

Asset Funders Network
Financial Statements
For the Years Ended
December 31, 2021 and 2020

**Asset Funders Network
Financial Statements
For the Years Ended December 31, 2021 and 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Asset Funders Network

Opinion

We have audited the accompanying financial statements of Asset Funders Network (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 Asset Funders Network 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 Asset Funders Network 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 Asset Funders Network's 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. 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 Asset Funders Network's 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 Asset Funders Network's 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.

Bellows Associates P.A.

Bellows Associates, P.A.
Coral Springs, Florida
May 26, 2022

Asset Funders Network
Statements of Financial Position
December 31, 2021 and 2020

ASSETS

	2021	2020
Assets		
Cash	\$ 2,294,916	\$ 1,406,695
Contributions receivable, net	327,000	1,134,000
Prepaid expenses	4,992	-
Total Assets	\$ 2,626,908	\$ 2,540,695

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 19,364	\$ 37,659
Accrued expenses	54,029	15,800
Accrued interest	6,764	-
Note payable	149,900	149,900
Total Liabilities	230,057	203,359
Net Assets		
Net assets without donor restrictions	789,146	561,401
Net assets with donor restrictions	1,607,705	1,775,935
Total Net Assets	2,396,851	2,337,336
Total Liabilities and Net Assets	\$ 2,626,908	\$ 2,540,695

See accompanying notes to the financial statements

Asset Funders Network
Statements of Activities
For the Years Ended December 31, 2021 and 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Grants and contributions	\$ 506,500	\$ 1,436,750	\$ 1,943,250
Membership revenue	492,500	106,000	598,500
Conference fees and sponsorships	-	245,000	245,000
Net assets released from restrictions	1,955,980	(1,955,980)	-
Total Revenues	2,954,980	(168,230)	2,786,750
Expenses			
Program services			
Communications and national projects	694,096	-	694,096
Regions and regional projects	1,396,811	-	1,396,811
Conference	46,593	-	46,593
Total program services	2,137,500	-	2,137,500
Management and general	447,842	-	447,842
Fundraising	141,893	-	141,893
Total Expenses	2,727,235	-	2,727,235
Change in Net Assets	227,745	(168,230)	59,515
Net Assets, Beginning of Year	561,401	1,775,935	2,337,336
Net Assets, End of Year	\$ 789,146	\$ 1,607,705	\$ 2,396,851
2020			
	Without Donor Restrictions	With Donor Restrictions	Total
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	1,232,644	(1,232,644)	-
Total Revenues	2,345,644	1,498,885	3,844,529
Expenses			
Program services			
Communications and national projects	495,057	-	495,057
Regions and regional projects	919,911	-	919,911
Conference	16,985	-	16,985
Total program services	1,431,953	-	1,431,953
Management and general	388,508	-	388,508
Fundraising	106,560	-	106,560
Total Expenses	1,927,021	-	1,927,021
Change in Net Assets	418,623	1,498,885	1,917,508
Net Assets, Beginning of Year	142,778	277,050	419,828
Net Assets, End of Year	\$ 561,401	\$ 1,775,935	\$ 2,337,336

See accompanying notes to the financial statements

Asset Funders Network
Statements of Functional Expenses
For the Years Ended December 31, 2021 and 2020

2021

	Program Services			Total Program Services	Management and General	Fundraising	Total
	Communications and National Projects	Regions and Regional Projects	Conference				
Conference and convening production	\$ 75	\$ 7,250	\$ 6	\$ 7,331	\$ 66	\$ 20	\$ 7,417
Contracted staff	376,847	750,611	28,964	1,156,422	70,158	9,764	1,236,344
Employee benefits	13,144	14,823	2,228	30,195	35,131	12,408	77,734
General and administrative	22,819	61,240	3,625	87,684	19,020	5,722	112,426
Interest	1,699	3,002	146	4,847	1,455	462	6,764
Marketing and communication	75,255	296,198	610	372,063	6,087	1,934	380,084
Non-staff researchers	102,387	156,250	-	258,637	-	-	258,637
Payroll taxes	6,833	7,376	710	14,919	22,692	8,015	45,626
Salaries and wages	95,037	96,255	10,304	201,596	293,233	103,568	598,397
Travel	-	3,806	-	3,806	-	-	3,806
Total Expenses	\$ 694,096	\$ 1,396,811	\$ 46,593	\$ 2,137,500	\$ 447,842	\$ 141,893	\$ 2,727,235

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
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	\$ 59,515	\$ 1,917,508
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Increase or decrease in:		
Contributions receivable, net	807,000	(797,787)
Prepaid expenses	(4,992)	-
Accounts payable	(18,295)	15,561
Accrued expenses	38,229	(35,575)
Accrued interest	6,764	-
	<u>888,221</u>	<u>1,099,707</u>
Cash Flows From Financing Activities		
Proceeds from notes payable	-	149,900
	<u>-</u>	<u>149,900</u>
Net Increase in Cash and Restricted Cash	888,221	1,249,607
Cash and Restricted Cash, Beginning of Year	<u>1,406,695</u>	<u>157,088</u>
Cash and Restricted Cash, End of Year	<u>\$ 2,294,916</u>	<u>\$ 1,406,695</u>
Supplemental disclosure:		
As of December 31, 2021 and 2020, the amounts included in cash and restricted cash include the following:		
Cash - operations	\$ 992,211	\$ 737,760
Donor restricted cash	1,302,705	668,935
Total cash and restricted cash	<u>\$ 2,294,916</u>	<u>\$ 1,406,695</u>

See accompanying notes to the financial statements

Asset Funders Network
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 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 131 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 statements of financial position date. See Note 3.

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.

Asset Funders Network
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

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

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, 2021 and 2020.

Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statements 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 and salaried 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 statements 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 statements of activities as net assets released from restrictions.

For the year ended December 31, 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 estimates an allowance for doubtful accounts based on an analysis of and communications with specific donors regarding the donor's likelihood to pay. As of December 31, 2021 and 2020, the Organization has established an allowance for doubtful accounts of \$17,500 and \$0, respectively. As of December 31, 2021 and 2020, net contributions receivable with donor restrictions were approximately \$267,500 and \$1,081,500, respectively.

Asset Funders Network
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

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

Revenue Recognition (continued)

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, 2021 and 2020, membership dues contributions receivable with donor restrictions were approximately \$37,500 and \$25,500, respectively.

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.

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 May 26, 2022, which is the date the financial statements were available to be issued.

Asset Funders Network
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 2 – Contributions Receivable

The Organization anticipates collection of contributions receivable, net as follows:

	<u>2021</u>	<u>2020</u>
One year or less		
Without donor restrictions	\$ 32,000	\$ 27,000
Restricted to particular use	10,000	776,500
Restricted to passage of time	272,500	125,500
One to five years		
Restricted to particular use	-	10,000
Restricted to passage of time	30,000	195,000
	<u>344,500</u>	<u>1,134,000</u>
Less: Allowance for doubtful accounts	<u>(17,500)</u>	<u>-</u>
Contributions receivable, net	<u>\$ 327,000</u>	<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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Specified use restrictions:		
Regional projects	\$ 363,160	\$ 362,015
Case studies	596,975	648,220
Conference	266,570	90,000
Time restrictions:		
General use	275,000	610,000
Membership	<u>106,000</u>	<u>65,700</u>
Total net assets with donor restrictions	<u>\$ 1,607,705</u>	<u>\$ 1,775,935</u>

NOTE 4 – Note Payable

On June 10, 2020, the Organization entered into an agreement with the 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. As of December 31, 2021 and 2020, the outstanding loan principal balance was \$149,900 for each year.

Asset Funders Network
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 4 – Note Payable (continued)

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

<u>December 31,</u>		
2022	\$	2,097
2023		3,673
2024		3,776
2025		3,881
2026		3,989
Thereafter		<u>132,484</u>
Total	\$	<u>149,900</u>

For the year ended December 31, 2021 and 2020, interest expense was \$6,764 and \$0, respectively.

NOTE 5 – Employee Retirement Plan

In March 2021, the Organization began offering a 401(k) plan in which eligible employees are entitled to become participants of the plan from date of hire. The Organization remits nonelective contributions of 5% of the participating employee’s annual earnings. For the years ended December 31, 2021 and 2020, employer nonelective contributions amounted to \$32,199 and \$0, respectively.

NOTE 6 – Liquidity and Availability of Funds

The Organization has \$1,014,211 and \$764,760 of financial assets available within one year of December 31, 2021 and 2020, respectively, to meet cash needs for general operating purposes, consisting of cash of \$992,211 and \$737,760 and contributions receivable of \$22,000 and \$27,000, respectively. 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, 2021 and 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 7 – 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 Years Ended December 31, 2021 and 2020

NOTE 7 – 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, 2021 and 2020, the uninsured and uncollateralized cash balances totaled \$1,992,916 and \$1,156,195, respectively. 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.