

Asset Funders Network

Financial Statements

**For the Period From March 9, 2019
Through December 31, 2019**

**Asset Funders Network
Financial Statements
For the Period From March 9, 2019 Through December 31, 2019**

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-10



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Asset Funders Network
Chicago, Illinois

We have audited the accompanying financial statements of Asset Funders Network (a nonprofit 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 period from March 9, 2019 through December 31, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Asset Funders Network as of December 31, 2019, and the changes in its net assets and its cash flows for the period from March 9, 2019 through December 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

954.838.7000
Broward

305.553.1310
Miami-Dade

954.838.7888 Fax

Bellows Associates P.A.

Bellows Associates, P.A.
Plantation, Florida
September 14, 2020

7890 Peters Road, Suite G-102
Plantation, FL 33324

**Asset Funders Network
Statement of Financial Position
December 31, 2019**

ASSETS

Assets	
Cash	\$ 157,088
Contributions receivable	<u>336,213</u>
Total Assets	<u><u>\$ 493,301</u></u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	\$ 22,098
Accrued expenses	<u>51,375</u>
Total Liabilities	<u>73,473</u>
Net Assets	
Net assets without donor restrictions	142,778
Net assets with donor restrictions	<u>277,050</u>
Total Net Assets	<u>419,828</u>
Total Liabilities and Net Assets	<u><u>\$ 493,301</u></u>

See accompanying notes to the financial statements

Asset Funders Network
Statement of Activities
For the Period From March 9, 2019 Through December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Grants and contributions	\$ 698,618	\$ 988,400	\$ 1,687,018
Membership revenue	266,000	23,500	289,500
Conference fees and sponsorships	120,267	-	120,267
Net assets released from restrictions	734,850	(734,850)	-
	<u>1,819,735</u>	<u>277,050</u>	<u>2,096,785</u>
Total Revenues			
Expenses			
Program services			
Communications and national projects	432,087	-	432,087
Regions and regional projects	632,817	-	632,817
Conference	279,528	-	279,528
Total program services	<u>1,344,432</u>	<u>-</u>	<u>1,344,432</u>
Management and general	267,049	-	267,049
Fundraising	65,476	-	65,476
	<u>1,676,957</u>	<u>-</u>	<u>1,676,957</u>
Total Expenses			
Change in Net Assets	142,778	277,050	419,828
Net Assets, Beginning of Period	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 142,778</u>	<u>\$ 277,050</u>	<u>\$ 419,828</u>

See accompanying notes to the financial statements

Asset Funders Network
Statement of Functional Expenses
For the Period From March 9, 2019 Through December 31, 2019

	Program Services				Management and General	Fundraising	Total
	Communications and National Projects	Regions and Regional Projects	Conference	Total Program Services			
Conference and convening production	\$ 326	\$ 35,760	\$ 27,587	\$ 63,673	\$ 147	\$ 38	\$ 63,858
Contracted staff	261,327	497,486	124,883	883,696	257,474	63,104	1,204,274
General and administrative	6,286	12,436	10,491	29,213	5,801	1,424	36,438
Marketing and communication	29,981	40,566	25,048	95,595	2,294	572	98,461
Non-staff researchers	124,881	12,434	2,077	139,392	-	-	139,392
Subscriptions and fees	1,330	5,119	6,814	13,263	134	35	13,432
Travel	7,956	29,016	82,628	119,600	1,199	303	121,102
Total Expenses	\$ 432,087	\$ 632,817	\$ 279,528	\$ 1,344,432	\$ 267,049	\$ 65,476	\$ 1,676,957

See accompanying notes to the financial statements

Asset Funders Network
Statement of Cash Flows
For the Period From March 9, 2019 Through December 31, 2019

Cash Flows From Operating Activities	
Change in net assets	\$ 419,828
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Contributions receivable	(336,213)
Accounts payable	22,098
Accrued expenses	<u>51,375</u>
Net cash provided by operating activities	<u>157,088</u>
Net Increase in Cash and Restricted Cash	157,088
Cash and Restricted Cash, Beginning of Period	<u>-</u>
Cash and Restricted Cash, End of Year	<u><u>\$ 157,088</u></u>

Supplemental disclosure:

As of December 31, 2019, the amounts included in cash and restricted cash include the following:

Cash - operations	\$ 51,823
Donor restricted cash	<u>105,265</u>
Total cash and restricted cash	<u><u>\$ 157,088</u></u>

See accompanying notes to the financial statements

Asset Funders Network
Notes to the Financial Statements
For the Period From March 9, 2019 Through December 31, 2019

NOTE 1 – Organization and Summary of Significant Accounting Policies

Organization

Asset Funders Network (the Organization) is a public charity, incorporated in the State of Illinois on June 4, 2018, for the exclusive purpose to present research and best practices that support investments and efforts to increase the economic stability, financial capability, and prosperity of low and middle income individuals and households, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code (IRC), or the corresponding section of any future federal tax code.

The Organization was established from a previously existing project that was founded in 2005 and was sponsored by Philanthropy New York, Inc. (the Sponsor). The previous project was considered temporary in nature and required the support of an organization with a 501(c)(3) designation to carry out their fiscal functions. The Sponsor recognized all activities and net assets of the previous project as its own and charged the project a fiscal fee for its sponsorship. On March 9, 2019, upon receipt of the IRS 503(c)(3) determination letter for the Organization, the assets and liabilities of the previous project were absorbed by the newly incorporated Organization for a total of \$698,618 as recognized in grants and contributions on the statement of activities. To support the transition of the project from the Sponsor to the Organization, the Organization paid \$13,432 in fiscal sponsorship fees to the Sponsor between March 9, 2019 through July 31, 2019. Beginning August 1, 2019, the Organization was no longer obligated to remit a fiscal fee to the Sponsor.

The Organization has approximately 115 members and offers the following membership types: standard, national supporter, regional supporter, and conference sponsorship. Member contributions are expended on the following programs:

- i. *Communications and National Projects* – Broad focus initiatives to building economic well-being for low- and middle-income people.
- ii. *Regions and Regional Projects* – Connect grantmakers and colleagues in nonprofit, public, and private sectors to facilitate collaboration to maximize their impact on individual, family, and community wealth in a targeted region.
- iii. *Conference* – Build awareness of key issues, promising approaches and timely, relevant research to support strategic and impactful investments.

Financial Statement Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended in accordance with the allowable objectives of the Organization.

Asset Funders Network
Notes to the Financial Statements
For the Period From March 9, 2019 Through December 31, 2019

NOTE 1 – Organization and Summary of Significant Accounting Policies (continued)

Financial Statement Presentation (continued)

Net assets with donor restrictions: Net assets subject to stipulations by donors and grantors. Some restrictions are temporary in nature and will be met by actions of the Organization or by the passage of time. Other restrictions are perpetual in nature, and funds must be maintained in perpetuity. Donor restrictions are related to specified use or time restrictions that will be satisfied within one to two years of the statement of financial position date. See Note 2.

Use of Estimates

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

Cash, Cash Equivalents, and Restricted Cash

The Organization considers investment instruments purchased with an original maturity of three months or less to be cash equivalents. The carrying amounts approximate fair value because of the short maturity of those instruments. There were no cash equivalents as of December 31, 2019.

Recent Accounting Standards

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Previous classes of net assets have been changed as follows: unrestricted net assets are now presented as net assets without donor restrictions. Temporarily and permanently restricted net assets are now presented as net assets with donor restrictions. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230)— Restricted Cash, which requires the statements of cash flows to explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash or restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-year and end-of-year total amounts shown on the statement of cash flows. The effects of adopting this accounting guidance resulted in the addition of disclosures regarding the nature of the restrictions on restricted cash.

Asset Funders Network
Notes to the Financial Statements
For the Period From March 9, 2019 Through December 31, 2019

NOTE 1 – Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition

Grants and Contributions

Revenue from grants and contracts, that are considered to be conditional contributions, are recorded in the statement of activities under contributions and grants and are recognized as qualifying expenses are incurred under agreement or stipulated time restriction has elapsed. When a donor's conditions are satisfied in a subsequent period, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, these donor restricted amounts are reclassified to without donor restriction and reported in the statement of activities as net assets released from restrictions.

Contributions Receivable

The Organization deems all contributions receivable to be collectible and accordingly, does not have an allowance for doubtful accounts. Such estimate is based on management's experience, the gaining of the receivables, and subsequent receipts. Contributions receivable are expected to be received within one year of the statement of financial position date. As of December 31, 2019, contributions receivable with donor restrictions was approximately \$171,785.

Membership Revenue

Membership revenue is recognized when an organization commits to join or continue the Organization membership, generally indicated by its dues payment. Dues are considered unconditional contributions and are recognized without restriction in the corresponding year for which the contribution is made. Dues contributions that are specifically assigned by the member for a subsequent period are considered with donor restriction until that period occurs at which time the restriction is released. For the period from March 9, 2019 through December 31, 2019, the Organization recognized membership dues contributions with donor restrictions of approximately \$23,500.

Conference Fees and Sponsorships

The Organization presents webinars and holds local and national convenings to provide members the following resources and benefits:

- i. Inform - Discover best practices, promising innovations, and actionable roles for funders and financial institutions through AFN's original research, webinars, and local and national convenings;
- ii. Connect - Develop and expand national and regional networks with peer learning as well as cross-sector, aligned and collaborative efforts;
- iii. Influence - Engage with peers and public and private stakeholders in frank, issue-based discussions addressing policy and practice to foster systemic change;
- iv. Build - Amplify impact and support the growth of scalable strategies to advance the movement to close the wealth inequities.

Conference fees and sponsorships performance obligations, which are participation based for each event, are satisfied at the point in time at which each event and webinar is concluded. Revenue is recognized upon completion of distinct performance obligations in the same accounting period in which each specific performance obligation is met.

Asset Funders Network
Notes to the Financial Statements
For the Period From March 9, 2019 Through December 31, 2019

NOTE 1 – Organization and Summary of Significant Accounting Policies (continued)

Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses related to contracted staff, non-staff researchers and travel are allocated based on estimates of time and effort. The remaining expenses are allocated based on direct use by each program or supporting function. Such estimates are determined by management.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the IRC. The Organization is annually required to file *Return of Organization Exempt from Income Tax* (Form 990) with the IRS. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Date of Management's Review

Management has evaluated subsequent events through September 14, 2020, which is the date the financial statements were available to be issued.

NOTE 2 – Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods as of December 31, 2019:

Specified use restrictions:		
Regional projects	\$	106,820
Case studies		70,000
Conference		26,730
Time restrictions:		
General use		50,000
Membership		<u>23,500</u>
Total net assets with donor restrictions	\$	<u>277,050</u>

Asset Funders Network
Notes to the Financial Statements
For the Period From March 9, 2019 Through December 31, 2019

NOTE 3 – Liquidity and Availability of Funds

The Organization has \$216,251 of financial assets available within one year of December 31, 2019, to meet cash needs for general operating purposes, consisting of cash of \$51,823 and contributions receivable of \$164,428. None of these amounts are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of December 31, 2019.

The Organization manages operating liquidity primarily through budgeted monthly cash inflows and outflows. Cash inflows are estimated based on current membership and secured grant funding. Cash outflows are planned accordingly to not exceed those expected inflows.

NOTE 4 – Current Vulnerability Due to Certain Concentrations

The Organization's primary source of revenue is from grants and conditional contributions received from individuals, foundations and corporations located across the Country. The ability of certain donors to continue providing support may be dependent upon current and future overall economic conditions and the continued performance of the Organization in meeting the needs of such donors. Management believes it has the resources to continue its programs indefinitely, however, its ability to do so, and the extent to which it continues, may be dependent on the above factors.

The Organization maintains its cash balances at one financial institution which is insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2019, there were no uninsured and uncollateralized cash balances. The Organization has not experienced any loss in such accounts and believes it is not exposed to any significant risk on its cash balances.

NOTE 5 – Subsequent Events

COVID-19 Outbreak

In December 2019, a novel strain of coronavirus (COVID-19) was reported in China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The extent of the impact on the Organization will depend on future developments, including the duration and spread of the outbreak. The impact on donors, employees, and vendors is uncertain and cannot be predicted at this time. The extent to which COVID-19 may impact funding, event fees and sponsorships, and other operating performances remains uncertain. As a result of COVID-19, some of the Organization's net assets with donor specified use restrictions were subsequently re-purposed for alternate case studies as agreed to by the individual donors. The Organization has taken preventive measures by strictly adhering to and monitoring the Centers for Disease Control updated guidelines and regulations.

On June 10, 2020, the Organization entered into an agreement with the U.S. Small Business Administration (SBA) to obtain an Economic Injury Disaster Loan (EIDL) in the amount of \$150,000. The EIDL loan is designed to provide economic relief to businesses experiencing temporary loss of revenue during the COVID-19 crisis. On June 24, 2020, SBA disbursed the EIDL loan in the full amount to the Organization. The loan is collateralized by the Organization's assets. The EIDL loan has a term of thirty years and an interest rate of 2.75%. Loan principal and interest payments are deferred for the first twelve months from the date of the note, after which, the Organization must pay \$641 a month. The Organization also received an advance under the EIDL of \$10,000, which is not required to be repaid, and was disbursed on April 30, 2020.