



**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

FINANCIAL STATEMENTS

DECEMBER 31, 2021

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

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DECEMBER 31, 2021**

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Independent Auditor's Report

Board of Directors
Association of Small Foundations
DBA Exponent Philanthropy
Washington, D.C.

Opinion

We have audited the accompanying financial statements of the Association of Small Foundations, DBA Exponent Philanthropy (the Organization), 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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization 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. 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 the Organization 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 the Organization'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.



Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 the Organization'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 the Organization'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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated August 17, 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.

Councilor, Buchanan + Mitchell, P.C.

Washington, D.C.
May 24, 2022

Certified Public Accountants

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021**

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)

	2021	2020
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 2,140,836	\$ 1,716,520
Grants and Contributions Receivable	129,666	100,666
Accounts Receivable	139,265	17,015
Donated Office Space Receivable	207,039	207,039
Investments	2,898,947	1,301,541
Prepaid Expenses and Other Current Assets	45,221	48,486
Total Current Assets	5,560,974	3,391,267
Fixed Assets, Net	-	7,918
Grants Receivable, Net of Current Portion	62,000	66,666
Investments for Deferred Compensation	-	28,245
Donated Office Space Receivable, Net of Current Portion	975,862	1,159,706
Total Assets	\$ 6,598,836	\$ 4,653,802
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 113,021	\$ 120,317
PPP Refundable Advance	-	376,696
Deferred Revenue	115,633	45,643
Deferred Membership Dues	785,542	715,003
Deferred Compensation Payable	-	28,245
Total Current Liabilities	1,014,196	1,285,904
Net Assets		
Without Donor Restrictions	4,036,323	1,664,248
With Donor Restrictions	1,548,317	1,703,650
Total Net Assets	5,584,640	3,367,898
Total Liabilities and Net Assets	\$ 6,598,836	\$ 4,653,802

See accompanying Notes to Financial Statements.

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)**

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Revenues				
Membership Dues	\$ 1,304,280	\$ -	\$ 1,304,280	\$ 1,303,587
Grants and Contributions	2,991,696	403,780	3,395,476	889,906
Sustaining Partner Fees	88,600	-	88,600	110,273
Registration Fees	271,533	-	271,533	143,221
Rental Income	131,420	-	131,420	184,790
Publications and Other Revenue	135,004	-	135,004	117,248
Contribution - Donated Office Space	-	23,195	23,195	26,799
Investment Income	2,033	-	2,033	25,400
Net Assets Released from Restrictions	582,308	(582,308)	-	-
Total Revenues	5,506,874	(155,333)	5,351,541	2,801,224
Expenses				
Program Services	2,496,194	-	2,496,194	2,490,934
General and Administrative	298,879	-	298,879	349,550
Fundraising	339,726	-	339,726	489,647
Total Expenses	3,134,799	-	3,134,799	3,330,131
Change in Net Assets	2,372,075	(155,333)	2,216,742	(528,907)
Net Assets, Beginning of Year	1,664,248	1,703,650	3,367,898	3,896,805
Net Assets, End of Year	\$ 4,036,323	\$ 1,548,317	\$ 5,584,640	\$ 3,367,898

See accompanying Notes to Financial Statements.

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)**

	Program Services	General and Administrative	Fundraising	2021 Total	2020 Total
Salaries, Payroll Taxes, and Benefits	\$ 1,613,138	\$ 69,188	\$ 264,060	\$ 1,946,386	\$ 2,077,710
Meetings	13,202	-	-	13,202	38,280
Amortization of Donated Rent	166,765	25,176	15,098	207,039	207,039
Consultants	363,603	21,764	13,551	398,918	371,639
Occupancy	184,261	50,297	30,162	264,720	274,748
Travel	-	-	-	-	7,728
Legal and Accounting	-	111,545	-	111,545	95,561
Printing	34,037	432	3,517	37,986	60,754
Postage and Delivery	14,936	415	810	16,161	17,538
Telephone	23,431	6,390	3,833	33,654	34,904
Depreciation and Amortization	5,961	981	976	7,918	29,260
Office Equipment and Maintenance	9,159	2,500	1,499	13,158	12,215
Website	6,846	814	487	8,147	10,169
Design	4,712	-	500	5,212	4,239
Merchant and Bank Charges	15,318	4,181	2,507	22,006	20,410
Dues and Publications	22,821	1,066	639	24,526	24,621
Office Supplies	3,468	887	531	4,886	6,310
Insurance	6,136	1,675	1,004	8,815	7,969
Conference Registration Fees	6,083	506	303	6,892	23,994
Staff Meetings	537	147	88	772	1,912
Miscellaneous	1,780	915	161	2,856	3,131
Total Expenses	\$ 2,496,194	\$ 298,879	\$ 339,726	\$ 3,134,799	\$ 3,330,131

See accompanying Notes to Financial Statements.

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)**

	2021	2020
Cash Flows from Operating Activities		
Change in Net Assets	\$ 2,216,742	\$ (528,907)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	7,918	29,260
Gain (Loss) on Investments	383	(3,176)
Change in Present Value Discount for Donated Office Space Receivable	(23,195)	(26,800)
<u>(Increase) Decrease in Assets</u>		
Grants and Contributions Receivable	(24,334)	(42,332)
Accounts Receivable	(122,250)	26,235
Donated Office Space Receivable	207,039	207,039
Prepaid Expenses and Other Current Assets	3,265	3,802
Investments for Deferred Compensation	28,245	(28,245)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	(7,296)	(13,962)
PPP Refundable Advance	(376,696)	376,696
Deferred Revenue	69,990	(71,582)
Deferred Membership Dues	70,539	(91,368)
Deferred Compensation Payable	(28,245)	28,245
Net Cash Provided by (Used in) Operating Activities	2,022,105	(135,095)
Cash Flows from Investing Activities		
Purchases of Investments	(4,950,122)	(2,725,295)
Proceeds from Sales of Investments	3,352,333	3,584,466
Net Cash (Used in) Provided by Investing Activities	(1,597,789)	859,171
Net Increase in Cash and Cash Equivalents	424,316	724,076
Cash and Cash Equivalents, Beginning of Year	1,716,520	992,444
Cash and Cash Equivalents, End of Year	\$ 2,140,836	\$ 1,716,520

See accompanying Notes to Financial Statements.

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Association of Small Foundations (the Organization) is a nonprofit organization incorporated under the laws of the State of Delaware. Since March 2014, the Organization has been doing business as Exponent Philanthropy. The Organization builds and strengthens lean philanthropy by providing high-quality programs, services, and resources to grantmakers with few or no staff. The Organization is a membership organization, recognized for peer-to-peer information sharing and the production of practical tools that improve, simplify, and reduce the cost of administering grants. The Organization's activities are funded primarily through membership dues, grants and contributions, and registration fees.

The Organization provides opportunities for members and prospective members to become increasingly knowledgeable in core competencies and leadership through research-informed education programs and a rich library of publications, tools, and resources, including: Essentials magazine, an annual Foundation Operations and Management Report, Foundation Guidebook, Trustee Handbook, digital reports, assessments, Q&A service, Annual Conference, webinars, and cohorts.

The Organization also provides opportunities to foster meaningful connections for its members throughout the year via virtual roundtables and dine-arounds, peer coaching, volunteer committees, and the online Member Directory and discussion communities while lifting up the stories of our members through blogs, news stories, and our member-led awards program.

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

Cash and Cash Equivalents

The Organization considers demand deposits, money market funds, and investments with a maturity of three months or less when purchased, to be cash and cash equivalents.

Investments

Investments with original maturities of less than one year are classified as short-term investments. Investments are comprised of short-term brokered certificates of deposit, valued based on broker quotes using readily available pricing sources for comparable investments.

Grants and Contributions Receivable

Unconditional promises to give that have not been collected as of year-end are recorded as grants and contributions receivable in the accompanying statement of financial position. Grants and contributions receivable over multiple years are discounted to their net present value using the applicable interest rate if such discount would be material. Management reviews the collectability of the grants and contributions receivable on a periodic basis.

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contributions Receivable (Continued)

No reserve for doubtful accounts has been established because management believes all amounts are fully collectible.

Fixed Assets

The Organization capitalizes all fixed asset acquisitions of \$2,000 and above. Fixed assets are stated at cost and are depreciated using the straight-line method over estimated useful lives of three to five years, with no salvage value. Direct costs incurred during the application stage of the development of the Organization's website are capitalized and amortized over an estimated useful life of three years. Leasehold improvements are amortized over the shorter of the related donated office space agreement term or the useful value of the asset. Maintenance and repairs, including planned major maintenance activities, are charged to expense when incurred; major renewals and betterments are capitalized. Donated fixed assets are recorded at fair market value at the date of donation.

Accounts Receivable

Accounts receivable consists primarily of amounts due at year end for rental income and sustaining partner fees. Management reviews the collectability of the accounts receivable on a periodic basis. No reserve for doubtful accounts has been established because management believes all amounts are fully collectible.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, and benefits. These expenses are allocated on the basis of estimates of time and effort by employees. Base level indirect costs are attributed to general and administrative functions with remaining indirect costs allocated among programs, general and administrative, and fundraising based on salaries. Expenses directly identifiable to specific programs and supporting activities are presented accordingly.

Donated Office Space

The Organization receives the use of office space and furniture and equipment free of charge. The Organization records the fair value of the donated office space as donated office space and donor-restricted revenue at the net present value of the estimated fair value of the lease when the contribution is made. Donated office space that has been committed to the Organization as of December 31, 2021, through a formal lease agreement has been recorded as donated office space receivable in the accompanying statement of financial position.

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Organization reports unconditional grants and contributions as without donor restrictions and available for general operations, unless specifically restricted by the donor. If such unconditional grants and contributions are received with donor stipulations that limit the use of the donated funds for a particular purpose or for a specific period of time, they are reported as net assets with donor restrictions. When the stipulated time restriction ends or the purpose of the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Grants and contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Sustaining partner fees, which are noncancellable, is contract income which is generally recognized at the point in time that the underlying event occurs and/or over the contract period for benefits available throughout the contract. The portion of fees that have not been recognized as income are included in the statement of financial position as accounts receivable and deferred revenue since the noncancellable contracts provide an unconditional right to consideration.

Membership dues, which are nonrefundable, are recognized ratably over the membership period because the benefits to members are consistent throughout the year. The portion of dues that relates to a membership period extending beyond year end is reported as deferred membership dues.

Registration fees and related sponsorships and exhibit fees are recognized at the point in time that the seminar or conference is held. Publications and other revenue are recognized over the contract period as performance obligations are satisfied.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. The Organization is exempt from the payment of taxes on income other than net unrelated business income. No provision for federal or state income taxes is required as of December 31, 2021, for net unrelated business income.

The Organization requires that a tax position be recognized or derecognized based on a “more-likely-than-not” threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include, or reflect, any uncertain tax positions. The Organization’s IRS Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by taxing authorities generally for three years after filing.

ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Prior Year Information

The financial statements include certain prior year summarized comparative totals as of and for the year ended December 31, 2020. 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.

Reclassifications

Certain 2020 amounts have been reclassified for comparative purposes.

2. LIQUIDITY AND AVAILABLE RESOURCES

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity management, the Organization invests cash in excess of daily requirements in certificates of deposits on a rotating schedule, such that one or more matures each month and is available for general expenditure.

As of December 31, 2021, the following financial assets and liquidity sources are available for general operating expenditures for the year ending December 31, 2022:

Financial Assets

Cash and Cash Equivalents	\$ 2,140,836
Current Portion of Grants and Contributions Receivable	129,666
Accounts Receivable	139,265
Investments	<u>2,898,947</u>
Subtotal	5,308,714
Less Amounts Not Available for General Operating Expenditure	
Grants and Contributions Restricted by Purpose by Donor	(10,000)
Board Designated Net Assets	<u>(104,517)</u>
Financial Assets Available to Meet Cash	
Needs for General Expenditures within One Year	<u>\$ 5,194,197</u>

As of December 31, 2021, the balance of the board designated funds raised through the 20th Anniversary Campaign, approximately \$105,000, is being considered a general operational reserve and could be made available by the Board of Directors as necessary.

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

3. CONDITIONAL CONTRIBUTION AND PPP REFUNDABLE ADVANCE

The Organization received a Small Business Administration (SBA) loan under the Paycheck Protection Program (PPP) of \$376,696 during the year ended December 31, 2020, and an additional PPP loan of \$373,780 during the year ended December 31, 2021. The PPP loans provide cash-flow assistance through 100% federally guaranteed loans to eligible recipients to maintain payroll during the COVID-19 public health emergency and cover certain other expenses. If the Organization maintains its workforce and meets certain requirements, up to 100% of the loans may be forgiven by the SBA. No more than 40% of the forgiven amount may be for non-payroll costs. Loans under the second PPP have an interest rate of 1% and a five-year maturity date, if not forgiven. During the year ended December 31, 2021, the Organization met the criteria for loan forgiveness on both PPP loans. The loan proceeds are included in grants and contributions without donor restrictions on the statement of activities for the year ended December 31, 2021.

4. CONCENTRATIONS AND FINANCIAL RISK

The Organization maintains cash balances at financial institutions in the Washington, D.C., metropolitan area. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times during the year, the Organization's cash balance exceeded the FDIC insurance amount. Management believes the risk in these situations to be minimal.

As of December 31, 2021, approximately 73% of grants and contributions and accounts receivable was due from three donors. For the year ended December 31, 2021, two donors accounted for approximately 81% of grants and contributions revenue.

5. EMPLOYEE BENEFIT PLAN

The Organization sponsors a qualified profit-sharing pension plan (the Plan) with a 401(k) feature for all eligible employees. Employees, who have reached age 21, are eligible to participate in the Plan after one year of service and are fully vested immediately upon entering the Plan. The Organization contributes up to 21% of each employee's salary to the Plan on a predetermined formula based on the benefits package selected by the employee. For the year ended December 31, 2021, the Organization made a contribution to the Plan on behalf of its employees of approximately \$188,000, which is included in salaries, payroll taxes, and benefits in the accompanying statement of functional expenses.

In December 2019, the Organization adopted a Section 457(b) Plan, a non-qualified deferred compensation plan for the purpose of providing benefits to certain selected employees. The balance of the 457(b) Plan was paid to the participating employee during the year ended December 31, 2021.

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

6. FIXED ASSETS

Fixed assets consisted of the following as of December 31, 2021:

<u>Description</u>	<u>Amount</u>
Furniture and Equipment	\$ 15,295
Website	146,719
Leasehold Improvements	<u>52,137</u>
	214,151
Less Accumulated Depreciation and Amortization	<u>(214,151)</u>
Fixed Assets, Net	<u><u>\$ -</u></u>

7. COMMITMENTS AND CONTINGENCIES

The Organization has entered into contracts with facilities and related service providers in connection with future meetings and conferences. In the event of cancellation by the Organization or if attendance is less than agreed-upon minimum levels, the Organization would be responsible for certain fees. Management does not anticipate cancellation of these events or attendance below minimum levels, or any risk of significant financial loss.

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses, and nonprofit organizations around the world. There is uncertainty about financial and economic impacts in all sectors of the economy. The financial markets have experienced significant volatility, and this may continue for an extended period of time. In light of these circumstances, management continues to assess how best to adapt to changed circumstances.

8. DONOR RESTRICTED NET ASSETS

Donor restricted net assets were available for the following purposes as of December 31, 2021:

<u>Description</u>	<u>Amount</u>
Donated Office Space for Future Years	\$ 1,182,901
Diversity	10,000
Time-Restricted	<u>355,416</u>
Total Donor Restricted Net Assets	<u><u>\$ 1,548,317</u></u>

Amounts released from donor restricted net assets during the year ended December 31, 2021, were as follows:

<u>Description</u>	<u>Amount</u>
Donated Office Space for Future Years	\$ 207,039
Diversity	60,000
National Meeting Sponsorships	24,500
Time-Restricted	<u>290,769</u>
Total Amounts Released from Restrictions	<u><u>\$ 582,308</u></u>

**ASSOCIATION OF SMALL FOUNDATIONS
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

9. FAIR VALUE MEASUREMENTS

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets (examples include equity securities);

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate or municipal bonds);

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs to the determination of fair value require significant management judgment (examples include certain private equity securities).

The following presents the Organization's investments measured at fair value as of December 31, 2021:

<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of Deposit	<u>\$ 2,898,947</u>	<u>\$ -</u>	<u>\$ 2,898,947</u>	<u>\$ -</u>

The Organization's Level 2 investments are valued based on readily available pricing sources for comparable investments.

10. DONATED OFFICE SPACE RECEIVABLE

The Organization has a lease with a not-for-profit corporation (the Corporation) for its office space, including furnishings, in Washington, D.C., through 2027. The Board Chair of the Organization also serves as the Chief Operating Officer of the Corporation. The lease arrangement specifies that the lease will automatically extend for two-year periods unless either party elects to terminate. The leases provide for no annual fixed rent, but the Organization is obligated to pay all taxes, costs, operating expenses, and utilities.

The donated office space receivable was discounted to the net present value using a discount rate of 2%. The amount of the amortization of donated rent for the year ended December 31, 2021, of approximately \$207,000, is recognized in the accompanying statement of functional expenses.

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

10. DONATED OFFICE SPACE RECEIVABLE (CONTINUED)

The donated office space receivable as of December 31, 2021, represents the net present value of donated office space promised through 2027 which is to be received as follows:

<u>For the Years Ending December 31,</u>	<u>Amount</u>
2022	\$ 207,039
2023	207,039
2024	207,039
2025	207,039
2026	207,039
Thereafter	<u>207,031</u>
Total Donated Office Space Receivable	1,242,226
Less Discount to Present Value	<u>(59,325)</u>
Net Donated Office Space Receivable	<u><u>\$ 1,182,901</u></u>

The Organization subleases a portion of its donated office space to various unrelated entities.

11. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consisted of the following as of December 31, 2021:

<u>Description</u>	<u>Amount</u>
Due in Less than One Year	\$ 129,666
Due in One to Five Years	<u>62,000</u>
Total Grants and Contributions Receivable	<u><u>\$ 191,666</u></u>

12. SUBSEQUENT EVENTS

Subsequent events were evaluated through May 24, 2022, which is the date the financial statements were available to be issued.