GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

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DECEMBER 31, 2019 AND 2018

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CBM
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7910 WOODMONT AVENUE
SUITE 500
BETHESDA, MD 20814
(T) 301.986.0600

1150 18TH STREET, NW
SUITE 550
WASHINGTON, DC 20036
(T) 202.822.0717

Independent Auditors' Report

To the Board of Directors
Grantmakers for Effective Organizations
Washington, D.C.

We have audited the accompanying financial statements of Grantmakers for Effective Organizations (the Organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Grantmakers for Effective Organizations as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Councilor, Buchanan + Mitchell, P.C.

Washington, D.C.
May 27, 2020

Certified Public Accountants

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
Assets		
Cash and Cash Equivalents	**$ 3,199,703**	$ 2,780,372
Grants and Contributions Receivable	**1,057,819**	2,057,647
Other Receivables	**7,292**	1,544
Investments	**1,481,876**	1,425,375
Prepaid Expenses	**64,794**	27,519
Deposits	**31,550**	53,286
Property and Equipment, Net	**733,488**	907,895
Total Assets	**$ 6,576,522**	$ 7,253,638
Liabilities and Net Assets		
Liabilities		
Accounts Payable and Accrued Expenses	**$ 124,001**	$ 70,444
Accrued Leave	**44,568**	45,139
Capital Lease Payable	**7,843**	21,958
Deferred Rent	**962,722**	734,862
Total Liabilities	**1,139,134**	872,403
Net Assets		
Without Donor Restrictions		
Undesignated	**2,259,992**	1,956,126
Board Designated	**1,535,000**	1,535,000
Total Without Donor Restrictions	**3,794,992**	3,491,126
With Donor Restrictions	**1,642,396**	2,890,109
Total Net Assets	**5,437,388**	6,381,235
Total Liabilities and Net Assets	**$ 6,576,522**	$ 7,253,638

See accompanying Notes to Financial Statements.

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Member Contributions	$ 1,994,876	$ 122,340	$ 2,117,216
Grants and Contributions	301,748	478,605	780,353
Conference Registration	397,860	-	397,860
Conference Sponsorship	-	318,550	318,550
Seminars	134,633	-	134,633
Investment Income	60,547	-	60,547
Consulting	2,655	-	2,655
Net Assets Released from Restrictions			
Satisfaction of Purpose Restrictions	659,548	(659,548)	-
Expiration of Time Restrictions	1,507,660	(1,507,660)	-
Total Revenues and Support	5,059,527	(1,247,713)	3,811,814
Expenses			
Program Services			
Conferences	645,525	-	645,525
Communications	228,019	-	228,019
Member Programs	928,774	-	928,774
Research and Learning	317,437	-	317,437
Total Program Services	2,119,755	-	2,119,755
Supporting Services			
Management and General	2,381,545	-	2,381,545
Fundraising	254,361	-	254,361
Total Supporting Services	2,635,906	-	2,635,906
Total Expenses	4,755,661	-	4,755,661
Change in Net Assets	303,866	(1,247,713)	(943,847)
Net Assets, Beginning of Year	3,491,126	2,890,109	6,381,235
Net Assets, End of Year	$ 3,794,992	$ 1,642,396	$ 5,437,388

See accompanying Notes to Financial Statements.

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Member Contributions	$ 1,833,645	$ 322,893	$ 2,156,538
Grants and Contributions	258,744	2,806,994	3,065,738
Conference Registration	763,820	-	763,820
Conference Sponsorship	-	320,000	320,000
Seminars	21,500	-	21,500
Investment Income	21,547	-	21,547
Other Income	60	-	60
Net Assets Released from Restrictions			
Satisfaction of Purpose Restrictions	1,012,375	(1,012,375)	-
Expiration of Time Restrictions	1,234,344	(1,234,344)	-
Total Revenues and Support	5,146,035	1,203,168	6,349,203
Expenses			
Program Services			
Conferences	1,162,396	-	1,162,396
Communications	271,958	-	271,958
Member Programs	1,024,024	-	1,024,024
Research and Learning	510,075	-	510,075
Total Program Services	2,968,453	-	2,968,453
Supporting Services			
Management and General	1,801,745	-	1,801,745
Fundraising	277,554	-	277,554
Total Supporting Services	2,079,299	-	2,079,299
Total Expenses	5,047,752	-	5,047,752
Change in Net Assets	98,283	1,203,168	1,301,451
Net Assets, Beginning of Year	3,392,843	1,686,941	5,079,784
Net Assets, End of Year	$ 3,491,126	$ 2,890,109	$ 6,381,235

See accompanying Notes to Financial Statements.

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Conferences	Communications	Member Programs	Research and Learning	Total Program Services	Management and General	Fundraising	Total Expenses
Expenses								
Salaries	$ 143,574	$ 80,180	$ 388,688	$ 118,868	$ 731,310	$ 1,113,175	$ 124,890	$ 1,969,375
Meetings/Meeting Space	286,143	-	38,702	8,046	332,891	18,268	7,798	358,957
Consultants	46,611	81,456	124,141	86,770	338,978	320,336	17,850	677,164
Employee Benefits	22,571	15,745	75,960	23,690	137,966	226,463	23,155	387,584
Rent	22,630	9,959	80,427	24,375	137,391	124,449	22,492	284,332
Travel	22,976	132	26,438	8,026	57,572	73,652	24,772	155,996
Depreciation and Amortization	11,219	4,310	33,818	10,857	60,204	100,963	10,111	171,278
Payroll Taxes	11,092	6,251	29,110	8,826	55,279	84,441	9,707	149,427
Accounting	-	-	-	-	-	91,646	-	91,646
Temporary Help	184	-	-	-	184	91,660	-	91,844
Design/Artwork/Photography	14,781	12,253	13,430	-	40,464	-	-	40,464
Licenses/Permits/Fees	22,942	14,234	2,221	20,596	59,993	16,271	-	76,264
Service Charges	21,214	-	12,337	-	33,551	2,238	-	35,789
Authors/Editors	261	-	40,915	-	41,176	-	-	41,176
Legal	-	-	-	-	-	8,178	-	8,178
Office and Computer Supplies	3,502	1,333	12,628	3,221	20,684	15,300	2,899	38,883
Telephone	1,638	623	4,454	1,288	8,003	10,796	1,447	20,246
Staff Development	-	50	48	53	151	20,499	-	20,650
Grants and Contributions	-	-	1,430	-	1,430	1,000	100	2,530
Printing	7,377	724	32,600	96	40,797	1,432	1,392	43,621
Furniture and Equipment	356	150	1,501	403	2,410	1,798	254	4,462
Furniture/Equipment Rental	647	380	2,541	884	4,452	-	2,215	6,667
Recruitment	-	-	-	-	-	3,958	-	3,958
Other	375	-	172	85	632	1,701	-	2,333
Subscriptions/Books/Dues	-	-	968	245	1,213	11,848	-	13,061
Meals - Non-Travel	186	239	423	1,108	1,956	18,678	1,032	21,666
Advertising and Promotion	-	-	-	-	-	311	3,910	4,221
Insurance	2,212	-	-	-	2,212	13,084	-	15,296
Payroll Service	-	-	-	-	-	8,520	-	8,520
Postage and Shipping	3,034	-	5,822	-	8,856	880	337	10,073
Total Expenses	$ 645,525	$ 228,019	$ 928,774	$ 317,437	$ 2,119,755	$ 2,381,545	$ 254,361	$ 4,755,661

See accompanying Notes to Financial Statements.

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Conferences	Communications	Member Programs	Research and Learning	Total Program Services	Management and General	Fundraising	Total Expenses
Expenses								
Salaries	$ 217,030	$ 108,133	$ 492,626	$ 240,341	$ 1,058,130	$ 924,649	$ 139,081	$ 2,121,860
Meetings/Meeting Space	554,221	-	27,787	9,169	591,177	17,485	1,895	610,557
Consultants	74,722	53,703	86,844	102,490	317,759	94,999	8,077	420,835
Employee Benefits	38,797	18,932	88,988	43,644	190,361	189,769	25,092	405,222
Rent	33,114	14,992	68,518	30,092	146,716	85,287	24,803	256,806
Travel	43,821	1,314	29,422	22,467	97,024	51,399	32,733	181,156
Depreciation and Amortization	20,024	9,065	41,432	18,196	88,717	51,573	14,998	155,288
Payroll Taxes	16,031	7,703	35,459	17,560	76,753	65,987	9,898	152,638
Accounting	-	-	-	-	-	93,152	-	93,152
Temporary Help	844	-	30,318	-	31,162	43,381	-	74,543
Design/Artwork/Photography	33,579	23,498	12,899	-	69,976	21	-	69,997
Licenses/Permits/Fees	14,932	16,469	3,472	12,835	47,708	8,811	-	56,519
Service Charges	46,038	-	8,421	-	54,459	1,715	-	56,174
Authors/Editors	468	2,475	48,731	-	51,674	-	-	51,674
Legal	-	-	-	-	-	42,897	-	42,897
Office and Computer Supplies	12,735	1,432	8,448	3,004	25,619	8,568	2,416	36,603
Telephone	4,092	1,852	8,891	3,718	18,553	10,539	3,173	32,265
Staff Development	-	-	35	-	35	31,017	650	31,702
Grants and Contributions	9,330	-	10,900	800	21,030	-	-	21,030
Printing	9,091	9,471	664	-	19,226	816	50	20,092
Loss on Disposition of Assets	-	-	-	-	-	19,720	-	19,720
Furniture and Equipment	2,483	1,124	5,138	2,257	11,002	6,396	1,860	19,258
Furniture/Equipment Rental	11,867	449	2,052	901	15,269	2,554	743	18,566
Recruitment	-	-	-	-	-	17,295	-	17,295
Other	10,127	-	485	-	10,612	4,857	1,176	16,645
Subscriptions/Books/Dues	767	1,257	9,441	813	12,278	1,986	737	15,001
Meals - Non-Travel	24	44	1,536	1,698	3,302	10,401	454	14,157
Advertising and Promotion	300	-	-	-	300	-	9,132	9,432
Insurance	3,882	-	-	-	3,882	5,524	-	9,406
Payroll Service	-	-	-	-	-	7,484	-	7,484
Postage and Shipping	4,077	45	1,517	90	5,729	256	586	6,571
Tax - UBI	-	-	-	-	-	3,207	-	3,207
Total Expenses	$ 1,162,396	$ 271,958	$ 1,024,024	$ 510,075	$ 2,968,453	$ 1,801,745	$ 277,554	$ 5,047,752

See accompanying Notes to Financial Statements.

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities		
Change in Net Assets	**$ (943,847)**	$ 1,301,451
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	**171,278**	155,288
Unrealized (Gain) Loss on Investments	**(20,759)**	9,799
Loss on Disposal of Property and Equipment	**-**	19,720
Change in Operating Assets and Liabilities		
(Increase) Decrease in		
Grants and Contributions Receivable	**999,828**	(1,530,101)
Other Receivables	**(5,748)**	1,076
Prepaid Expenses	**(37,275)**	51,702
Deposits	**21,736**	(15,550)
Increase (Decrease) in		
Accounts Payable and Accrued Expenses	**53,557**	25,106
Accrued Leave	**(571)**	(21,848)
Deferred Rent	**227,860**	(20,218)
Net Cash Provided by (Used in) Operating Activities	**466,059**	(23,575)
Cash Flows from Investing Activities		
Purchases of Investments	**(35,742)**	(146,239)
Purchases of Property and Equipment	**(31,911)**	(29,572)
Proceeds from Refund for Property and Equipment	**35,040**	-
Net Cash Used in Investing Activities	**(32,613)**	(175,811)
Cash Flows from Financing Activities		
Principal Payments on Capital Lease	**(14,115)**	(12,396)
Net Increase (Decrease) in Cash and Cash Equivalents	**419,331**	(211,782)
Cash and Cash Equivalents, Beginning of Year	**2,780,372**	2,992,154
Cash and Cash Equivalents, End of Year	**$ 3,199,703**	$ 2,780,372
Supplementary Disclosure of Cash Flow Information		
Interest Paid	**$ 726**	$ 737

Noncash Transactions from Financing Activities

During the year ended December 31, 2018, the Organization entered into a capital lease agreement for office equipment valued at approximately $10,000.

During the year ended December 31, 2018, the Organization received approximately $718,000 of leasehold improvements from its landlord.

See accompanying Notes to Financial Statements.

1. NATURE OF OPERATIONS

Grantmakers for Effective Organizations (the Organization) is a nonprofit organization, incorporated in 2002, that represents a coalition of grantmakers committed to building strong and effective nonprofit organizations. Understanding that grantmakers are successful only to the extent that their grantees achieve meaningful results, the Organization promotes strategies and practices that contribute to grantee success. The Organization provides philanthropy's change agents with the resources, ideas, and connections they need to make the greatest contribution to the nonprofits they invest in.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

The Organization considers all highly liquid investments, including money market funds, with original maturities of three months or less, when purchased, to be cash equivalents.

Grants and Contributions Receivable

Grants and contributions receivable represent amounts due from the Organization's various contributors. The balance of grants and contributions receivable at December 31, 2019 and 2018, has been deemed by management to be fully collectible. If an amount becomes uncollectible, it is written-off when that determination is made.

Investments

Investments are stated at fair value, based on quoted market prices. All realized and unrealized gains and losses are included in investment income in the accompanying statements of activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment costing over $1,000 with a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for minor and routine repairs and maintenance are expensed as incurred. Leasehold improvements are capitalized and amortized over the term of the lease, or estimated useful life, whichever is shorter.

Deferred Rent

The Organization's lease for office space includes lessee incentives as well as predetermined annual increases in the amount of rent. Generally accepted accounting principles require that lease expense for such operating leases be recognized on a straight-line basis over the life of the lease. Accordingly, a deferred rent liability has been established for the predetermined annual increases and lease incentives which will be amortized over the life of the lease.

Revenue Recognition

All member contributions, grants and contributions, and conference sponsorships are considered to be available for unrestricted use unless specifically restricted by the donor. The Organization reports grants and contributions as support with donor restrictions if they are received with donor or grantor stipulations that limit the use of the donated assets. When a donor 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 and reported in the statements of activities as net assets released from restrictions.

Registration fees for conferences and seminars received in advance are deferred until the conference is held and reflected as deferred revenue in the accompanying statements of financial position. Revenue is recognized at a point in time, when the event occurs.

Functional Allocation of Expenses

Certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits, rent, and general expenses, which are allocated on the basis of estimates of time and effort by employees. Expenses directly identifiable to specific programs and supporting activities are allocated accordingly.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is exempt under Section 501(c)(3) of the Internal Revenue Code (the Code) from the payment of taxes on income other than on net unrelated business income. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

The Organization requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include, or reflect, any uncertain tax positions.

The Organization's IRS Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the taxing authorities, generally for three years after filing.

Reclassifications

Certain amounts from the 2018 financial statements have been reclassified to conform to the 2019 financial statement presentation.

3. NEW ACCOUNTING STANDARDS

ADOPTION OF ACCOUNTING STANDARDS UPDATE 2018-08

During the year ended December 31, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides additional guidance in (1) evaluating whether transactions should be accounted for as contributions (within the scope of ASC 958) or as exchange (reciprocal) transactions (subject to ASC 606); and (2) distinguishing between conditional and unconditional contributions. Management believes that the adoption of this ASU enhances the comparability of financial information among not-for-profit entities. This change in accounting principle was adopted on a modified prospective basis in 2019. The impact of adoption was not material to the financial statements.

ADOPTION OF ACCOUNTING STANDARDS CODIFICATION TOPIC 606

During the year ended December 31, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers,* using the modified retrospective method. Management believes that the adoption of this standard provides better consistency and comparability across non-profit and for-profit entities. The standard requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaces most existing revenue recognition guidance in U.S. GAAP. Analysis of the various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue; however, the presentation and disclosure of revenue has been enhanced.

3. NEW ACCOUNTING STANDARDS (CONTINUED)

ADOPTION OF ACCOUNTING STANDARDS UPDATE 2016-14

For the year ended December 31, 2018, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification and provides information about liquidity and availability of resources. A key change under ASU 2016-14 is the terminology of net asset classes used in these financial statements. Additionally, ASU 2016-14 requires a presentation of expenses on a functional basis.

4. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's cash flows have seasonal variations due to the timing of contributions and grants, conferences and membership dues, and vendor payments. The Organization manages its liquidity to meet general expenditures, liabilities, and other obligations as they become due.

As of December 31, 2019, the following financial assets and liquidity sources were available for general operating expenditures in the year ending December 31, 2020:

Financial Assets	
Cash and Cash Equivalents	$ 3,199,703
Grants and Contributions Receivables Due in Less than One Year	843,067
Other Accounts Receivable	7,292
Investments Available for Operating Purposes	1,481,876
Total Financial Assets Available within One Year	5,531,938
Less	
Amounts Unavailable for General Expenditures within One Year, Due to	
Purpose Restrictions by Donors	(332,795)
Board Designated for Strategy and Contingency Reserve	(1,535,000)
Total Financial Assets Available within One Year for General Operations	$ 3,664,143

4. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

As of December 31, 2018, the following financial assets and liquidity sources were available for general operating expenditures in the year ending December 31, 2019:

Financial Assets	
Cash and Cash Equivalents	$ 2,780,372
Grants and Contributions Receivables Due in Less than One Year	1,610,263
Other Accounts Receivable	1,544
Investments Available for Operating Purposes	1,425,375
Total Financial Assets Available within One Year	5,817,554
Less	
Amounts Unavailable for General Expenditures within One Year, Due to	
Purpose Restrictions by Donors	(513,159)
Board Designated for Strategy and Contingency Reserve	(1,535,000)
Total Financial Assets Available within One Year for General Operations	$ 3,769,395

Board designated amounts for strategy and contingency reserves could be utilized with approval from the Board of Directors.

5. CONCENTRATION OF CREDIT RISK

The Organization maintains cash deposits and investments with various financial institutions that may, from time to time, exceed insurable limits. Management believes that the risk of any loss is minimal.

Approximately 79% of grants and contributions receivable were due from four donors for the year ended December 31, 2019. Approximately 60% of grants and contributions receivable were due from three donors for the year ended December 31, 2018.

6. FAIR VALUE MEASUREMENTS

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets (examples include mutual funds);

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate or municipal bonds);

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs into the determination of fair value require significant management judgment (examples include certain private equity securities and split-interest agreements).

6. FAIR VALUE MEASUREMENTS (CONTINUED)

As of December 31, 2019, the Organization's assets measured at fair value on a recurring basis consisted of the following investments:

	Fair Value	Level 1 Inputs
Vanguard Short-Term Federal Admiral	**$ 796,428**	**$ 796,428**
Vanguard Short-Term Treasury Admiral	**685,448**	**685,448**
Total Investments	**$ 1,481,876**	**$ 1,481,876**

As of December 31, 2018, the Organization's assets measured at fair value on a recurring basis consisted of the following investments:

	Fair Value	Level 1 Inputs
Vanguard Short-Term Federal Admiral	$ 764,355	$ 764,355
Vanguard Short-Term Treasury Admiral	661,020	661,020
Total Investments	$ 1,425,375	$ 1,425,375

The Organization's investments in mutual funds are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amount reported in the financial statements.

7. INVESTMENT INCOME

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

	2019	2018
Interest and Dividends	**$ 39,788**	$ 31,346
Unrealized Gain (Loss)	**20,759**	(9,799)
Total Investment Income	**$ 60,547**	$ 21,547

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2019	2018
Leasehold Improvements	**$ 587,799**	$ 620,079
Equipment	**121,891**	107,146
Furniture and Fixtures	**196,276**	192,107
Equipment under Capital Lease	**47,067**	47,067
Software	**165,615**	195,368
Total Property and Equipment	**1,118,648**	1,161,767
Less Accumulated Depreciation	**(385,160)**	(253,872)
Property and Equipment, Net	**$ 733,488**	$ 907,895

9. COMMITMENTS

Commitments for Meeting Spaces

The Organization is committed under agreements for hotel and conference facilities in future years. The total commitment under the agreements is not determinable as it depends upon attendance and other unknown factors. In the event the Organization cancels the agreements, the Organization may be liable for damages. Management believes no material liability is likely.

Operating Leases

In 2018, the Organization entered into a new office lease (the Lease) that commenced on November 1, 2018 for a period of eight years. Under the terms of the Lease, the base rent, which is approximately $378,000 per year, will increase annually based on scheduled increases provided for the in the Lease. The rent for months two through twelve of the Lease was abated and the Organization received a tenant improvement allowance.

Rent expense under the lease was approximately $284,000 and $256,000 for the years ended December 31, 2019 and 2018, respectively.

The future minimum annual lease payments under the operating leases are as follows:

For the Years Ending December 31,	
2020	$ 389,663
2021	401,904
2022	424,500
2023	436,109
2024	452,052
Thereafter	857,485
Total Future Minimum Lease Payments	$ 2,961,713

Capital Lease

The Organization had a capital lease for certain office equipment that expired in 2019. In 2018, the Organization entered into another capital lease for certain office equipment that expires in 2022.

The asset and liability under the capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated useful lives. Amortization of the assets under the capital leases are included in depreciation expense for the years ended December 31, 2019 and 2018. Accumulated amortization was approximately $39,500 and $24,600 for the years ended December 31, 2019 and 2018, respectively.

9. COMMITMENTS (CONTINUED)

Capital Lease (Continued)

Future minimum lease payments for the capital leases are as follows:

For the Years Ending December 31,	
2020	$ 2,898
2021	2,898
2022	2,656
Total Future Minimum Lease Payments	8,452
Less Amount Representing Interest	(609)
Net Future Minimum Capital Lease Payments	$ 7,843

10. PENSION PLAN

The Organization has a Section 403(b) defined contribution pension plan (the Plan), which covers employees after six months of service who are over age 21. Under the Plan, the Organization may make a discretionary contribution to employees. The Organization made contributions to the Plan totaling approximately $119,000 and $138,000 for the years ended December 31, 2019 and 2018, respectively. Employees are 100% vested upon entering the Plan and may also elect to make their own salary deferrals.

11. NET ASSETS

Board Designated Net Assets

Board designated net assets were designated for the following at December 31:

	2019	2018
Strategic Reserve	**$ 575,000**	$ 575,000
Contingency Reserve	**960,000**	960,000
Total Board Designated Net Assets	**$ 1,535,000**	$ 1,535,000

Net Assets With Donor Restrictions

As of December 31, 2019 and 2018, net assets with donor restrictions were available for the following purposes:

	2019	2018
Time Restricted	**$ 1,309,601**	$ 2,376,950
P3 Conference	**-**	25,066
Learning Conference 2019	**-**	87,648
Racial Equality	**215,000**	390,862
Professional Developments	**4,583**	9,583
National Conference	**113,212**	-
Total Net Assets With Donor Restrictions	**$ 1,642,396**	$ 2,890,109

11. NET ASSETS (CONTINUED)

Net Assets With Donor Restrictions (Continued)

For the years ended December 31, 2019 and 2018, net assets were released from restrictions by incurring expenses satisfying the purpose or time restrictions as follows:

	2019	2018
Time Restricted	**$ 1,507,660**	$ 1,234,344
National Conference	**90,788**	640,849
Learning Conference	**203,898**	85,852
Leading Change Conference	**23,366**	4,934
Executive Search	**30,000**	-
BEER Event	**2,500**	-
Learning Workshop and Publication Series	**-**	20,000
NFP Event	**-**	2,500
Partnerships	**-**	640
Professional Development	**5,000**	5,000
Racial Equality	**247,996**	225,000
Reorganization	**-**	25,000
Sr Leader Meeting	**56,000**	2,600
Total Net Assets Released from Restrictions	**$ 2,167,208**	$ 2,246,719

12. GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2019 and 2018, the Organization had grants and contributions receivable due as follows:

	2019	2018
Due in Less Than One Year	**$ 843,067**	$ 1,610,263
Due in One to Five Years	**225,000**	470,000
Total Grants and Contributions Receivable	**1,068,067**	2,080,263
Less Discount to Net Present Value (Approximately 2.0%)	**(10,248)**	(22,616)
Total Grants and Contributions Receivable	**$ 1,057,819**	$ 2,057,647

13. SUBSEQUENT EVENTS

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses, and nonprofit organizations around the world. There is uncertainty about financial and economic impacts in all sectors of the economy. The financial markets have experienced significant volatility, and this may continue for an extended period of time. In light of these circumstances, management of the Organization is currently reviewing its ongoing operations, future meetings, cash management, and fundraising strategies, etc., in an attempt to mitigate any adverse financial impact. Actions may include rescheduling of programs and services, consideration of virtual meetings, and other possibilities. While management continues to work to provide the best outcomes, it cannot currently assess the likelihood of being able to successfully mitigate any adverse financial impact to the Organization.

13. SUBSEQUENT EVENTS (CONTINUED)

The Organization has received a Small Business Administration (SBA) loan under the Paycheck Protection Program (PPP) in the amount of $444,800. PPP provides up to eight weeks of cash-flow assistance through 100% federally guaranteed loans to eligible recipients to maintain payroll during the COVID-19 public health emergency and cover certain other expenses. The first loan payment is deferred for six months. If the Organization maintains its workforce and meets certain requirements, up to 100% of the loan is forgivable by the SBA if the loan proceeds are used to cover the first eight weeks of payroll, and certain other expenses. The Treasury Department anticipates that no more than 25% of the forgiven amount may be for non-payroll costs. Also, if the Organization does not retain its entire workforce, the level of forgiveness is reduced by the percentage of the decrease. Loans under PPP have an interest rate of 1% and a maturity of two years.

The Organization has evaluated subsequent events through May 27,2020, the date on which the financial statements were available to be issued.