



GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

TABLE OF CONTENTS DECEMBER 31, 2021 AND 2020

	<u>Pages</u>
Independent Auditor's Report	3-4
Financial Statements	
Statements of Financial Position.....	5
Statement of Activities (December 31, 2021).....	6
Statement of Activities (December 31, 2020).....	7
Statement of Functional Expenses (December 31, 2021)	8
Statement of Functional Expenses (December 31, 2020)	9
Statements of Cash Flows.....	10
Notes to Financial Statements	11-20

Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Grantmakers for Effective Organizations (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Grantmakers for Effective Organizations' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Grantmakers for Effective Organizations' ability to continue as a going concern for a reasonable period of time.

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

Councilor, Buchanan + Mitchell, P.C.

Washington, D.C.
October 31, 2022

Certified Public Accountants

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Assets		
Cash and Cash Equivalents	\$ 8,883,658	\$ 4,815,042
Grants and Contributions Receivable	1,712,826	1,149,793
Membership Receivable	19,190	30,340
Other Receivables	43	4,492
Investments	1,535,661	1,545,163
Prepaid Expenses	27,808	21,111
Deposits	31,550	31,550
Property and Equipment, Net	<u>547,411</u>	<u>626,170</u>
Total Assets	<u><u>\$ 12,758,147</u></u>	<u><u>\$ 8,223,661</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 41,320	\$ 200,994
Accrued Leave	144,750	124,780
Capital Lease Payable	2,641	5,313
Deferred Rent	756,226	865,595
Deferred Seminar Registration Revenue	-	83,500
PPP Refundable Advance	<u>-</u>	<u>444,800</u>
Total Liabilities	944,937	1,724,982
Net Assets		
Without Donor Restrictions		
Undesignated	7,418,544	2,536,265
Board Designated for Strategy and Contingency Reserve	<u>1,535,000</u>	<u>1,535,000</u>
Total Without Donor Restrictions	8,953,544	4,071,265
With Donor Restrictions	<u>2,859,666</u>	<u>2,427,414</u>
Total Net Assets	<u>11,813,210</u>	<u>6,498,679</u>
Total Liabilities and Net Assets	<u><u>\$ 12,758,147</u></u>	<u><u>\$ 8,223,661</u></u>

See accompanying Notes to Financial Statements.

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support			
Member Contributions	\$ 2,073,876	\$ 182,659	\$ 2,256,535
Grants and Contributions	5,054,404	1,983,454	7,037,858
Conference Registration	154,650	-	154,650
Conference Sponsorship	-	340,000	340,000
Seminars	98,050	-	98,050
Investment Loss	(9,273)	-	(9,273)
Consulting	19,230	-	19,230
Other Income	40	-	40
Net Assets Released from Restrictions			
Satisfaction of Purpose Restrictions	907,578	(907,578)	-
Expiration of Time Restrictions	<u>1,166,283</u>	<u>(1,166,283)</u>	<u>-</u>
 Total Revenues and Support	 9,464,838	 432,252	 9,897,090
Expenses			
Program Services			
Conferences	463,322	-	463,322
Communications	282,034	-	282,034
Member Programs	1,179,420	-	1,179,420
Research and Learning	<u>735,301</u>	<u>-</u>	<u>735,301</u>
 Total Program Services	 2,660,077	 -	 2,660,077
Supporting Services			
Management and General	1,691,314	-	1,691,314
Fundraising	<u>231,168</u>	<u>-</u>	<u>231,168</u>
 Total Supporting Services	 <u>1,922,482</u>	 <u>-</u>	 <u>1,922,482</u>
 Total Expenses	 <u>4,582,559</u>	 <u>-</u>	 <u>4,582,559</u>
 Change in Net Assets	 4,882,279	 432,252	 5,314,531
Net Assets, Beginning of Year	<u>4,071,265</u>	<u>2,427,414</u>	<u>6,498,679</u>
 Net Assets, End of Year	 <u><u>\$ 8,953,544</u></u>	 <u><u>\$ 2,859,666</u></u>	 <u><u>\$ 11,813,210</u></u>

See accompanying Notes to Financial Statements.

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Member Contributions	\$ 1,936,153	\$ 51,150	\$ 1,987,303
Grants and Contributions	1,080,637	2,100,341	3,180,978
Conference Registration	200	-	200
Conference Sponsorship	-	273,402	273,402
Seminars	11,350	-	11,350
Investment Income	63,990	-	63,990
Consulting	13,400	-	13,400
Net Assets Released from Restrictions			
Satisfaction of Purpose Restrictions	416,321	(416,321)	-
Expiration of Time Restrictions	1,223,554	(1,223,554)	-
Total Revenues and Support	4,745,605	785,018	5,530,623
Expenses			
Program Services			
Conferences	365,992	-	365,992
Communications	190,518	-	190,518
Member Programs	943,886	-	943,886
Research and Learning	554,218	-	554,218
Total Program Services	2,054,614	-	2,054,614
Supporting Services			
Management and General	2,318,328	-	2,318,328
Fundraising	96,390	-	96,390
Total Supporting Services	2,414,718	-	2,414,718
Total Expenses	4,469,332	-	4,469,332
Change in Net Assets	276,273	785,018	1,061,291
Net Assets, Beginning of Year	3,794,992	1,642,396	5,437,388
Net Assets, End of Year	\$ 4,071,265	\$ 2,427,414	\$ 6,498,679

See accompanying Notes to Financial Statements.

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021

	Conferences	Communications	Member Programs	Research and Learning	Total Program Services	Management and General	Fundraising	Total Expenses
Expenses								
Salaries	\$ 204,436	\$ 168,511	\$ 655,008	\$ 404,581	\$ 1,432,536	\$ 862,570	\$ 150,786	\$ 2,445,892
Meetings/Meeting Space	33,903	1,042	1,753	2,555	39,253	1,087	-	40,340
Consultants	42,462	23,294	130,062	113,373	309,191	113,408	3,000	425,599
IT Consultants	7,214	5,504	20,798	12,184	45,700	27,036	4,750	77,486
Employee Benefits	38,556	29,645	119,990	75,418	263,609	170,110	27,920	461,639
Rent	25,932	19,017	73,894	44,891	163,734	118,925	17,356	300,015
Travel	1	-	961	19	981	3,212	1	4,194
Depreciation and Amortization	8,655	8,499	35,074	23,291	75,519	42,639	8,332	126,490
Payroll Taxes	15,588	13,135	50,236	30,217	109,176	65,691	11,372	186,239
Accounting	-	-	-	-	-	133,739	-	133,739
Design/Artwork/Photography	2,986	229	5,805	-	9,020	-	-	9,020
Licenses/Permits/Fees	80,339	7,433	3,814	15,009	106,595	20,250	388	127,233
Service Charges	5	5	860	14	884	23,700	-	24,584
Authors/Editors	-	289	19,472	-	19,761	-	-	19,761
Legal	-	-	-	-	-	35,702	-	35,702
Office and Computer Supplies	371	450	5,390	1,479	7,690	14,812	1,366	23,868
Telephone	1,654	2,805	9,631	3,069	17,159	18,497	1,768	37,424
Staff Development	2	1,159	12,078	4,878	18,117	12,197	2,411	32,725
Grants and Contributions	-	-	180	-	180	-	-	180
Printing	-	-	15,963	-	15,963	52	244	16,259
Furniture and Equipment	168	170	1,982	2,241	4,561	1,170	740	6,471
Furniture/Equipment Rental	301	242	919	581	2,043	-	218	2,261
Recruitment	-	-	500	384	884	2,044	138	3,066
Other	390	-	1,549	-	1,939	2,509	-	4,448
Subscriptions/Books/Dues	32	274	9,273	157	9,736	3,096	30	12,862
Meals - Non-Travel	21	27	159	39	246	185	-	431
Insurance	296	290	1,122	801	2,509	12,938	296	15,743
Payroll Service	-	-	-	-	-	4,828	-	4,828
Postage and Shipping	10	14	2,947	120	3,091	917	52	4,060
Total Expenses	\$ 463,322	\$ 282,034	\$ 1,179,420	\$ 735,301	\$ 2,660,077	\$ 1,691,314	\$ 231,168	\$ 4,582,559

See accompanying Notes to Financial Statements.

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2020

	Conferences	Communications	Member Programs	Research and Learning	Total Program Services	Management and General	Fundraising	Total Expenses
Expenses								
Salaries	\$ 107,571	\$ 90,535	\$ 474,101	\$ 248,121	\$ 920,328	\$ 1,239,620	\$ 41,383	\$ 2,201,331
Meetings/Meeting Space	104,614	-	2,260	3,589	110,463	4,707	-	115,170
Consultants	2,050	40,794	72,461	135,935	251,240	189,736	36,300	477,276
IT Consultants	5,751	4,971	28,837	13,026	52,585	26,774	1,562	80,921
Employee Benefits	14,874	13,556	70,528	38,412	137,370	249,860	7,114	394,344
Rent	22,413	15,468	87,197	34,232	159,310	131,064	4,142	294,516
Travel	4,517	-	8,093	3,373	15,983	11,849	527	28,359
Depreciation and Amortization	11,137	6,782	37,345	13,657	68,921	68,010	1,796	138,727
Payroll Taxes	8,441	6,904	36,510	18,935	70,790	85,101	3,121	159,012
Accounting	-	-	-	-	-	99,962	-	99,962
Temporary Help	-	-	-	-	-	35,619	-	35,619
Design/Artwork/Photography	5,894	908	4,898	-	11,700	-	-	11,700
Licenses/Permits/Fees	29,477	7,730	2,851	36,261	76,319	16,645	-	92,964
Service Charges	33,532	-	20,179	-	53,711	1,229	-	54,940
Authors/Editors	440	-	79,156	-	79,596	-	-	79,596
Legal	952	-	-	-	952	86,160	-	87,112
Office and Computer Supplies	5,247	347	4,255	978	10,827	6,816	106	17,749
Telephone	1,100	850	4,664	2,056	8,670	10,989	258	19,917
Staff Development	-	100	100	4,463	4,663	21,642	-	26,305
Grants and Contributions	-	-	1,000	-	1,000	-	-	1,000
Printing	-	1,147	-	-	1,147	200	-	1,347
Furniture and Equipment	-	-	-	-	-	3,576	-	3,576
Furniture/Equipment Rental	148	122	595	193	1,058	-	18	1,076
Recruitment	-	-	-	-	-	6,247	-	6,247
Other	55	-	120	638	813	3,541	-	4,354
Subscriptions/Books/Dues	-	250	8,500	53	8,803	2,506	-	11,309
Meals - Non-Travel	-	54	13	276	343	1,058	63	1,464
Insurance	7,779	-	6	-	7,785	8,291	-	16,076
Payroll Service	-	-	-	-	-	6,397	-	6,397
Postage and Shipping	-	-	217	20	237	729	-	966
Total Expenses	\$ 365,992	\$ 190,518	\$ 943,886	\$ 554,218	\$ 2,054,614	\$ 2,318,328	\$ 96,390	\$ 4,469,332

See accompanying Notes to Financial Statements.

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 5,314,531	\$ 1,061,291
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities		
Depreciation and Amortization	126,490	138,727
Unrealized Loss (Gain) on Investments	26,693	(32,472)
Change in Operating Assets and Liabilities		
<u>(Increase) Decrease in</u>		
Grants and Contributions Receivable	(563,033)	(128,374)
Membership Receivable	11,150	6,060
Other Receivables	4,449	2,800
Prepaid Expenses	(6,697)	43,683
<u>Increase (Decrease) in</u>		
Accounts Payable and Accrued Expenses	(159,674)	76,993
Accrued Leave	19,970	80,212
Deferred Rent	(109,369)	(97,127)
Deferred Seminar Registration Revenue	(83,500)	83,500
PPP Refundable Advance	(444,800)	444,800
Net Cash Provided by Operating Activities	<u>4,136,210</u>	<u>1,680,093</u>
Cash Flows from Investing Activities		
Purchases of Investments	(17,191)	(30,815)
Purchases of Property and Equipment	(47,731)	(31,409)
Net Cash Used in Investing Activities	<u>(64,922)</u>	<u>(62,224)</u>
Cash Flows from Financing Activities		
Principal Payments on Capital Lease	(2,672)	(2,530)
Net Cash Used in Financing Activities	<u>(2,672)</u>	<u>(2,530)</u>
Net Increase in Cash and Cash Equivalents	4,068,616	1,615,339
Cash and Cash Equivalents, Beginning of Year	<u>4,815,042</u>	<u>3,199,703</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 8,883,658</u></u>	<u><u>\$ 4,815,042</u></u>

See accompanying Notes to Financial Statements.

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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, 2021 and 2020, has been deemed by management to be fully collectible. If an amount becomes uncollectible, it is written-off when that determination is made.

Membership and Other Receivables

Membership and other receivables consist of amounts due for member dues and other amounts that were not collected at year end. Management reviews the collectability of the accounts on a regular basis. Amounts are considered to be fully collectible by management, and accordingly, no allowance for doubtful accounts is considered necessary.

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.

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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

Member contributions, grants and contributions, and conference sponsorships are recognized as revenue when an unconditional promise to give is received. Conditional promises to give are not recorded as revenue until the conditions are met. 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 member contributions, grants and contributions, and conference sponsorships 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.

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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 2020 financial statements have been reclassified to conform to the 2021 financial statement presentation.

Upcoming Accounting Pronouncements

Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842) supersedes the leasing guidance in (Topic 840), *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The new standard is effective for fiscal years beginning after December 15, 2021. Management has not evaluated the impact of the pending adoption of the new standard on the financial statements.

3. 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 86% of grants and contributions receivable were due from three donors as of December 31, 2021. Approximately 51% of grants and contributions receivable were due from one donor as of December 31, 2020.

During the year ended December 31, 2021, approximately 71% of total revenues and support consisted of grants and contributions. Approximately 40% of the grants and contributions for the year ended December 31, 2021, was contributed by one donor.

During the year ended December 31, 2020, approximately 58% of total revenues and support consisted of grants and contributions. Approximately 20% of the grants and contributions for the year ended December 31, 2020, was contributed by one donor.

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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, 2021, the following financial assets and liquidity sources were available for general operating expenditures in the year ending December 31, 2022:

Financial Assets

Cash and Cash Equivalents	\$ 8,883,658
Grants and Contributions Receivables Due in Less than One Year	969,000
Membership Receivable	19,190
Other Receivables	43
Investments	<u>1,535,661</u>
Total Financial Assets Available within One Year	11,407,552
Less	
Amounts Unavailable for General Expenditures within One Year, Due to Purpose Restrictions by Donors	(640,355)
Board Designated for Strategy and Contingency Reserve	<u>(1,535,000)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 9,232,197</u>

As of December 31, 2020, the following financial assets and liquidity sources were available for general operating expenditures in the year ended December 31, 2021:

Financial Assets

Cash and Cash Equivalents	\$ 4,815,042
Grants and Contributions Receivables Due in Less than One Year	460,810
Membership Receivable	30,340
Other Receivables	4,492
Investments	<u>1,545,163</u>
Total Financial Assets Available within One Year	6,855,847
Less	
Amounts Unavailable for General Expenditures within One Year, Due to Purpose Restrictions by Donors	(1,282,933)
Board Designated for Strategy and Contingency Reserve	<u>(1,535,000)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 4,037,914</u>

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

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

5. 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).

As of December 31, 2021, 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	\$ 827,835	\$ 827,835
Vanguard Short-Term Treasury Admiral	707,826	707,826
Total Investments	\$ 1,535,661	\$ 1,535,661

As of December 31, 2020, 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	\$ 831,874	\$ 831,874
Vanguard Short-Term Treasury Admiral	713,289	713,289
Total Investments	\$ 1,545,163	\$ 1,545,163

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.

6. INVESTMENT (LOSS) INCOME

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

	2021	2020
Interest and Dividends	\$ 7,876	\$ 18,177
Unrealized (Loss) Gain	(26,693)	32,472
Realized Gain	9,544	13,341
Total Investment (Loss) Income	\$ (9,273)	\$ 63,990

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2021	2020
Leasehold Improvements	\$ 587,799	\$ 587,799
Equipment	211,095	163,365
Furniture and Fixtures	197,461	197,461
Equipment under Capital Lease	10,431	10,431
Software	191,002	191,002
Total Property and Equipment	1,197,788	1,150,058
Less Accumulated Depreciation	(650,377)	(523,888)
Property and Equipment, Net	\$ 547,411	\$ 626,170

8. 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 and terminates October 31, 2026. Under the terms of the Lease, the base rent will increase annually based on scheduled increases provided for in the Lease. The rent for months two through twelve of the Lease was abated and the Organization received a tenant improvement allowance. In addition, the Organization is responsible for its share of increases in the operating expenses and real estate taxes of the building. The lease may be renewed for one five-year period.

Rent expense under the lease was approximately \$300,000 and \$295,000 for the years ended December 31, 2021 and 2020, respectively.

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

For the Years Ending December 31,

2022	\$ 424,500
2023	436,109
2024	452,052
2025	463,338
2026	394,147
Total Future Minimum Lease Payments	\$ 2,170,146

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

8. COMMITMENTS (CONTINUED)

Capital Lease

In 2018, the Organization entered into a capital lease for certain office equipment that expires in 2022. The asset and liability under the capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The asset is amortized over its estimated useful life. Amortization of the asset under the capital lease is included in depreciation and amortization expense for the years ended December 31, 2021 and 2020. Accumulated amortization was approximately \$7,900 and \$5,400 for the years ended December 31, 2021 and 2020, respectively.

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

For the Year Ending December 31,

2022	\$ 2,656
Total Future Minimum Lease Payments	2,656
Less Amount Representing Interest	<u>(15)</u>
Net Future Minimum Capital Lease Payments	<u><u>\$ 2,641</u></u>

9. 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 \$151,000 and \$112,000 for the years ended December 31, 2021 and 2020, respectively. Employees are 100% vested upon entering the Plan and may also elect to make their own salary deferrals.

10. NET ASSETS

Board Designated Net Assets

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

	<u>2021</u>	<u>2020</u>
Strategic Reserve	\$ 575,000	\$ 575,000
Contingency Reserve	<u>960,000</u>	<u>960,000</u>
Total Board Designated Net Assets	<u><u>\$ 1,535,000</u></u>	<u><u>\$ 1,535,000</u></u>

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

10. NET ASSETS (CONTINUED)

Net Assets With Donor Restrictions

As of December 31, 2021 and 2020, net assets with donor restrictions were available for the following purposes:

	2021	2020
Time Restricted	\$ 1,969,311	\$ 1,144,481
National Conference	32,928	-
Learning Conference	-	20,623
Racial Equity	-	20,832
Professional Development	-	5,000
Fund for Shared Insight	97,720	144,347
W.K. Kellogg Strong Sector	684,707	1,092,131
Knowledge Dissemination, Management, and Monitoring Capacity	75,000	-
Total Net Assets With Donor Restrictions	<u>\$ 2,859,666</u>	<u>\$ 2,427,414</u>

For the years ended December 31, 2021 and 2020, net assets were released from restrictions by incurring expenses satisfying the purpose or time restrictions as follows:

	2021	2020
Time Restricted	\$ 1,166,283	\$ 1,223,554
National Conference	152,072	171,614
Learning Conference	175,623	194,377
Racial Equity	20,832	41,668
Professional Development	5,000	4,583
Fund for Shared Insight	46,627	4,079
W.K. Kellogg Strong Sector	407,424	-
Transformational Programming for Grantmaking Leaders	100,000	-
Total Net Assets Released from Restrictions	<u>\$ 2,073,861</u>	<u>\$ 1,639,875</u>

11. GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2021 and 2020, the Organization had grants and contributions receivable due as follows:

	2021	2020
Due in Less Than One Year	\$ 969,000	\$ 460,810
Due in One to Five Years	768,000	700,000
Total Grants and Contributions Receivable	1,737,000	1,160,810
Less Discount to Net Present Value (Approximately 3.0%)	(24,174)	(11,017)
Total Grants and Contributions Receivable	<u>\$ 1,712,826</u>	<u>\$ 1,149,793</u>

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

12. DEFERRED SEMINAR REGISTRATION REVENUE

The change in the Organization's deferred seminar registration revenue for the year ended December 31, 2021, consisted of the following:

Balance as of December 31, 2020	\$ 83,500
Previously Deferred Revenue Recognized	(83,500)
Cash Received for Seminars	14,550
Seminar Revenue Earned	<u>(14,550)</u>
Balance as of December 31, 2021	<u>\$ -</u>

The change in the Organization's deferred seminar registration revenue for the year ended December 31, 2020, consisted of the following:

Balance as of December 31, 2019	\$ -
Previously Deferred Revenue Recognized	-
Cash Received for Seminars	94,850
Seminar Revenue Earned	<u>(11,350)</u>
Balance as of December 31, 2020	<u>\$ 83,500</u>

13. RESPONSE TO COVID-19

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses, and nonprofits 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 continues to assess how best to adapt to changed circumstances.

During 2020, the Organization received a Small Business Administration (SBA) loan under the Paycheck Protection Program (PPP) in the amount of \$444,800. PPP provides 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. If the Organization maintains its workforce and meets certain requirements, up to 100% of the loan may be forgiven by the SBA. No more than 25% of the forgiven amount may be for non-payroll costs. Loans under PPP have an interest rate of 1% and may negotiate to a five-year maturity date, if not forgiven. The loan is included in PPP refundable advance on the statements of financial position as of December 31, 2020, since payment had not been waived at that time. During the year ended December 31, 2021, the Organization met the criteria for loan forgiveness, and as such, the loan proceeds are included in grants and contributions without donor restrictions on the statement of activities for the year ended December 31, 2021.

14. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 31, 2022, the date on which the financial statements were available to be issued.

GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

14. SUBSEQUENT EVENTS (CONTINUED)

In March 2022, the Organization entered into an employment agreement (the Agreement) with its President and CEO. The Agreement has an effective date of March 1, 2022 and continues until March 1, 2024. Either party may terminate the Agreement without cause. If the President and CEO terminates the Agreement without cause, 120 days' written notice is required. If the Organization terminates the Agreement without cause, the Organization is obligated to pay the severance equal to eight months of the President and CEO's salary at the time of termination.