



**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

FINANCIAL STATEMENTS

DECEMBER 31, 2019

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

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DECEMBER 31, 2019**

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Independent Auditors' Report

Board of Directors
Association of Small Foundations
DBA Exponent Philanthropy
Washington, D.C.

We have audited the accompanying financial statements of the Association of Small Foundations, DBA Exponent Philanthropy (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 the Organization 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.

Board of Directors
Association of Small Foundations
DBA Exponent Philanthropy

Report on Summarized Comparative Information

We have previously audited the Organization's 2018 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated June 25, 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.

Councilor, Buchanan + Mitchell, P.C.

Washington, D.C.
June 24, 2020

Certified Public Accountants

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018)

	2019	2018
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 992,444	\$ 1,393,910
Grants and Contributions Receivable	125,000	206,166
Accounts Receivable	43,250	179,500
Donated Office Space Receivable	207,039	232,234
Investments	2,157,537	1,859,963
Prepaid Expenses and Other Current Assets	52,288	73,515
Total Current Assets	3,577,558	3,945,288
Fixed Assets, Net	37,177	94,976
Grants Receivable, Net of Current Portion	-	102,000
Donated Office Space Receivable, Net of Current Portion	1,339,945	320,688
Total Assets	\$ 4,954,680	\$ 4,462,952
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 134,279	\$ 112,588
Deferred Revenue	117,225	273,634
Deferred Membership Dues	806,371	747,140
Total Current Liabilities	1,057,875	1,133,362
Net Assets		
Without Donor Restrictions	1,900,880	2,171,431
With Donor Restrictions	1,995,925	1,158,159
Total Net Assets	3,896,805	3,329,590
Total Liabilities and Net Assets	\$ 4,954,680	\$ 4,462,952

See accompanying Notes to Financial Statements.

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018)**

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
Revenues				
Membership Dues	\$ 1,440,927	\$ -	\$ 1,440,927	\$ 1,401,810
Grants and Contributions	440,234	176,125	616,359	1,193,176
Sustaining Partner Fees	267,429	-	267,429	273,507
Registration Fees	413,582	-	413,582	836,376
Rental Income	217,238	-	217,238	207,912
Publications and Other Revenue	135,037	-	135,037	108,151
Contribution - Donated Office Space	36,214	1,187,985	1,224,199	10,842
Interest Income	46,756	-	46,756	32,760
Net Assets Released from Restrictions	526,344	(526,344)	-	-
Total Revenues	3,523,761	837,766	4,361,527	4,064,534
Expenses				
Program Services	3,067,773	-	3,067,773	3,331,268
General and Administrative	310,150	-	310,150	300,191
Fundraising	416,389	-	416,389	451,721
Total Expenses	3,794,312	-	3,794,312	4,083,180
Change in Net Assets	(270,551)	837,766	567,215	(18,646)
Net Assets, Beginning of Year	2,171,431	1,158,159	3,329,590	3,348,236
Net Assets, End of Year	\$ 1,900,880	\$ 1,995,925	\$ 3,896,805	\$ 3,329,590

See accompanying Notes to Financial Statements.

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

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

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018)

	Connect	Guide	Champion	Total Program Services	General and Administrative	Fundraising	2019 Total	2018 Total
Salaries, Payroll Taxes, and Benefits	\$ 854,783	\$ 615,365	\$ 370,477	\$ 1,840,625	\$ 54,748	\$ 322,950	\$ 2,218,323	\$ 2,086,611
Meetings	84,870	94,810	25,115	204,795	2,280	3,825	210,900	617,958
Amortization of Donated Rent	70,983	58,759	47,084	176,826	36,821	16,489	230,136	232,234
Consultants	109,898	155,902	79,933	345,733	9,969	4,464	360,166	383,362
Occupancy	78,786	56,719	34,147	169,652	66,474	29,767	265,893	264,458
Travel	20,966	20,799	13,957	55,722	922	4,749	61,393	52,163
Legal and Accounting	-	-	-	-	84,356	-	84,356	72,339
Printing	34,366	19,492	11,870	65,728	1,530	5,203	72,461	76,201
Postage and Delivery	12,476	11,221	5,140	28,837	1,186	2,000	32,023	23,435
Telephone and Fax	12,109	8,723	5,250	26,082	10,130	4,682	40,894	33,251
Depreciation and Amortization	17,318	12,467	7,506	37,291	14,612	6,543	58,446	54,009
Office Equipment and Maintenance	2,253	1,622	977	4,852	1,902	851	7,605	11,325
Website	1,480	1,275	1,088	3,843	618	276	4,737	8,314
Design	3,497	3,330	2,908	9,735	-	-	9,735	13,202
Merchant and Bank Charges	9,696	6,981	4,203	20,880	8,181	3,663	32,724	48,941
Dues and Publications	3,724	4,998	2,630	11,352	1,519	680	13,551	29,474
Office Supplies	3,262	3,317	1,321	7,900	2,288	1,085	11,273	10,488
Temporary Help	6,383	4,595	2,767	13,745	409	2,412	16,566	10,333
Insurance	2,529	1,821	1,096	5,446	2,135	956	8,537	10,160
Conference Registration Fees	13,948	11,150	8,421	33,519	8,390	4,958	46,867	38,921
Staff Meetings	1,889	1,372	844	4,105	1,559	782	6,446	4,488
Miscellaneous	144	899	62	1,105	121	54	1,280	1,513
Total Expenses	\$ 1,345,360	\$ 1,095,617	\$ 626,796	\$ 3,067,773	\$ 310,150	\$ 416,389	\$ 3,794,312	\$ 4,083,180

See accompanying Notes to Financial Statements.

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018)**

	2019	2018
Cash Flows from Operating Activities		
Change in Net Assets	\$ 567,215	\$ (18,646)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities		
Depreciation and Amortization	58,446	54,009
(Gain) Loss on Investments	(1,273)	1,034
Change in Present Value Discount for Donated Office Space Receivable	(36,214)	(10,842)
Decrease (Increase) in Grants and Contributions Receivable	183,166	(35,834)
Decrease (Increase) in Accounts Receivable	136,250	(109,500)
(Increase) Decrease in Donated Office Space Receivable	(957,848)	232,233
Decrease in Prepaid Expenses and Other Current Assets	21,227	16,899
Increase (Decrease) in Accounts Payable and Accrued Expenses	21,691	(7,042)
(Decrease) Increase in Deferred Revenue	(156,409)	134,351
Increase in Deferred Membership Dues	59,231	22,277
Net Cash (Used in) Provided by Operating Activities	(104,518)	278,939
Cash Flows from Investing Activities		
Purchases of Investments	(4,500,000)	(3,100,000)
Proceeds from Sales of Investments	4,203,699	2,943,069
Purchases of Fixed Assets	(647)	(30,231)
Net Cash Used in Investing Activities	(296,948)	(187,162)
Net (Decrease) Increase in Cash and Cash Equivalents	(401,466)	91,777
Cash and Cash Equivalents, Beginning of Year	1,393,910	1,302,133
Cash and Cash Equivalents, End of Year	\$ 992,444	\$ 1,393,910

See accompanying Notes to Financial Statements.

ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Association of Small Foundations (the Organization) is a nonprofit organization incorporated under the laws of the State of Delaware. Since March 2014, the Organization has been doing business as Exponent Philanthropy. The Organization builds and strengthens small foundation philanthropy by providing high-quality programs, services and resources to charitable foundations with few or no staff. The Organization is a membership organization, recognized for peer-to-peer information sharing, and recognized for the production of practical tools that improve, simplify, and reduce the cost of administering a grant making foundation. The Organization's activities are funded primarily through membership dues and grants and contributions.

The Organization's main programs are:

Connect: provides opportunities for members and prospective members to network and connect through the production and distribution of educational programs, peer learning cohorts, local engagement groups, member advisory committees, and on-line member directory and discussion list.

Guide: provides opportunities for members and prospective members to become increasingly knowledgeable in core competencies, intentionality, and leadership through the production of educational programs, the publication of written materials, and a rich library of on-line tools and resources on topics related to grant-making, impact and evaluation, starting up, foundation administration, boards and governance, family philanthropy, investments, leadership, tax and legal issues, technology, transition points and trends.

Champion: identifies, celebrates, promotes and encourages the work of its members, those who practice philanthropy with few or no staff.

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

Cash and Cash Equivalents

The Organization considers demand deposits, money market funds, and investments purchased with a maturity of three months or less when purchased, to be cash and cash equivalents.

Investments

Investments with original maturities of less than one year are classified as short-term investments. Investments are comprised of short-term brokered certificates of deposit, valued based on broker quotes using readily available pricing sources for comparable investments.

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contributions Receivable

Unconditional promises to give that have not been collected as of year-end are recorded as grants and contributions receivable in the accompanying statement of financial position. Grants and contributions receivable over multiple years are discounted to their net present value using the applicable interest rate if such discount would be material. Management reviews the collectability of the grants and contributions receivable on a periodic basis. No reserve for doubtful accounts has been established because management believes all amounts are fully collectible.

Fixed Assets

The Organization capitalizes all fixed asset acquisitions of \$2,000 and above. Fixed assets are stated at cost and are depreciated using the straight-line method over estimated useful lives of three to five years, with no salvage value. Direct costs incurred during the application stage of the development of the Organization's website are capitalized and amortized over an estimated useful life of three years. Leasehold improvements are amortized over the shorter of the related donated office space agreement term or the useful value of the asset. Maintenance and repairs, including planned major maintenance activities, are charged to expense when incurred; major renewals and betterments are capitalized. Donated fixed assets are recorded at fair market value at the date of donation.

Accounts Receivable

Accounts receivable consists primarily of amounts due at year end for rental income and sustaining partner fees. Management reviews the collectability of the accounts receivable on a periodic basis. No reserve for doubtful accounts has been established because management believes all amounts are fully collectible.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, and benefits. These expenses are allocated on the basis of estimates of time and effort by employees. Base level indirect costs are attributed to general and administrative functions with remaining indirect costs allocated among programs and fundraising based on salaries. Expenses directly identifiable to specific programs and supporting activities are presented accordingly.

Donated Office Space

The Organization receives the use of office space and furniture and equipment free of charge. The Organization records the fair value of the donated office space as donated office space and

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Office Space (Continued)

donor-restricted revenue at the net present value of the estimated fair value of the lease when the contribution is made. Donated office space that has been committed to the Organization as of December 31, 2019 through a formal lease agreement has been recorded as donated office space receivable in the accompanying statement of financial position.

Revenue Recognition

The Organization reports grants and contributions as without donor restrictions and available for general operations, unless specifically restricted by the donor. If such grants and contributions are received with donor stipulations that limit the use of the donated funds for a particular purpose or for a specific period of time, they are reported as net assets with donor restrictions. When the stipulated time restriction ends or the purpose of the restriction is met, 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.

Sustaining partner fees is contract income which is generally recognized at the point in time that the underlying event occurs and/or over the contract period for benefits available throughout the contract.

Membership dues revenue is recognized ratably over the membership period, which begins in the month dues are paid. The portion of dues that relates to a membership period extending beyond year end is reported as deferred membership dues.

Registration fees and related sponsorships and exhibit fees are recognized at the point in time that the seminar or conference is held.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and 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 is exempt from the payment of taxes on income other than net unrelated business income. The Organization received certain unrelated business income from advertising fees. No provision for federal or state income taxes is required as of December 31, 2019, for net unrelated business income.

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 taxing authorities generally for three years after filing.

**ASSOCIATION OF SMALL FOUNDATIONS
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Prior Year Information

The financial statements include certain prior year summarized comparative totals as of and for the year ended December 31, 2018. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Reclassifications

Certain 2018 amounts have been reclassified for comparative purposes.

2. ADOPTION OF 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. As a result, there was no cumulative-effect adjustment to opening net assets with or without donor restrictions as of January 1, 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*. 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

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

2. ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)

Adoption of Accounting Standards Codification Topic 606 (Continued)

existing revenue recognition guidance in U.S. GAAP. This change in accounting principle was adopted using the modified retrospective method as of January 1, 2019. The initial application was applied to all contracts open at January 1, 2019. 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. LIQUIDITY AND AVAILABLE RESOURCES

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity management, the Organization invests cash in excess of daily requirements in certificates of deposits on a rotating schedule, such that one or more matures each month and is available for general expenditure. Although the Organization does not intend to spend board designated net assets for other than the amounts appropriated for specific projects, amounts could be made available by the Board of Directors as necessary.

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	\$ 992,444
Current Portion of Grants and Contributions Receivable	125,000
Accounts Receivable	43,250
Donated Office Space Receivable	207,039
Investments	<u>2,157,537</u>
Total Financial Assets Available in One Year	3,525,270
Less Amounts Not Available for General Operating Expenditure	
Grants and Contributions Restricted by Purpose by Donor	(423,941)
Board Designated Net Assets	<u>(104,517)</u>
Total Financial Assets Available	<u>\$ 2,996,812</u>

Composition of Net Assets Without Donor Restrictions

The Board of Directors has designated funds for specific purposes, which effects the composition of net assets without donor restrictions. As of December 31, 2019, the balance of the board designated funds raised through the 20th Anniversary Campaign, approximately \$105,000 is being considered a general operational reserve.

4. CONCENTRATIONS AND FINANCIAL RISK

The Organization maintains cash balances at financial institutions in the Washington, D.C., metropolitan area. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times during the year, the Organization's

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

4. CONCENTRATIONS AND FINANCIAL RISK (CONTINUED)

cash balance exceeded the FDIC insurance amount. Management believes the risk in these situations to be minimal.

As of December 31, 2019, approximately 90% of grants, contributions, and accounts receivable was due from one donor. For the year ended December 31, 2019, one donor accounted for approximately 57% of grants and contributions revenue.

5. EMPLOYEE BENEFIT PLANS

The Organization sponsors a qualified profit-sharing pension plan (the Plan) with a 401(k) feature for all eligible employees. Employees, who have reached age 21, are eligible to participate in the Plan after one year of service and are fully vested immediately upon entering the Plan. The Organization contributes up to 21% of each employee's salary to the Plan on a predetermined formula based on the benefits package selected by the employee. For the year ended December 31, 2019, the Organization made a contribution to the Plan on behalf of its employees of approximately \$226,000, which is included in salaries and benefits in the accompanying statement of functional expenses.

In December 2019, the Organization adopted a Section 457(b) Plan, a non-qualified deferred compensation plan for the purpose of providing benefits to certain selected employees. Eligible employees include persons whose employer provided benefits under the Organization's plan are limited by compensation cap provisions in the Internal Revenue Code. As of December 31, 2019, there were no assets held in the rabbi trust which will fund the Organization's obligations under this plan. When funded, the respective value of the assets will be recorded as an asset with an offsetting deferred compensation liability. There were no benefits paid in 2019.

6. FIXED ASSETS

Fixed assets consisted of the following as of December 31, 2019:

<u>Description</u>	<u>Amount</u>
Furniture and Equipment	\$ 15,295
Website	146,719
Leasehold Improvements	<u>52,137</u>
	214,151
Less Accumulated Depreciation and Amortization	<u>(176,974)</u>
Fixed Assets, Net	<u><u>\$ 37,177</u></u>

7. COMMITMENTS

The Organization has an employment agreement (the Agreement) with the Chief Executive Officer (CEO), which expires on March 31, 2021. The Agreement specifies that if the Organization terminates the Agreement, the CEO is entitled to 180 days of paid compensation, excluding benefits.

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

7. COMMITMENTS (CONTINUED)

The Organization has entered into contracts with facilities and related service providers in connection with future meetings and conferences. In the event of cancellation by the Organization or if attendance is less than agreed-upon minimum levels, the Organization would be responsible for certain fees. Management does not anticipate cancellation of these events or attendance below minimum levels, or any risk of significant financial loss.

8. DONOR RESTRICTED NET ASSETS

Donor restricted net assets were available for the following purposes as of December 31, 2019:

<u>Description</u>	<u>Amount</u>
Donated Office Space for Future Years	\$ 1,546,984
Diversity	401,366
Strategic Planning and Landscape Analysis	22,575
Time-Restricted	<u>25,000</u>
Total Donor Restricted Net Assets	<u><u>\$ 1,995,925</u></u>

Amounts released from donor restricted net assets during the year ended December 31, 2019, were as follows:

<u>Description</u>	<u>Amount</u>
Donated Office Space for Future Years	\$ 193,922
Conferences and Programs	65,750
Atlanta Advocacy	8,478
Diversity	83,280
Strategic Planning and Landscape Analysis	69,248
Time-Restricted	<u>105,666</u>
Total Amounts Released from Restrictions	<u><u>\$ 526,344</u></u>

9. 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 equity securities);

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 to the determination of fair value require significant management judgment (examples include certain private equity securities).

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

9. FAIR VALUE MEASUREMENTS (CONTINUED)

The following presents investments carried at fair value as of December 31, 2019:

Description	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit	\$ 2,157,537	\$ -	\$ 2,157,537	\$ -

10. DONATED OFFICE SPACE RECEIVABLE

In 2010, the Organization entered into a lease with a not-for-profit corporation for its office space, including furnishings, in Washington, D.C., for a five-year period from June 2011 through May 2016. In January 2016, the Organization and the corporation extended the office space agreement for a new five-year period commencing on June 1, 2016, with no other changes.

In December 2019, the Organization and the corporation amended the office space agreement so that the lease would end on December 31, 2027. In addition, the amendment specifies that the lease arrangement will automatically extend for two-year periods unless either party elects to terminate. Other provisions remain unchanged. The leases provide for no annual fixed rent, but the Organization is obligated to pay all taxes, costs, operating expenses, and utilities.

The net present value of the donated office space related to the new lease, approximately \$1,534,000, less the remaining net present value of the previous lease receivable of approximately \$346,000, was recorded as temporarily restricted revenue during the year ended December 31, 2019. The donated office space receivable was discounted to the net present value using a discount rate of 2%. The amount of the amortization of donated rent for the year ended December 31, 2019, of approximately \$230,000, is recognized in the accompanying statement of functional expenses.

The donated office space receivable as of December 31, 2019, represents the net present value of donated office space promised through 2027 which is to be received as follows:

<u>For the Years Ending December 31,</u>	<u>Amount</u>
2020	\$ 207,039
2021	207,039
2022	207,039
2023	207,039
2024	207,039
2025-2027	<u>621,106</u>
Total Donated Office Space Receivable	1,656,301
Less Discount to Present Value	<u>(109,317)</u>
Net Donated Office Space Receivable	<u>\$ 1,546,984</u>

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

10. DONATED OFFICE SPACE RECEIVABLE (CONTINUED)

The Organization subleases a portion of its donated office space to various unrelated entities. The Organization recognized approximately \$217,000 in rental income related to these subleases during the year ended December 31, 2019.

11. 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 continues to assess how best to adapt to changed circumstances.

The Organization has received a Small Business Administration (SBA) loan under the Paycheck Protection Program (PPP) in the amount of \$376,696. 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 40% 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.

Subsequent events were evaluated through June 24, 2020, which is the date the financial statements were available to be issued.