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Audited Financial Statements

December 31, 2021

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Independent Auditors' Report

To the Board of Directors of
CFLeads

Opinion

We have audited the accompanying financial statements of CFLeads, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CFLeads as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CFLeads and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 CFLeads' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility 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 auditors' 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these 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 CFLeads' 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 CFLeads' 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.

Report on Summarized Comparative Information

We have previously audited CFLeads 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 1, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb
Certified Public Accountants, LLC

April 20, 2022

CFLEADS
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2021
(With comparative totals at December 31, 2020)

	<u>12/31/21</u>	<u>12/31/20</u>
Assets		
Cash and cash equivalents	\$10,060,213	\$3,098,996
Pledges receivable, net (Note 3)	921,868	1,937,615
Fees receivable	35,526	44,263
Prepaid expenses and other assets	<u>4,496</u>	<u>3,806</u>
 Total assets	 <u><u>\$11,022,103</u></u>	 <u><u>\$5,084,680</u></u>
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$116,881	\$76,083
Paycheck Protection Program loan payable (Note 4)	0	95,265
Deferred revenue	<u>49,075</u>	<u>39,863</u>
Total liabilities	<u><u>165,956</u></u>	<u><u>211,211</u></u>
Net assets:		
Without donor restrictions	7,110,169	1,078,861
With donor restrictions (Note 5)	<u>3,745,978</u>	<u>3,794,608</u>
Total net assets	<u><u>10,856,147</u></u>	<u><u>4,873,469</u></u>
 Total liabilities and net assets	 <u><u>\$11,022,103</u></u>	 <u><u>\$5,084,680</u></u>

The attached notes and auditors' report are an integral part of these financial statements.

CFLEADS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(With comparative totals for the year ended December 31, 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 12/31/21</u>	<u>Total 12/31/20</u>
Public support and revenue:				
Contributions	\$6,354,000	\$2,764,089	\$9,118,089	\$1,530,167
Loan forgiveness -				
Paycheck Protection Program (Note 4)	95,265		95,265	0
Fees (net of scholarships of \$4,000)	117,091		117,091	53,778
Other income	87,816		87,816	3,450
Return of grant funds			0	(47,049)
Net assets released from restriction (Note 5)	2,812,719	(2,812,719)	0	0
Total public support and revenue	<u>9,466,891</u>	<u>(48,630)</u>	<u>9,418,261</u>	<u>1,540,346</u>
Expenses:				
Program services	<u>3,072,433</u>		<u>3,072,433</u>	<u>3,127,343</u>
Supporting services:				
Management and general	338,821		338,821	387,541
Fundraising	24,329		24,329	17,379
Total supporting services	<u>363,150</u>	<u>0</u>	<u>363,150</u>	<u>404,920</u>
Total expenses	<u>3,435,583</u>	<u>0</u>	<u>3,435,583</u>	<u>3,532,263</u>
Change in net assets	6,031,308	(48,630)	5,982,678	(1,991,917)
Net assets - beginning of year	<u>1,078,861</u>	<u>3,794,608</u>	<u>4,873,469</u>	<u>6,865,386</u>
Net assets - end of year	<u><u>\$7,110,169</u></u>	<u><u>\$3,745,978</u></u>	<u><u>\$10,856,147</u></u>	<u><u>\$4,873,469</u></u>

The attached notes and auditors' report are an integral part of these financial statements.

CFLEADS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(With comparative totals for the year ended December 31, 2020)

	Program Services				Supporting Services			Total Expenses 12/31/21	Total Expenses 12/31/20	
	Share Knowledge	Building Organizational Capacity	Organizing for Impact	Galvanize Action on Issues	Total Program Services	Management and General	Fundraising			Total Supporting Services
Salaries	\$125,851	\$191,740	\$37,450	\$440,583	\$795,624	\$65,376	\$18,263	\$83,639	\$879,263	\$752,950
Payroll taxes and benefits	28,793	42,056	8,230	85,699	164,778	24,351	4,011	28,362	193,140	155,919
Professional fees	41,441	244,423		308,656	594,520	237,790		237,790	832,310	517,962
Occupancy	4,638	7,065	1,380	16,235	29,318	2,409	673	3,082	32,400	32,400
Meetings, travel and conferences	9,110	15,283	333	21,299	46,025	4,140	162	4,302	50,327	86,128
Grants		189,001		1,200,000	1,389,001			0	1,389,001	1,903,000
Information technology	5,093	7,759	1,516	17,830	32,198	2,646	739	3,385	35,583	45,164
Insurance	1,468	2,237	437	5,140	9,282	763	213	976	10,258	8,732
Office expenses	717	1,092	213	2,509	4,531	758	104	862	5,393	8,115
Project supplies					0			0	0	24
Bad debt expense					0			0	0	14,620
Dues and subscriptions	1,132	1,724	337	3,963	7,156	588	164	752	7,908	7,249
Total expenses	\$218,243	\$702,380	\$49,896	\$2,101,914	\$3,072,433	\$338,821	\$24,329	\$363,150	\$3,435,583	\$3,532,263

The attached notes and auditors' report are an integral part of these financial statements.

CFLEADS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With comparative totals for the year ended December 31, 2020)

	<u>12/31/21</u>	<u>12/31/20</u>
Cash flows from operating activities:		
Change in net assets	\$5,982,678	(\$1,991,917)
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:		
Forgiveness of Paycheck Protection Program loan	(95,265)	0
Changes in assets and liabilities:		
Pledges receivable	1,015,747	290,652
Fees receivable	8,737	44,307
Prepaid expenses and other assets	(690)	3,894
Accounts payable and accrued expenses	40,798	(21,205)
Deferred revenue	9,212	33,030
Total adjustments	<u>978,539</u>	<u>350,678</u>
Net cash provided by/(used for) operating activities	<u>6,961,217</u>	<u>(1,641,239)</u>
 Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	<u>0</u>	<u>95,265</u>
Net cash provided by financing activities	<u>0</u>	<u>95,265</u>
 Net increase/(decrease) in cash and cash equivalents	6,961,217	(1,545,974)
 Cash and cash equivalents - beginning of year	<u>3,098,996</u>	<u>4,644,970</u>
 Cash and cash equivalents - end of year	<u><u>\$10,060,213</u></u>	<u><u>\$3,098,996</u></u>
 Supplemental disclosure:		
Taxes and interest paid	<u><u>\$0</u></u>	<u><u>\$0</u></u>

The attached notes and auditors' report are an integral part of these financial statements.

CFLEADS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 1 - Organization

CFLeads helps community foundations build strong communities by advancing effective practices, sharing knowledge, and galvanizing action on critical issues of our time.

CFLeads is a national not-for-profit network of community foundations offering conferences, forums, webinars, resources, structured intensive learning opportunities for foundation leaders, and consulting services to the community foundation field.

The following are significant programs offered by CFLeads:

- **Share Knowledge:** Increase field understanding of the value of community leadership as a core organizing strategy for community impact; increase community foundation effectiveness by encouraging field-wide sharing of data and innovations; increase knowledge of issues, solutions, and opportunities for field-wide collaboration.
- **Building Organizational Capacity:** Build understanding of community leadership among community foundation board, senior staff, and partners; create strong peer connections among community foundations; influence the adoption of community leadership practices.
- **Organizing for Impact:** Develop partnerships, initiatives and programs to strengthen field-wide impact; support collective action among community foundations on key issues of common concern; build infrastructure to expand community leadership capacity at community foundations of all sizes across the U.S. and the Americas.
- **Galvanize Community Foundation Action on Critical Community Issues:** Build understanding among community foundations of critical issues facing communities; facilitate the adoption of internal practices at community foundations that increase external effectiveness on issues; spur collective action on issues of common concern.

CFLeads has been notified by the Internal Revenue Service that it is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

Note 2 - Significant Accounting Policies

a. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting which is the process of recording revenue and expenses when earned or incurred, rather than when received or paid.

b. Basis of Presentation

Net assets are classified based upon the existence or absence of donor-imposed restrictions as follows:

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no restrictions by donors as to their use. The Board of Directors has established an operating reserve. The purpose of the operating reserve fund is to ensure the stability of the organization in carrying out the mission, programs, employment, and ongoing operations of CFLeads. It is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding or uninsured losses. See Note 6 for details.
- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes, the passage of time or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

c. Revenue Recognition

CFLeads follows the requirements of Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 606 for recognizing revenue from contracts with customers. CFLeads analyzes each source of revenue to determine that it has a contract with the customer that identifies both the performance obligation and the transaction price. Revenue is recognized when the performance obligation is completed.

Fees income fall under FASB ASC 606. The performance obligation is considered to be met when the services are performed. Fees received in advance of performing services are recorded as deferred income and will be recognized as income in the period earned.

CFLeads follows ASC 958-608 for recording contributions. Contributions are recorded at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in one of the classes of net assets described above, depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

Contributions expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques.

Management assesses the collectability of all outstanding receivables based upon historical trends and experience with donors. Based on that review, management has concluded that all receivables are collectible. As such, no allowance for uncollectible accounts was deemed necessary.

d. Cash and Cash Equivalents

Management considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents for the accompanying statement of cash flows.

e. Concentration of Credit Risk

Financial instruments that potentially subject CFLeads to a concentration of credit risk consist of cash which is placed with financial institutions that management deems to be creditworthy. At year end and at various times throughout the year, balances were in excess of insured amounts, however no losses were incurred due to bank failure.

f. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following expenses were allocated using time and effort as the basis:

- Salaries, payroll taxes and benefits
- Meetings, travel, conferences
- Information technology
- Insurance
- Office expenses

All other expenses have been charged directly to the applicable program or supporting services.

g. Management Estimates

The preparation of financial statements in accordance 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. Actual results could differ from those estimates.

h. Donated Services

Donated services are recognized in circumstances where the service creates or enhances a non-financial asset or where those services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind. Board members and other individuals volunteer their time and perform a variety of tasks that assist CFLeads. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

i. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. 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, 2020, from which the summarized information was derived.

j. Accounting for Uncertainty of Income Taxes

Management does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending December 31, 2018 and later are subject to examination by applicable taxing authorities.

k. New Accounting Pronouncements

FASB issued Accounting Standards Update (“ASU”) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the December 31, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures.

FASB issued ASU No. 2016-02, *Leases*. The ASU, which becomes effective for the December 31, 2022 year, requires all leases to be reflected as assets and liabilities on the statement of financial position.

Management is in the process of evaluating the impact these standards will have on future financial statements.

Note 3 - Pledges Receivable

Total pledges receivable are due as follows:

Year ending:	December 31, 2022	\$498,779
	December 31, 2023	<u>430,600</u>
		929,379
Less: discount to present value at 1.5%		<u>(7,511)</u>
Total		<u>\$921,868</u>

Note 4 - Paycheck Protection Program Loan

On May 1, 2020, CFLeads obtained a loan from the Small Business Administration (“SBA”) in the amount of \$95,265 through the Paycheck Protection Program (“PPP”). Terms of the loan indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that were greater than pre-determined historical periods, that the loan, or a portion thereof, would be forgiven.

CFLeads treated the PPP proceeds as a loan payable in accordance with FASB ASC 470. Under this treatment, the proceeds from the loan remained as a liability until the loan was forgiven by the SBA. On March 15, 2021, CFLeads received forgiveness from the SBA for the full amount of the loan. Accordingly, the loan forgiveness was recognized as revenue during the year ended December 31, 2021.

Note 5 - Net Assets With Donor Restrictions

The following summarizes the changes in net assets with donor restrictions:

	<u>December 31, 2021</u>			
	<u>Balance</u>	<u>Restricted</u>	<u>Released from</u>	<u>Balance</u>
	<u>1/1/21</u>	<u>Contributions</u>	<u>Return of</u>	<u>12/31/21</u>
			<u>Restrictions/</u>	
			<u>Grant Funds</u>	
Program restrictions:				
Building Org. Capacity	\$706,367	\$1,591,600	(\$525,025)	\$1,772,942
Share Knowledge	0	50,000	(50,000)	0
Galvanize Action on Issues	<u>2,988,241</u>	<u>655,000</u>	<u>(2,137,694)</u>	<u>1,505,547</u>
Total program restrictions	3,694,608	2,296,600	(2,712,719)	3,278,489
Time restrictions	<u>100,000</u>	<u>467,489</u>	<u>(100,000)</u>	<u>467,489</u>
Total	<u>\$3,794,608</u>	<u>\$2,764,089</u>	<u>(\$2,812,719)</u>	<u>\$3,745,978</u>

	<u>December 31, 2020</u>			
	<u>Balance</u>	<u>Restricted</u>	<u>Released from</u>	<u>Balance</u>
	<u>1/1/20</u>	<u>Contributions</u>	<u>Return of</u>	<u>12/31/20</u>
			<u>Restrictions/</u>	
			<u>Grant Funds</u>	
Program restrictions:				
Building Org. Capacity	\$325,554	\$800,000	(\$419,187)	\$706,367
Galvanize Action on Issues	<u>5,264,145</u>	<u>300,000</u>	<u>(2,575,904)</u>	<u>2,988,241</u>
Total program restrictions	5,589,699	1,100,000	(2,995,091)	3,694,608
Time restrictions	<u>247,372</u>	<u>0</u>	<u>(147,372)</u>	<u>100,000</u>
Total	<u>\$5,837,071</u>	<u>\$1,100,000</u>	<u>(\$3,142,463)</u>	<u>\$3,794,608</u>

Note 6 - Net Assets Without Donor Restrictions - Board Designated Net Assets

The Board of Directors has established an operating reserve as follows:

	<u>12/31/21</u>	<u>12/31/20</u>
Balance at beginning of year	\$428,139	\$428,139
Designations during year	<u>406,861</u>	<u>0</u>
Balance at end of year	<u>\$835,000</u>	<u>\$428,139</u>

Note 7 - Liquidity and Availability of Financial Resources

As part of its liquidity management plan, CFLeads operates its programs within a balanced budget and relies on restricted grants and contributions to fund its operations and program activities.

The following reflects financial assets at year end, reduced by amounts that are not available for general use because of donor-imposed restrictions and Board designations within one year of the statement of financial position date.

Cash and cash equivalents	\$10,060,213	
Pledges receivable	921,868	
Accounts receivable	<u>35,526</u>	
Total financial assets		\$11,017,607
Less amounts not available to be used within one year:		
Board designated operating reserve		(835,000)
Donor restricted contributions – time (over one year)		(292,489)
Donor restricted contributions – purpose		<u>(3,278,489)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$6,611,629</u>

Note 8 - Retirement Plans

CFLeads offers all employees the option of participating in a 401(k)-retirement plan; whereby, the employee can contribute pre-tax dollars up to statutory limits. All full-time employees over 21 years old are eligible after 6 months of service. CFLeads provides matching contributions at its discretion on an annual basis. Contributions to the plan by CFLeads totaled \$70,537 and \$53,731 during the years ended December 31, 2021 and 2020, respectively.

Note 9 - Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which CFLeads operates. As of the date of these financial statements, many of the travel restrictions and stay at home orders have been lifted; however, supply chains remain impacted. Management continues to monitor the outbreak; however, as of the date of these financial statements the potential impact cannot be quantified.

Note 10 - Subsequent Events

Subsequent events have been evaluated through April 20, 2022, the date the financial statements were available to be issued. There were no material events that have occurred that required adjustment to or disclosure to the financial statements.