

Asset Funders Network

Financial Statements

For the Year Ended December 31, 2020

**Asset Funders Network
Financial Statements
For the Year Ended December 31, 2020**

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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, 2020, 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.

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, 2020, and the changes in its net assets and its cash flows for the year ended December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

Bellows Associates P.A.

Bellows Associates, P.A.
Coral Springs, Florida
June 4, 2021

**Asset Funders Network
Statement of Financial Position
December 31, 2020**

ASSETS

Assets	
Cash	\$ 1,406,695
Contributions receivable	<u>1,134,000</u>
Total Assets	<u><u>\$ 2,540,695</u></u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	\$ 37,659
Accrued expenses	15,800
Note payable	<u>149,900</u>
Total Liabilities	<u>203,359</u>
Net Assets	
Net assets without donor restrictions	561,401
Net assets with donor restrictions	<u>1,775,935</u>
Total Net Assets	<u>2,337,336</u>
Total Liabilities and Net Assets	<u><u>\$ 2,540,695</u></u>

See accompanying notes to the financial statements

Asset Funders Network
Statement of Activities
For the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Grants and contributions	\$ 733,500	\$ 2,555,829	\$ 3,289,329
Membership revenue	379,500	65,700	445,200
Conference fees and sponsorships	-	110,000	110,000
Net assets released from restrictions	<u>1,232,644</u>	<u>(1,232,644)</u>	<u>-</u>
Total Revenues	<u>2,345,644</u>	<u>1,498,885</u>	<u>3,844,529</u>
Expenses			
Program services			
Communications and national projects	495,057	-	495,057
Regions and regional projects	919,911	-	919,911
Conference	<u>16,985</u>	<u>-</u>	<u>16,985</u>
Total program services	1,431,953	-	1,431,953
Management and general	388,508	-	388,508
Fundraising	<u>106,560</u>	<u>-</u>	<u>106,560</u>
Total Expenses	<u>1,927,021</u>	<u>-</u>	<u>1,927,021</u>
Change in Net Assets	418,623	1,498,885	1,917,508
Net Assets, Beginning of Year	<u>142,778</u>	<u>277,050</u>	<u>419,828</u>
Net Assets, End of Year	<u>\$ 561,401</u>	<u>\$ 1,775,935</u>	<u>\$ 2,337,336</u>

See accompanying notes to the financial statements

**Asset Funders Network
Statement of Functional Expenses
For the Year Ended December 31, 2020**

	Program Services			Total Program Services	Management and General	Fundraising	Total
	Communications and National Projects	Regions and Regional Projects	Conference				
Conference and convening production	\$ 901	\$ 6,947	\$ 31	\$ 7,879	\$ 702	\$ 193	\$ 8,774
Contracted staff	327,706	737,522	16,278	1,081,506	372,311	102,116	1,555,933
General and administrative	10,318	23,878	512	34,708	11,721	3,216	49,645
Marketing and communication	33,323	140,917	157	174,397	3,587	984	178,968
Non-staff researchers	121,961	8,300	-	130,261	-	-	130,261
Travel	848	2,347	7	3,202	187	51	3,440
Total Expenses	\$ 495,057	\$ 919,911	\$ 16,985	\$ 1,431,953	\$ 388,508	\$ 106,560	\$ 1,927,021

See accompanying notes to the financial statements

Asset Funders Network
Statement of Cash Flows
For the Year Ended December 31, 2020

Cash Flows From Operating Activities	
Change in net assets	\$ 1,917,508
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Contributions receivable	(797,787)
Accounts payable	15,561
Accrued expenses	<u>(35,575)</u>
Net cash provided by operating activities	<u>1,099,707</u>
Cash Flows From Financing Activities	
Proceeds from notes payable	<u>149,900</u>
Net cash provided by financing activities	<u>149,900</u>
Net Increase in Cash and Restricted Cash	1,249,607
Cash and Restricted Cash, Beginning of Year	<u>157,088</u>
Cash and Restricted Cash, End of Year	<u><u>\$ 1,406,695</u></u>
Supplemental disclosure:	
As of December 31, 2020, the amounts included in cash and restricted cash include the following:	
Cash - operations	\$ 737,760
Donor restricted cash	<u>668,935</u>
Total cash and restricted cash	<u><u>\$ 1,406,695</u></u>

See accompanying notes to the financial statements

Asset Funders Network
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 1 – Organization and Summary of Significant Accounting Policies

Organization

Asset Funders Network (the Organization) was established and incorporated in the State of Illinois on June 4, 2018, and designated as an organization exempt under Internal Revenue Code (IRC) Section 501(c)(3) on March 9, 2019, 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 IRC, or the corresponding section of any future federal tax code.

The Organization has approximately 110 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.

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 3.

Due to the partial-year nature of the prior year financial statements, the current financial statements do not include prior-year comparative information. Such information can be found in the Organization's financial statements for the period ended December 31, 2019.

Asset Funders Network
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

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, 2020.

Recent Accounting Standards

The Organization has adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606), as amended, which establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue. Analysis of various provisions of this standard resulted in no significant change in the way the Organization recognizes revenue. The presentation and disclosures of revenue have been enhanced in accordance with this standard.

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.

Revenue Recognition

Grants and Contributions

Revenue from grants and contracts, that are considered to be with donor restrictions, are recorded in the statement of activities under grants and contributions and are recognized as qualifying expenses are incurred under agreement or stipulated time restriction has elapsed. When a donor's conditions are satisfied, 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.

Asset Funders Network
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

Revenue Recognition (continued)

Grants and Contributions (continued)

On April 29, 2020, the Organization received an Economic Injury Disaster Loan (EIDL) advance of \$10,000 from the Small Business Administration (SBA) which is not required to be repaid. The EIDL advance is recognized as grant revenue on the statement of activities.

Contributions Receivable

Unconditional contributions receivable expected to be received within one year and are recorded at their net realizable value. Unconditional contributions receivable due beyond one year are stated at net present value of the estimated cash flows using the risk-free interest rate at the time the pledges or contributions were made. The Organization deems all contributions receivable to be collectible and accordingly, does not have an allowance for doubtful accounts. As of December 31, 2020, contributions receivable with donor restrictions was approximately \$1,081,500.

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. As of December 31, 2020, membership dues contributions receivable with donor restrictions was approximately \$25,500.

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 Year Ended December 31, 2020

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

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 June 4, 2021, which is the date the financial statements were available to be issued.

NOTE 2 – Contributions Receivable

The Organization anticipates collection of contributions receivable as follows:

One year or less	
Without donor restrictions	\$ 27,000
Restricted to particular use	776,500
Restricted to passage of time	125,500
One to five years	
Restricted to particular use	10,000
Restricted to passage of time	<u>195,000</u>
Contributions receivable	<u>\$ 1,134,000</u>

NOTE 3 – Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods as of December 31, 2020:

Specified use restrictions:	
Regional projects	\$ 362,015
Case studies	648,220
Conference	90,000
Time restrictions:	
General use	610,000
Membership	<u>65,700</u>
Total net assets with donor restrictions	<u>\$ 1,775,935</u>

Asset Funders Network
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 4 – Note Payable

On June 10, 2020, the Organization entered into an agreement with SBA to obtain an EIDL in the amount of \$150,000 net of a \$100 fee. The EIDL 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 in the full amount to the Organization. The loan is collateralized by the Organization's assets. The EIDL has a term of thirty years and an interest rate of 2.75%. Loan principal and interest payments are deferred for the first twenty-four months from the date of the note, after which, the Organization must pay \$641 a month.

Maturities of the Organization's note payable in each of the next five years and thereafter are as follows:

<u>December 31,</u>	
2021	\$ -
2022	2,097
2023	3,673
2024	3,776
2025	3,881
Thereafter	<u>136,473</u>
Total	<u>\$ 149,900</u>

For the year ended December 31, 2020, interest expense was not material to recognize on the note payable.

NOTE 5 – Liquidity and Availability of Funds

The Organization has \$764,760 of financial assets available within one year of December 31, 2020, to meet cash needs for general operating purposes, consisting of cash of \$737,760 and contributions receivable of \$27,000. 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, 2020.

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 6 – Current Vulnerability Due to Certain Concentrations

The Organization's primary source of revenue is from grants and 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.

Asset Funders Network
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 6 – Current Vulnerability Due to Certain Concentrations (continued)

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, 2020, the uninsured and uncollateralized cash balances totaled \$1,156,195. The Organization has not experienced any loss in such accounts and believes it is not exposed to any significant risk on its cash balances.

COVID-19 Outbreak

In December 2019, a novel strain of coronavirus was reported in China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” Though operations have been largely unaffected due to the existing remote and virtual nature of operations, the impact resulted in the annual live conference being conducted virtually and some of the Organization’s net assets with donor specified use restrictions being 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.