

NONPROFIT INFORMATION NETWORKING ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2020

NONPROFIT INFORMATION NETWORKING ASSOCIATION

Financial Statements

December 31, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Nonprofit Information Networking Association
Boston, Massachusetts

We have audited the accompanying financial statements of Nonprofit Information Networking Association (a nonprofit organization), which comprise the statements of financial position as December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2020 and 2019, 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.

O'Connor + Drew, P.C.

**Certified Public Accountants
Winchester, Massachusetts**

September 22, 2021

**NONPROFIT INFORMATION NETWORKING
ASSOCIATION**

Statements of Financial Position

December 31, 2020 and 2019

NONPROFIT INFORMATION NETWORKING ASSOCIATION

Statements of Financial Position

December 31,

Assets

	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash and equivalents	\$ 657,990	\$ 342,953
Accounts receivable, net	185,709	118,260
Grants receivable	277,666	513,684
Prepaid expenses and other assets	<u>21,846</u>	<u>34,567</u>
Total Current Assets	<u>1,143,211</u>	<u>1,009,464</u>
Property and Equipment, net	<u>3,282</u>	<u>5,769</u>
Other Assets:		
Grants receivable, net of current portion	120,391	-
Goodwill	20,979	20,979
Security deposit	<u>27,398</u>	<u>27,398</u>
Total Other Assets	<u>168,768</u>	<u>48,377</u>
Total Assets	<u>\$ 1,315,261</u>	<u>\$ 1,063,610</u>

The accompanying notes are an integral part of the financial statements.

Liabilities and Net Assets

	<u>2020</u>	<u>2019</u>
Current Liabilities:		
Current portion of Paycheck Protection Program loan	\$ 84,347	\$ -
Accounts payable and accrued expenses	213,359	152,668
Deferred revenue	<u>99,605</u>	<u>95,935</u>
Total Current Liabilities	<u>397,311</u>	<u>248,603</u>
Noncurrent Liabilities		
Paycheck Protection Program loan, net of current portion	<u>118,086</u>	-
Total Liabilities	<u>515,397</u>	<u>248,603</u>
Net Assets:		
Without donor restrictions	435,207	298,154
With donor restrictions	<u>364,657</u>	<u>516,853</u>
Total Net Assets	<u>799,864</u>	<u>815,007</u>
Total Liabilities and Net Assets	<u>\$ 1,315,261</u>	<u>\$ 1,063,610</u>

NONPROFIT INFORMATION NETWORKING ASSOCIATION

Statements of Activities and Changes in Net Assets

For the Years Ended December 31,

	<u>2020</u>			<u>2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Other Support:						
Grants	\$ 642,568	\$ 364,657	\$ 1,007,225	\$ 891,854	\$ 50,000	\$ 941,854
Magazine subscriptions and sales	299,499	-	299,499	160,417	-	160,417
Advertising	955,389	-	955,389	671,881	-	671,881
Contributed services	127,908	-	127,908	138,349	-	138,349
Copyright royalties	62,718	-	62,718	68,371	-	68,371
Contributions	35,021	-	35,021	22,725	-	22,725
Miscellaneous	5,046	-	5,046	3,106	-	3,106
Net assets removed from restriction:						
Program restrictions met	<u>516,853</u>	<u>(516,853)</u>	<u>-</u>	<u>692,939</u>	<u>(692,939)</u>	<u>-</u>
Total Operating Revenues and Other Support	<u>2,645,002</u>	<u>(152,196)</u>	<u>2,492,806</u>	<u>2,649,642</u>	<u>(642,939)</u>	<u>2,006,703</u>
Expenses:						
Program	2,033,615	-	2,033,615	1,967,347	-	1,967,347
Management and general	338,506	-	338,506	247,414	-	247,414
Fundraising	<u>135,828</u>	<u>-</u>	<u>135,828</u>	<u>199,027</u>	<u>-</u>	<u>199,027</u>
Total Expenses	<u>2,507,949</u>	<u>-</u>	<u>2,507,949</u>	<u>2,413,788</u>	<u>-</u>	<u>2,413,788</u>
Changes in Net Assets from Operating Activities	137,053	(152,196)	(15,143)	235,854	(642,939)	(407,085)
Net Assets, Beginning of Year	<u>298,154</u>	<u>516,853</u>	<u>815,007</u>	<u>62,300</u>	<u>1,159,792</u>	<u>1,222,092</u>
Net Assets, End of Year	<u>\$ 435,207</u>	<u>\$ 364,657</u>	<u>\$ 799,864</u>	<u>\$ 298,154</u>	<u>\$ 516,853</u>	<u>\$ 815,007</u>

The accompanying notes are an integral part of the financial statements.

**NONPROFIT INFORMATION NETWORKING
ASSOCIATION**

Statements of Functional Expenses

For the Years Ended December 31,

	2020				2019			
	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel:								
Salaries	\$ 734,559	\$ 185,694	\$ 78,759	\$ 999,012	\$ 755,731	\$ 134,459	\$ 116,290	\$ 1,006,480
Employee benefits	137,957	34,875	14,792	187,624	139,170	24,761	21,415	185,346
Payroll taxes	<u>57,436</u>	<u>14,520</u>	<u>6,158</u>	<u>78,114</u>	<u>56,033</u>	<u>9,888</u>	<u>8,929</u>	<u>74,850</u>
Total Personnel	<u>929,952</u>	<u>235,089</u>	<u>99,709</u>	<u>1,264,750</u>	<u>950,934</u>	<u>169,108</u>	<u>146,634</u>	<u>1,266,676</u>
Other:								
Publications and production	535,413	-	-	535,413	470,178	-	-	470,178
Marketing and customer service	231,372	-	-	231,372	205,752	-	-	205,752
Professional fees	110,805	45,616	11,880	168,301	62,343	28,819	9,593	100,755
Rent and facilities	98,718	24,956	10,584	134,258	99,542	17,710	15,317	132,569
Office expenses	22,519	5,693	2,414	30,626	27,809	4,948	4,279	37,036
Dues and subscriptions	32,900	8,317	3,528	44,745	42,431	7,549	6,529	56,509
Web hosting and technology	35,973	9,094	3,857	48,924	48,088	8,556	7,400	64,044
Travel	17,260	4,363	1,851	23,474	39,649	7,054	6,101	52,804
Processing fees	7,333	2,503	786	10,622	7,769	1,382	1,196	10,347
Insurance	7,981	2,018	856	10,855	8,440	1,503	1,299	11,242
Depreciation	<u>3,389</u>	<u>857</u>	<u>363</u>	<u>4,609</u>	<u>4,412</u>	<u>785</u>	<u>679</u>	<u>5,876</u>
Total Other	<u>1,103,663</u>	<u>103,417</u>	<u>36,119</u>	<u>1,243,199</u>	<u>1,016,413</u>	<u>78,306</u>	<u>52,393</u>	<u>1,147,112</u>
Total	<u>\$ 2,033,615</u>	<u>\$ 338,506</u>	<u>\$ 135,828</u>	<u>\$ 2,507,949</u>	<u>\$ 1,967,347</u>	<u>\$ 247,414</u>	<u>\$ 199,027</u>	<u>\$ 2,413,788</u>

The accompanying notes are an integral part of the financial statements.

NONPROFIT INFORMATION NETWORKING ASSOCIATION

Statements of Cash Flows

For the Years Ended December 31,

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ <u>(15,143)</u>	\$ <u>(407,085)</u>
Adjustments to reconcile the changes in net assets to net cash provided by (applied to) operating activities:		
Depreciation	4,609	5,876
Amortization of discount on long term grants	(3,725)	(23,654)
Changes in assets and liabilities:		
Accounts receivable	(67,449)	26,125
Grants receivable	119,352	497,646
Prepaid expenses and other assets	12,721	(24,508)
Security deposit	-	(21,673)
Accounts payable and accrued expenses	60,691	(38,647)
Deferred revenue	<u>3,670</u>	<u>(15,145)</u>
 Net Adjustments	 <u>129,869</u>	 <u>406,020</u>
 Net Cash Provided by (Applied to) Operating Activities	 <u>114,726</u>	 <u>(1,065)</u>
 Cash Flows from Investing Activity:		
Acquisition of property and equipment	<u>(2,122)</u>	<u>(3,055)</u>
 Cash Flows from Financing Activities:		
Proceeds from Paycheck Protection Program loan	202,433	-
Payments on debt	<u>-</u>	<u>(6,660)</u>
 Net Cash Provided by (Applied to) Financing Activities	 <u>202,433</u>	 <u>(6,660)</u>
 Net Increase (Decrease) in Cash and Equivalents	 315,037	 (10,780)
 Cash and Equivalents, Beginning of Year	 <u>342,953</u>	 <u>353,733</u>
 Cash and Equivalents, End of Year	 <u>\$ 657,990</u>	 <u>\$ 342,953</u>

The accompanying notes are an integral part of the financial statements.

NONPROFIT INFORMATION NETWORKING ASSOCIATION

Notes to the Financial Statements

December 31, 2020 and 2019

Note 1 - **Summary of Significant Accounting Policies**

Organization

Nonprofit Information Networking Association d/b/a The Nonprofit Quarterly (the "Association") is a not-for-profit corporation located in Boston, Massachusetts. The Association was formed in November of 2005 and commenced operations in April of 2006. The purpose of the Association is to provide information and analysis of management of not-for-profit organizations, social trends affecting such management, and the effectiveness of not-for-profit organizations in fulfilling their purposes. This information is disseminated through its website and its print publication, *Nonprofit Quarterly Magazine*.

In March 2020, the Governor of Massachusetts declared a state of emergency and ordered all non-essential business services to temporarily cease due to the COVID-19 outbreak. The Association does not perform any essential services. The Association did fundraise after the start of the emergency but did not conduct any in-person fundraising events. The COVID-19 crisis created volatility in the financial markets and a significant decrease in the overall economy. Management took steps, such as reducing expenses and receiving a loan offered through the Federal government stimulus program, to mitigate the negative effects on operations.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expensed for any purpose in performing the objectives of the Association. These net assets may be used at the discretion of the Association's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

NONPROFIT INFORMATION NETWORKING ASSOCIATION

Notes to the Financial Statements - Continued

December 31, 2020 and 2019

Note 1 - **Summary of Significant Accounting Policies - Continued**

Basis of Presentation - continued

Restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without restrictions in the statements of activities. Restricted contributions in which the restrictions are met in the same year are reported as without donor restrictions revenue.

Revenue Recognition

Contributions and Grants

Contributions and grants are recognized as revenue when they are unconditional, usually when qualifying expenditures are incurred and other conditions under the agreement are met. Contributions and grants are conditional if there is a barrier that must be overcome before the recipient is entitled to the funds and the donor has the right to request the funds back if they are not spent properly.

Unconditional contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions and grants that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of 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 and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding the purpose and how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

NONPROFIT INFORMATION NETWORKING ASSOCIATION

Notes to the Financial Statements - Continued

December 31, 2020 and 2019

Note 1 - Summary of Significant Accounting Policies - Continued

Advertising, Magazine and Royalty Revenue

The performance obligation for advertising and magazine revenues is the issuance of the magazine. Advertising revenue is recognized at the time the advertising occurs since customers pay by issuance. Magazine revenue is recognized over the term of subscription as customers prepay for the subscription. Royalty income is recognized over the term of the when copyrighted work is used by third parties.

The Association's revenues and cash flows are correlated to the general conditions of the economy. The payment terms vary based upon the customer credit risk and other factors, but are usually between one and four months.

Revenue is recognized based upon the cash consideration that the Association expects to receive. For the magazine revenue, the cash consideration is the subscription fee and for advertising revenue, it is based on the type of advertising that is purchased.

Donated Services

Donated services are recognized as contributions at their fair value in the period received in accordance with standards established by the Financial Accounting Standards Board. Only services that create or enhance nonfinancial assets, require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association, are recognized as contributions.

Functional Allocation of Expenses

Expenses are categorized as program services, management and general or fundraising on a direct identification basis, where practical, and on a percentage allocation basis. The allocation technique that is used is based on management's estimate of employee's time and effort and square footage.

Measure of Operations

The statement of activities reports all changes in net assets. Total operating revenues and other support consist of those items attributable to the Association's ongoing mission to provide information and analysis of management of not-for-profit organizations, social trends affecting such management, and the effectiveness of not-for-profit organizations in fulfilling their purposes. The Association does not have any non-operating activities.

NONPROFIT INFORMATION NETWORKING ASSOCIATION

Notes to the Financial Statements - Continued

December 31, 2020 and 2019

Note 1 - Summary of Significant Accounting Policies - Continued

Cash and Equivalents

The Association considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

The Association extends credit to its customers in the ordinary course of business. After reviewing aged outstanding balances and giving consideration to the Association's overall collection history, a reserve for uncollectible accounts may be established. After all reasonable attempts to collect outstanding balances are exhausted, the accounts are written off.

Grants Receivable

Unconditional grants that are expected to be collected within one year are recorded at net realizable value. Unconditional grants that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional grants are not included as revenue until the conditions are met.

Goodwill

Goodwill resulted from the acquisition of certain assets from another not-for-profit organization for an amount that exceeded the fair value of the net assets acquired. Financial accounting standards require the periodic evaluation of goodwill for impairment. An impairment loss is recognized if the carrying amount is not recoverable and exceeds fair value. Once recognized, an impairment loss is permanent and the adjusted carrying amount of the intangible asset is its new accounting basis. Subsequent reversal of a recognized impairment loss is prohibited. Management believes goodwill is fairly stated as of December 31, 2020. There were no changes to the goodwill balances during the years ended December 31, 2020 and 2019.

Property and Equipment

Property and equipment is stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, generally three to five years. Repairs and maintenance are expensed as incurred. The Association capitalizes all expenditures in excess of \$1,000 for property and equipment at cost.

NONPROFIT INFORMATION NETWORKING ASSOCIATION

Notes to the Financial Statements - Continued

December 31, 2020 and 2019

Note 1 - Summary of Significant Accounting Policies - Continued

Compensated Absences

Eligible employees accrue vacation for time they work. Upon termination, the employees are entitled to receive payment of their unused balance. Based upon periodic reviews, management believes the amount to be immaterial at any given time. Accordingly, the Association's policy is to expense compensated absences when actually paid to employees.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Management evaluates the estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made as facts and circumstances require. As future events and their effects cannot be determined with certainty, actual results may differ from the estimates used in preparing the accompanying financial statements. Significant estimates and assumptions are required as part of determining the value of accounts receivable, recognizing magazine subscription revenue, determining the discount rate applied to the grant receivable, estimating depreciation, amortization and the recoverability of long-lived assets and performing goodwill impairment analyses.

Income Tax Status

Accounting principles generally accepted in the United States of America require an entity to assess the probability that a tax position has a "more likely than not" sustainability after review by tax authorities. If a tax position is deemed not to meet this threshold, any unrecognized tax benefits and costs are estimated and recognized. Tax returns are routinely open for review by the tax authorities for three years from their due date. In certain circumstances, the statute of limitations may remain open indefinitely. As a not-for-profit entity under Section 501(c)(3) of the United States Internal Revenue Code, the Association is exempt from income taxes; the Association may, however, be subject to tax on unrelated business income.

NONPROFIT INFORMATION NETWORKING ASSOCIATION

Notes to the Financial Statements - Continued

December 31, 2020 and 2019

Note 1 - **Summary of Significant Accounting Policies - Continued**

Adoption of New Accounting Standards

The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and additional ASUs containing modifications to ASU 2014-09 (collectively referred to as Accounting Standards Codification 606, *Revenue from Contracts with Customers*, or the “new revenue recognition standard”). Under the new revenue recognition standard, revenue is recognized when a customer obtains control of promised goods or services and in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services.

The principles in the standard should be applied using a five-step model that includes: 1) identifying the contract(s) with a customer, 2) identifying the performance obligations in the contract, 3) determining the transaction price, 4) allocating the transaction price to the performance obligations in the contract, and 5) recognizing revenue when (or as) the performance obligations are satisfied.

The adoption of this pronouncement did not have a material effect on these financial statements. The comparative financial statements have not been restated. The prior year is under the former revenue recognition standard, which is similar to the new revenue recognition policy.

New Accounting Pronouncements

FASB issued ASU 2016-02, *Leases*, which is effective for periods beginning after December 15, 2021. The purpose of this pronouncement will require lessees to recognize on their statement of financial position the rights and obligations resulting from leases categorized as operating leases as assets and liabilities. It provides for an election on leases with terms of less than twelve months to be excluded.

FASB issued ASU 2018-13, *Fair Value Measurement: Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which is effective for periods beginning after December 15, 2019. Implementation of this standard will add, modify, or eliminate certain fair value instrument disclosures.

Management is in the process of evaluating these pronouncements and has not yet determined their impact on the financial statements.

NONPROFIT INFORMATION NETWORKING ASSOCIATION

Notes to the Financial Statements - Continued

December 31, 2020 and 2019

Note 2 - **Donated Services**

The Association received the following in-kind contributions that have been reflected in the financial statements as of December 31,:

	<u>2020</u>			
	<u>Revenues</u>	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>
Editorial	\$ 127,908	\$ 127,908	\$ -	\$ -

	<u>2019</u>			
	<u>Revenues</u>	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>
Editorial	\$ 138,349	\$ 138,349	\$ -	\$ -

Note 3 - **Accounts Receivable**

The accounts receivable balance is comprised of the following at December 31,:

	<u>2020</u>	<u>2019</u>
Advertising	\$ 186,599	\$ 119,150
Less: allowance for doubtful accounts	<u>890</u>	<u>890</u>
	<u>\$ 185,709</u>	<u>\$ 118,260</u>

NONPROFIT INFORMATION NETWORKING ASSOCIATION

Notes to the Financial Statements - Continued

December 31, 2020 and 2019

Note 4 - **Grants Receivable**

Grants receivable due in more than one year are reflected at the present value of estimated cash flows using a discount rate 3.75% for the year ended December 31, 2020. The balances consist of the following at December 31,:

	<u>2020</u>	<u>2019</u>
One year	\$ 277,666	\$ 513,684
Two years	116,666	-
Less: discount to net present value	<u>3,725</u>	<u>-</u>
Present value of grants receivable	398,057	513,684
Current portion of grants receivable	<u>277,666</u>	<u>-</u>
Present value of grants receivable	<u>\$ 120,391</u>	<u>\$ 513,684</u>

Note 5 - **Property and Equipment**

Property and equipment consist of the following at December 31,:

	<u>2020</u>	<u>2019</u>
Equipment and software	\$ 24,376	\$ 22,253
Less: accumulated depreciation	<u>(21,094)</u>	<u>(16,484)</u>
Net Property and Equipment	<u>\$ 3,282</u>	<u>\$ 5,769</u>

Note 6 - **Debt Obligation**

Debt

The Association had a note payable requiring monthly payments of \$3,333 plus interest at the prime rate (3.25% and 4.75% at December 31, 2020 and 2019, respectively) due February 2019. The note was collateralized by all assets of the Association. During the year ended December 31, 2019, the final payment was made on this note.

Interest expense for the years ended December 31, 2020 and 2019 was \$0 and \$53, respectively.

NONPROFIT INFORMATION NETWORKING ASSOCIATION

Notes to the Financial Statements - Continued

December 31, 2020 and 2019

Note 7 - **Paycheck Protection Program**

In April 2020, the Association received a Paycheck Protection Program "PPP" loan under the Coronavirus Aid, Relief, and Economic Security Act "CARES Act" in the amount of \$202,433. The loan will be forgiven based upon the Association using the proceeds on eligible expenses over a twenty-four-week period from the time that the loan is obtained. Eligible expenses include payroll and related benefits, utilities, and rent, interest. Management has used the entire funds from the loan in accordance with the provisions of the CARES Act and thus it is anticipated the loan will be forgiven.

Should any portion of the loan not be forgiven, it will become a two-year term loan with an interest rate of 1% per year. The principal and interest on any unforgiven portion of the loan will be deferred until the earlier of the date in which the amount of loan forgiveness is remitted by the Small Business Administration "SBA" to the lender or ten months after the covered period concludes. Management intends to reduce the debt in full and reflect that reduction as other non-operating revenue when all or a portion of the loan is forgiven.

Maturities of the PPP loan subsequent to June 30, 2020, if no portion of the debt is forgiven for the years ending June 30,

2021	\$	84,347
2022		101,217
2023		<u>16,869</u>
Total	\$	<u>202,433</u>

In June 2021, the Association submitted the PPP loan forgiveness application to the lender. The lender has 60 days from the receipt of the application to issue a forgiveness decision to the SBA. The SBA will, subject to review of the application, remit the appropriate forgiveness amount and accrued interest not later than 90 days after the lender issues its decision to the SBA.

In June 2021, the Association had the entire PPP loan forgiven by the SBA.

NONPROFIT INFORMATION NETWORKING ASSOCIATION

Notes to the Financial Statements - Continued

December 31, 2020 and 2019

Note 8 - **Net Assets**

Net Assets With Restrictions

Net assets with donor restrictions consists of the following at December 31,:

	<u>2020</u>	<u>2019</u>
Purpose restriction - Tiny Spark integration	\$ -	\$ 153,730
Purpose restriction - racial equity programming	51,325	213,123
Purpose restriction - finance commons project	80,000	-
Timing restriction - general operations	<u>233,332</u>	<u>150,000</u>
Net assets with donor restrictions	<u>\$ 364,657</u>	<u>\$ 516,853</u>

Net Assets Released from Restrictions

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the purposes or timing specified by the donors for the years ended December 31, as follows:

	<u>2020</u>	<u>2019</u>
Purpose restriction - Tiny Spark integration	\$ 153,730	\$ 171,647
Purpose restriction - racial equity programming	213,123	221,292
Purpose restriction - Non-Profit policy and research	-	75,000
Timing restriction - general operations	<u>150,000</u>	<u>225,000</u>
	<u>\$ 516,853</u>	<u>\$ 692,939</u>

Note 9 - **Retirement Plan**

The Association provides retirement benefits to its employees through a defined contribution plan covering all full-time employees with six months of eligible experience. The Association contributed 5% of gross wages for employees as of December 31, 2020 and 2019. Contributions totaling \$47,712 and \$51,052 were made for the years ended December 31, 2020 and 2019, respectively.

NONPROFIT INFORMATION NETWORKING ASSOCIATION

Notes to the Financial Statements - Continued

December 31, 2020 and 2019

Note 10 - **Lease Commitments**

On December 1, 2016, the Association entered into a three-year non-cancelable operating lease expiring in December 2019. The lease calls for a monthly rental payment and pro-rated portion of occupancy costs. Prior to year end December 31, 2019, the Association vacated this space.

On February 13, 2019, the Association entered into a three-year non-cancelable operating lease at a new office location with the lease expiring in May 2022. During the year ended December 31, 2019, the Association moved its office to this location.

Future minimum lease payments due subsequent to December 31, 2020 are as follows:

Years Ending <u>December 31,</u>	
2021	\$ 134,283
2022	<u>56,540</u>
Total	<u>\$ 190,823</u>

Rent expense for the years ended December 31, 2020 and 2019 was \$131,691 and \$118,262, respectively.

Note 11 - **Concentrations, Risks, and Uncertainties**

Cash

The Association maintains cash balances at several financial banking institutions, and at times during the year, these balances may exceed the federally insured limit. During the years ended December 31, 2020 and 2019, the company had deposits of \$382,819 and \$99,081 in excess of FDIC limits, respectively. Management monitors the financial condition of these banking institutions, along with its balances in cash, to keep this potential risk at a minimum.

NONPROFIT INFORMATION NETWORKING ASSOCIATION

Notes to the Financial Statements - Continued

December 31, 2020 and 2019

Note 11 - **Concentrations, Risks, and Uncertainties - Continued**

Uncertainty

The Association's revenues are traditionally made up of portions of earned and contributed revenue. Earned income consists primarily of subscription fees and advertising sales. Revenues generated from dues and subscriptions have historically been insufficient in relationship to their operating expenses. Consequently, the Association is dependent upon revenues from grants, contributions, and other sources.

Major Grantors

Grants from four donors accounted for approximately 58% and 82% of grant revenue for the years ended December 31, 2020 and 2019, respectively. The balance due from these donors was 100% of total grants receivable for the year ended December 31, 2019. During the year ended December 31, 2020, none of these major grantors were part of the grants receivable balance.

Note 12 - **Availability and Liquidity**

The following represents the Association's financial assets at December 31,:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and equivalents	\$ 657,990	\$ 342,953
Accounts receivable	185,709	118,260
Current portion of grants receivable	<u>277,666</u>	<u>513,684</u>
Total financial assets	1,121,365	974,897
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(364,657)	(516,853)
Add back:		
Release of net assets with donor restrictions for general expenditures within one year	<u>116,666</u>	<u>150,000</u>
Financial assets available to meet general expenditures with in one year:	<u>\$ 873,374</u>	<u>\$ 608,044</u>

NONPROFIT INFORMATION NETWORKING ASSOCIATION

Notes to the Financial Statements - Continued

December 31, 2020 and 2019

Note 12 - **Availability and Liquidity - Continued**

The Association reviews its discretionary expenses periodically to ensure that adequate cash reserves are maintained. The Association reviews its cash position on a regular basis to ensure that adequate funds are on hand to meet expenses. For the years ended December 31, 2020 and 2019, management believes the Association does not have any liquidation issues.

Note 13 - **Management's Acceptance of Financial Statements**

Subsequent Events

Management has evaluated subsequent events through September 22, 2021, the date for which the financial statements were available for issuance. Management accepted the financial statements and did not identify any events subsequent to December 31, 2020 requiring disclosure in these financial statements.