241	16,416
Bank and credit card fees	14,459	7,577	2,989	25,025	695	-	25,720	24,223
Marketing and public relations	16,105	2,930	1,208	20,243	2,416	603	23,262	14,343
Printing and reproduction	6,049	4,855	-	10,904	10,010	-	20,914	19,387
Awards	4,850	11,569	-	16,419	-	-	16,419	15,898
Office expense	4,541	2,750	1,009	8,300	2,149	505	10,954	12,949
Depreciation	2,321	1,032	516	3,869	1,032	258	5,159	15,958
Miscellaneous	4,864	4,593	15,495	24,952	7,837	2,168	34,957	27,103
Total Expenses	$ 451,841	$ 271,119	$ 141,636	$ 864,596	$ 191,966	$ 72,373	$ 1,128,935	$ 1,019,574

See accompanying notes

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STATEMENT OF CASH FLOWS
Year Ended December 31, 2019

(with comparative totals for the year ended December 31, 2018)

	2019	2018
Cash Flows from Operating Activities:		
Change in net assets	$ 261,785	$ 42,696
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	5,159	15,958
Bad debt expense	5,015	7,195
Interest and dividends restricted for long-term investment	(1,560)	(2,373)
Net realized and unrealized (gains) losses	(124,213)	65,983
(Increase) decrease in:		
Accounts receivable	9,825	(23,566)
Prepaid expenses	(13,568)	2,853
Increase (decrease) in:		
Accounts payable and accrued liabilities	5,190	7,591
Deferred revenue	16,659	13,587
Refundable advances	(190,000)	190,000
Net Cash (Used) Provided by Operating Activities	(25,708)	319,924
Cash Flows from Investing Activities:		
Purchases of property and equipment	(3,633)	(4,553)
Purchases of investments	(140,374)	(530,779)
Proceeds from sales of investments	113,415	262,291
Net Cash Used by Investing Activities	(30,592)	(273,041)
Cash Flows From Financing Activities:		
Interest and dividends restricted for long-term reinvestment	1,560	2,373
Net Cash Provided by Financing Activities	1,560	2,373
Net (Decrease) Increase in Cash and Cash Equivalents	(54,740)	49,256
Cash and Cash Equivalents at Beginning of Year	279,282	230,026
Cash and Cash Equivalents at End of Year	$ 224,542	$ 279,282

See accompanying notes

NONPROFIT CONNECT

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

Organization – **Nonprofit Connect** (the "Organization") is a membership organization that links the nonprofit community to education, resources, and networking so organizations can more effectively achieve their missions. Founded in 1974, the Organization serves as the hub of Greater Kansas City's nonprofit sector. The Organization is a regional association uniquely serving individuals in the management of nonprofit organizations. The Organization currently has more than 7,000 professional members from over 800 organizations representing local, regional, and national nonprofit organizations of all sizes, as well as for-profit businesses and community funders. Distinctively, the Organization unites nonprofits, foundations, and community and business leaders in a way that is rare across the country to strengthen their organizations and impact the future of Kansas City and the nonprofit sector.

The program service areas for **Nonprofit Connect** are categorized into three areas:

Education

Educational Programs – The Organization offers a wide variety of training programs designed for nonprofit professionals at all career levels, as well as board members, volunteers, and community leaders who work with the nonprofit sector. We leverage peer experts and national speakers to create affordable education on fundraising, marketing, operations, leadership, strategy, and other topics important to nonprofit management.

eLearning Center – The eLearning Center provides the same affordable education as the in-person programs, but in a manner that is accessible and convenient for the Organization's busy members. The eLearning Center includes webinars, on-demand training, videos, and online resources on the topics important to nonprofit professionals, including board development, fundraising, volunteer management, and more.

Events

Philanthropy Awards Luncheon – Celebrating its 35th year in 2019, the Luncheon is the Organization's largest event and only fundraiser. With more than 1,000 members of the nonprofit and business community attending each May, the Luncheon honors individuals and organizations for their commitment to the Kansas City community.

Philly Awards – The Philly Awards recognize nonprofits and their creative partners for excellence in marketing and communications. This event is an opportunity for nonprofits to celebrate their hard work telling the story of their mission, and it is held annually in the fall.

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Member Resources

Membership – The Organization maintains a membership network of over 800 organizations that represent local, regional, and national nonprofits of all sizes, as well as businesses and funders. The Organization provides members with free and discounted training, access to nonprofit management resources, and a community of potential partners, vendors, and funders.

Job Board – The Organization's job board lists close to 100 local nonprofit jobs per day. The job board is viewable by the public, and both members and nonmembers can post positions for an affordable fee.

Online Resources – As a membership benefit, the Organization provides access to the Foundation Directory and GrantStation, both searchable databases of funders and grant deadlines, respectively.

Accounts receivable – Accounts receivable primarily consist of amounts due for memberships, sponsorships, and registration fees. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. The allowance as of December 31, 2019 and 2018 was $2,675 and $7,195, respectively.

Cash and cash equivalents – For purposes of the statement of cash flows, cash and cash equivalents are considered to be all highly liquid investments purchased with original maturity dates of less than three months. Cash and cash equivalents in brokerage accounts, which are part of investments on the statement of financial position, are excluded from this definition.

Comparative financial information – The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class for support and revenue, nor by both nature and function for expenses. 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 audited financial statements for the year ended December 31, 2018, from which the summarized information was derived.

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Concentrations of credit risk – The Organization maintains its cash in bank accounts in amounts that may exceed federally insured limits at times. The Organization has not experienced any losses in these accounts in the past, and management believes the Organization is not exposed to significant credit risks as it periodically evaluates the strength of the financial institutions in which it deposits funds.

Donated services – Donated services are reflected as contributions at their estimated fair values at date of receipt. A number of volunteers donated services to the Organization in 2019 and 2018. These services do not meet the criteria for recognition as a contribution and thus are not reflected in the accompanying financial statements.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses – The Organization allocates expense on a functional basis among the various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management's estimate of resources devoted to the program or support service, requiring allocation on a reasonable basis that is consistently applied. The expenses that are allocated include wages and taxes, and employee benefits, which are allocated on the basis of estimates of time and effort. Office expense, facility rent, and depreciation are allocated on a square footage basis.

Income taxes – The Organization is a non-profit organization exempt from Federal income taxes, except on unrelated income, under Section 501(c)(3) of the Internal Revenue Code ("the Code"). Contributions to the Organization are deductible within the limitations of the Code. The Organization has been classified as a publicly-supported entity, which is not a private foundation under Section 509(a) of the Code.

The Organization's policy with regard to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740-10 is to record a liability for any tax position that is beneficial to the Organization, including any related interest and penalties, when it is more likely than not the position taken by management with respect to the transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2019, and, accordingly, no liability has been accrued.

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Investments – Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. The Organization reports net investment return restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

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

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor or certain grantor restrictions. They also include any designations by the governing board.

Net assets with donor restrictions – Net assets subject to donor- or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Property and equipment – Property and equipment are stated at cost. Expenditures for major renewals and betterments exceeding $1,000 that extend the useful lives of assets are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Computer and office equipment	5 - 7 years
Leasehold improvements	6 years
Website	3 years

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Recently issued accounting pronouncements - FASB ASC Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly, utilizing the modified retrospective method of transition, with no cumulative-effect adjustment to net assets.

In June 2018, FASB issued Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there was no effect on net assets in connection with the Organization's implementation of ASU 2018-08.

Revenue recognition – The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Consequently, at December 31, 2019 and 2018, conditional contributions of $-0- and $190,000 have not been recognized on the accompanying statement of activities because the conditions on which they depend have not yet have met. Of the total conditional contributions at December 31, 2018, $190,000 contained a variety of measurable performance barriers.

Promises to give collected prior to meeting conditions are include in refundable advances in the statement of financial position.

Membership dues, which are nonrefundable, are comprised of exchange transaction elements based on the benefits received. The Organization recognizes membership dues over the membership period. Payments are required at the time of sale or start of the membership period. Amounts received in advance are deferred to the applicable period.

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NOTES TO FINANCIAL STATEMENTS
December 31, 2019

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Revenue recognition (continued) – Awards luncheon, Philly Awards, and educational programs revenue on the accompanying statement of activities contain sponsorships. Sponsorships are comprised of an exchange element based on the benefits received, and a contribution element for the difference. As sponsorships do not include an explicit waiver of sponsors' rights to refunds if an event were not to take place, the exchange and contribution elements are both recognized when the underlying events occur. Payments are required at the time of commitment.

Awards luncheon, Philly Awards, and Educational programs revenue also contain ticket and registration revenue streams and are recognized when the underlying events occur. Payment is required at time of sale.

JobLink postings revenue is recognized at the time of purchase.

Subsequent events – Management has evaluated events and transactions that have occurred since December 31, 2019 and reflected their effects, if any, in these financial statements through August 17, 2020, the date the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

	2019	2018
Financial assets	$ 1,465,082	$ 1,383,490
Less: restricted by donors based on time or purpose	(82,216)	(117,251)
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	$ 1,382,866	$ 1,266,239

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The statement of cash flows identifies the sources and uses of the Organization's cash. The donor-restricted portion of the Organization's endowment must be retained in perpetuity. However, the board-designated portion of the endowment may be drawn upon for operational needs. The underlying investments are highly liquid, with no withdrawal restrictions.

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NOTES TO FINANCIAL STATEMENTS
December 31, 2019

3. FAIR VALUE MEASUREMENTS

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three-tier hierarchy of inputs is summarized in the three broad levels below:

- Level 1 - inputs are unadjusted quoted market prices in active independent markets for identical assets and liabilities;
- Level 2 - inputs are directly or indirectly observable estimates from quotes for similar but not identical assets and liabilities, market trades for identical assets not actively traded or other external independent means;
- Level 3 - inputs are unobservable and reflect assumptions on the part of the reporting entity.

The following tables set forth information about the levels within the fair value hierarchy at which the Organization's financial assets and liabilities are measured on a recurring basis at December 31:

2019	Level 1	Level 2	Level 3	Total
Investments:				
Cash and cash equivalents (at cost)	$ -	$ -	$ -	$ 102,940
Mutual funds:				
Equity	480,041	-	-	480,041
Fixed income	651,538	-	-	651,538
Total	$ 1,131,579	$ -	$ -	$ 1,234,519

2018	Level 1	Level 2	Level 3	Total
Investments:				
Cash and cash equivalents (at cost)	$ -	$ -	$ -	$ 48,462
Mutual funds:				
Equity	391,129	-	-	391,129
Fixed income	643,756	-	-	643,756
Total	$ 1,034,885	$ -	$ -	$ 1,083,347

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NOTES TO FINANCIAL STATEMENTS
December 31, 2019

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2019	2018
Computer and office equipment	$ 26,925	$ 23,292
Leasehold improvements	139,694	139,694
Website	2,950	2,950
Less accumulated depreciation	(156,153)	(150,994)
Total Property and Equipment, net	$ 13,416	$ 14,942

5. NET ASSETS WITH DONOR RESTRICTIONS

Net asset with donor restrictions are restricted for the following purposes or periods at December 31:

Held in perpetuity:		
General operations	$ 82,216	$ 77,357
Time restricted:		
2020	3,000	-
Purpose restricted:		
eLearning digital expansion	-	39,894
Total Net Assets With Donor Restrictions	$ 85,216	$ 117,251

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events by the donors as follows for the years ended December 31:

Satisfaction of purpose restrictions:		
eLearning digital expansion	$ 39,894	$ -
Total Net Assets Released from Donor Restrictions	$ 39,894	$ -

6. ENDOWMENT

The Organization's endowment consists of a donor-restricted endowment and a Board-designated endowment, which are collectively invested. This endowment was established in conjunction with an agreement from a local foundation (the Foundation) on February 1, 2005. The agreement includes the following key provisions:

- The Organization placed $50,000 in an account during 2005 as a Board-designated investment.
- The Foundation matched the $50,000 with an additional $50,000 in the first month of 2006 as an investment to be held in perpetuity.
- The Foundation may offer annually an additional contribution, which will be funded if the Organization can match the proposed contribution amount.
- On an annual basis, 20% of the net investment return or loss is allocated to the donor-restricted endowment amount to be held in perpetuity, and the remaining 80% is allocated to the Board-designated endowment.

The Board of Directors of the Organization has interpreted the Missouri Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. At December 31, 2019 and 2018, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

6. ENDOWMENT (continued)

Endowment Net Asset Composition by Type of Fund as of December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 82,216	$ 82,216
Board-designated endowment funds	60,333	-	60,333
Total Endowment Assets	$ 60,333	$ 82,216	$ 142,549

Endowment Net Asset Composition by Type of Fund as of December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 77,357	$ 77,357
Board-designated endowment funds	40,895	-	40,895
Total Endowment Assets	$ 40,895	$ 77,357	$ 118,252

Changes in Endowment Net Assets for the Year Ended December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 40,895	$ 77,357	$ 118,252
Investment return, net	19,438	4,859	24,297
Endowment net assets, end of year	$ 60,333	$ 82,216	$ 142,549

Changes in Endowment Net Assets for the Year Ended December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 98,286	$ 79,204	$ 177,490
Investment return, net	(7,391)	(1,847)	(9,238)
Other changes:			
Distribution from board-designated endowment pursuant to spending policy	(50,000)	-	(50,000)
Endowment net assets, end of year	$ 40,895	$ 77,357	$ 118,252

6. ENDOWMENT (continued)

The Organization's agreement with the Foundation stipulates that a distribution from the Board-designated endowment can be made at any time, provided that the fair value of the Board-designated endowment is greater than 50% of the fair value of the donor-restricted endowment amount to be held in perpetuity. The distribution rate is determined by the Board of Directors on an annual basis.

The endowment's long-term investment objective is to achieve a total annualized return (aggregate return from interest, dividends, and capital appreciation), consistent with acceptable risk levels, that will meet or exceed the sum of the endowment's spending rate, inflation, and fees. To achieve the endowment objective, the endowment assets are invested following guidance and input from the Foundation.

7. LEASE COMMITMENTS

The Organization has an operating lease for office space expiring June 30, 2021 and another for office equipment expiring December 31, 2022. Rental payments associated with the operating leases are expensed as incurred.

Minimum future lease payments under the non-cancelable operating leases are as follows:

Year Ending December 31:	
2020	$ 41,719
2021	24,984
2022	7,748
Total	$ 74,451

Rent expense related to these leases was $40,730 and $37,961 for the years ended December 31, 2019 and 2018, respectively.

8. RETIREMENT PLAN

The Organization sponsors a SIMPLE benefit plan for the benefit of its employees, matching 100% of the first 3% of employee elective deferrals. The Organization contributed $13,223 and $11,392 to the plan during the years ended December 31, 2019 and 2018, respectively.

9. CONCENTRATIONS

For the years ended December 31, 2019 and 2018, one donor comprised approximately 14% and 9% of total support and revenue, respectively.

10. RELATED PARTY TRANSACTION

During 2019, the Organization incurred $25,390 in costs for consulting services, of which $10,390 is included in accounts payable on the 2019 statement of financial position. A board member of the Organization has an ownership stake in the vendor.

11. NEW ACCOUNTING PRONOUNCEMENTS

ASU 2016-02, Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments in this ASU are to be applied using a modified retrospective approach.

In June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which deferred the effective date for certain entities to fiscal years beginning after December 15, 2021. Early application continues to be allowed.

The Organization is evaluating the effect that these standards will have on its financial statements and related disclosures.

12. SUBSEQUENT EVENTS

In March 2020, the Organization received a $270,025 conditional promise to give, with a spending period of January 1, 2020 through December 31, 2021. The promise to give contains donor purpose restrictions.

12. SUBSEQUENT EVENTS (continued)

The COVID-19 outbreak is causing serious health and financial risks globally. In addition, this crisis has the potential to negatively affect the Organization by reducing investment values and returns, reducing the ability to access capital, causing event cancellations, reducing customer traffic to a variety of program functions, reducing contributions and sponsorships due to financial uncertainties, and disrupting supply chains. While management is considering the current and future effects of the pandemic on the Organization, an estimate of any negative impacts and the means of mitigation are not known at this time.

On April 18, 2020, the Organization was approved for a $109,800 Paycheck Protection Program ("PPP") loan from a financial institution under the CARES Act, at a fixed interest rate of 1.00%. The agreement calls for payments of principal and interest of $6,179 per month beginning November 18, 2020 through April 18, 2022. If the Organization spends the loan funds on certain qualified expenditures as specified under the rules and regulations referenced in the loan agreement, all or a portion of the PPP loan funds will be forgiven. For any amounts not forgiven, the agreement calls for equal monthly payments of principal and interest in an amount needed to fully amortize the loan by the maturity date. Upon any forgiveness of the loan, the Organization will record either a gain on extinguishment of debt in accordance with FASB ASC 470 or contribution revenue in accordance with FASB ASC 958-605. Forgiveness is not guaranteed and conditioned on U.S. Small Business Administration ("SBA") approval and SBA reimbursement to the Organization's financial institution. Management expects all principal and interest to be forgiven.