

COMPASS SCIENCE COMMUNICATION, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2017

The logo for COMPASS features the word "COMPASS" in a blue, sans-serif font. A small blue triangle is positioned above the letter "O", pointing upwards.

COMPASS SCIENCE COMMUNICATION, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Compass Science Communication, Inc.
Portland, Oregon

We have audited the accompanying financial statements of Compass Science Communication, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Compass Science Communication, Inc. as of December 31, 2017, 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.

Other Matters

Report on Summarized Comparative Information

We have previously audited Compass Science Communication, Inc.'s 2016 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated May 16, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon
March 23, 2018

COMPASS SCIENCE COMMUNICATION, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2017

(With Comparative Totals as of December 31, 2016)

ASSETS

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 1,415,324	\$ 1,328,018
Accounts receivable	42,938	68,435
Grants receivable	92,000	1,110,000
Prepaid expenses	19,062	13,858
Deposits	<u>4,140</u>	<u>3,281</u>
Total assets	<u>\$ 1,573,464</u>	<u>\$ 2,523,592</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 26,290	\$ 14,801
Accrued payroll and related taxes	<u>4,866</u>	<u>3,751</u>
Total liabilities	<u>31,156</u>	<u>18,552</u>
Net assets		
Unrestricted		
Available for general operations	118,186	146,638
Board designated	<u>400,000</u>	<u>400,000</u>
	518,186	546,638
Temporarily restricted	<u>1,024,122</u>	<u>1,958,402</u>
Total net assets	<u>1,542,308</u>	<u>2,505,040</u>
Total liabilities and net assets	<u>\$ 1,573,464</u>	<u>\$ 2,523,592</u>

See notes to financial statements.

COMPASS SCIENCE COMMUNICATION, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2017

(With Comparative Totals for the Year Ended December 31, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2017</u>	<u>2016</u>
Revenues and other support				
Grants and contributions	\$ 30,139	\$ 315,375	\$ 345,514	\$ 3,084,546
Program service revenues	389,797	-	389,797	287,463
Other income	6,622	-	6,622	5,567
	426,558	315,375	741,933	3,377,576
Net assets released from restriction	1,249,655	(1,249,655)	-	-
Total revenues and other support	1,676,213	(934,280)	741,933	3,377,576
Expenses				
Program services	1,488,022	-	1,488,022	735,746
Supporting services				
Administration	196,357	-	196,357	107,914
Fundraising	20,286	-	20,286	28,876
Total expenses	1,704,665	-	1,704,665	872,536
Change in net assets	(28,452)	(934,280)	(962,732)	2,505,040
Net assets, beginning of year	546,638	1,958,402	2,505,040	-
Net assets, end of year	\$ 518,186	\$ 1,024,122	\$ 1,542,308	\$ 2,505,040

See notes to financial statements.

COMPASS SCIENCE COMMUNICATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2017

(With Comparative Totals for the Year Ended December 31, 2016)

	PROGRAM SERVICES						SUPPORTING SERVICES		Total		
	Oceans	Water	Land	Coaching	Visibility & Outreach	Trainings	Total Program	Admin-istration	Fund-raising	2017	2016
Salaries	\$ 258,996	\$ 3,315	\$ 84,115	\$ 5,778	\$ 176,203	\$ 203,131	\$ 731,538	\$ 274,483	\$ 10,842	\$ 1,016,863	\$ 546,764
Employee benefits	33,987	309	11,405	579	16,397	27,707	90,384	33,624	1,109	125,117	66,549
Payroll taxes	21,901	283	7,190	463	14,980	17,336	62,153	23,978	895	87,026	48,769
Professional fees	-	-	-	-	-	33,484	33,484	54,652	-	88,136	39,970
Trainings & workshops	68,333	-	65,674	-	-	25,053	159,060	23,427	-	182,487	73,086
Rent	11,319	117	3,294	209	5,952	9,728	30,619	14,370	388	45,377	22,617
Utilities	2,244	16	570	34	928	2,003	5,795	1,897	60	7,752	6,379
Postage	142	-	59	-	236	37	474	942	-	1,416	408
Printing	1,476	-	240	27	2,055	28	3,826	1,210	-	5,036	917
Supplies	4,705	39	959	65	1,737	3,428	10,933	8,443	98	19,474	10,988
Travel	21,932	-	13,332	23	22,651	20,821	78,759	19,182	2,853	100,794	47,519
Membership and dues	5,226	-	-	-	1,459	-	6,685	119	-	6,804	120
Insurance	1,979	14	495	37	961	1,665	5,151	2,115	76	7,342	6,682
Bank charges	-	-	-	-	-	-	-	82	167	249	29
Miscellaneous	3,718	-	90	-	432	32	4,272	6,520	-	10,792	1,739
Administrative overhead	99,984	811	26,547	2,401	49,330	85,816	264,889	(268,687)	3,798	-	-
	\$ 535,942	\$ 4,904	\$ 213,970	\$ 9,616	\$ 293,321	\$ 430,269	\$ 1,488,022	\$ 196,357	\$ 20,286	\$ 1,704,665	\$ 872,536

See notes to financial statements.

COMPASS SCIENCE COMMUNICATION, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2017

(With Comparative Totals for the Year Ended December 31, 2016)

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ (962,732)	\$ 2,505,040
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Accounts receivable	25,497	(68,435)
Grant receivable	1,018,000	(1,110,000)
Prepaid expenses	(5,204)	(13,858)
Deposits	(859)	(3,281)
Accounts payable	11,489	14,801
Accrued payroll and related expenses	1,115	3,751
Net cash provided by (used in) operating activities	<u>87,306</u>	<u>1,328,018</u>
Net change in cash	87,306	1,328,018
Cash and cash equivalents, beginning of year	<u>1,328,018</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 1,415,324</u>	<u>\$ 1,328,018</u>

See notes to financial statements.

COMPASS SCIENCE COMMUNICATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE A – DESCRIPTION OF ORGANIZATION

Compass Science Communication, Inc. (COMPASS or the Organization) empowers scientists to engage with society, leading to a more productive public discourse about the environment. We coach scientists to be more effective communicators and connect them to key people and conversations at the most relevant times. COMPASS believes that when scientific knowledge and insights are part of decision-making, the solutions that emerge will be robust and benefit both society and the environment.

COMPASS, which originally stood for “Communication Partnership for Science and the Sea”, was founded by Dr. Jane Lubchenco, Vikki Spruill, Chuck Savitt, and Chris Harrold in partnership with the David and Lucile Packard Foundation in 1999. After a number of years operating as a program of various fiscal sponsors, most recently with the Tides Center, the Organization obtained independent exempt status in 2015.

After over a decade of focus on ocean science and scientists as a fiscally-sponsored program, the independent COMPASS has expanded its focus beyond oceans and continues to help scientists effectively share their knowledge in the public discourse and decision-making. We provide practical support for scientists to engage without compromising the accuracy of their science. We support scientists studying a diverse range of topics at the intersections of people and environment, from the oceans to climate to wildfire to water. We are constantly pioneering new approaches to support scientists to more effectively engage and interact with those setting and advancing the public agenda. We have trained thousands of scientists to be more effective communicators, from across academia, government, non-governmental organizations, and the private sector.

Our relationships and knowledge of trends allow us to identify gaps and lags between the science and the state of the discourse about a given topic. We identify and create new opportunities for scientists to connect with each other and other key audiences. Our work is uniquely shaped by timing, salience, appetite, and the broader social context. Whether by arranging a panel of journalists to attend a scientific conference, or by helping a scientist prepare to speak to a federal, state, or local decision-maker, COMPASS helps scientists to foster personal connections that catalyze or contribute to conversations about how and why the environment is changing, what those changes mean for people, and how science is contributing to more robust solutions to some of society's greatest challenges.

COMPASS is supported by a combination of earned revenue and foundation grants. Although widely known for fee-for-service trainings, the majority of our funding comes from philanthropic sources.

During the year ending on December 31, 2017, the Organization incurred program service expenses in the following major areas:

- **Oceans**

Our ocean portfolio seeks to strengthen the public discourse around ocean conservation to ensure that relevant policies and practices reflect the latest scientific knowledge and insights. Drawing on over fifteen years of working closely with leading ocean scientists (natural and social), we tap into our extensive networks to support scientists to contribute to framing and advancing the dialogue around more robust solutions to some of the greatest challenges facing the ocean.

COMPASS SCIENCE COMMUNICATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)

- **Oceans (Continued)**

By facilitating interdisciplinary workshops and trainings, framing scientific conferences, and connecting scientists with policymakers, journalists, and others who influence the discourse, we focus on where science and scientists can be most transformative.

- **Water**

The focus of our water portfolio is to support scientists to play a larger role in framing and advancing conversations about a sustainable water future for the West. Scientists are poised to bring new thinking, build political will, and increase public understanding and support for considering the broader social and ecological contexts of water and bring new insights and perspectives about the connections between water, a changing climate, and other resource management practices like forestry and fire management.

- **Land**

Our work in terrestrial systems seeks to empower scientists to contribute to a more robust discourse about the conservation of western lands. We focus on bridging the disconnects between scientific understanding and perceptions, policy, and practices around issues such as wildfire, endangered species, and climate adaptation. We support current and emerging leaders across the West to inject cutting-edge science into society's conversations about how to manage increasingly flammable and dry landscapes and adapt to a rapidly changing world.

- **Visibility, Outreach, Coaching and Trainings**

Grounded in the latest research on science communication, our in-depth, highly interactive, and customized group trainings and individual coaching empower scientists to find the relevance of their science for the audiences they most want to reach—journalists, policymakers, stakeholders, leaders within their institution, and other scientists. We help scientists set, refine, and ultimately achieve their goals for effectively engaging with society. As pioneers and leaders in the practice of science communication, we bring our experience, insight, and social capital to supporting more scientists to engage and to do so effectively.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

COMPASS SCIENCE COMMUNICATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Unrestricted net assets** – Net assets not subject to donor-imposed stipulations.
- **Temporarily restricted net assets** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. The Organization has elected to show temporarily restricted contributions whose restrictions are met in the same fiscal year as unrestricted contributions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Bequests are recorded as revenue at the time the Organization has established the right to the bequest and the proceeds are measurable.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations about how long those long-lived assets must be maintained, the Organization reports release of donor restrictions when the long-lived assets are placed in service.

Revenue Recognition

All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. Program service revenues are recognized at the time services are provided and the revenues are earned.

COMPASS SCIENCE COMMUNICATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Accounts receivable are recognized as services are performed and expenditures are made. The Organization does not assess finance charges on receivables. The Organization uses the allowance method to account for uncollectible receivables. The allowance for doubtful accounts is estimated by management based on various factors, including past history and current economic conditions. The Organization considers accounts receivable to be fully collectible at December 31, 2017; thus no allowance for doubtful accounts has been established.

Grants receivable, which are unconditional promises to give, are expected to be collected within one year.

Income Taxes

The Organization has been approved as a tax exempt organization under the Internal Revenue Code Section 501(c)(3) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization does not believe it has unrelated trade or business income in excess of \$1,000.

Allocation of Functional Expenses

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses by natural classification have been summarized in the Statement of Functional Expenses.

NOTE C – LEASE COMMITMENT

The Organization has signed a lease for office space in Portland, Oregon, and Washington DC. Below are the minimum lease commitments under the remaining noncancelable leases for the year ending December 31, 2017.

Year Ending December 31,	Portland	DC	Total
2018	\$ 16,995	\$ 23,941	\$ 40,936
2019	16,995	16,038	33,033
2020	16,995	-	16,995
2021	16,995	-	16,995
2022	2,833	-	2,833
	<u>\$ 70,813</u>	<u>\$ 39,979</u>	<u>\$ 110,792</u>

COMPASS SCIENCE COMMUNICATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

NOTE D – RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

Temporarily restricted net assets at December 31, 2017 consist of the following:

Ocean Science	\$ 716,570
Wilburforce Fellowship in Conservation Science	112,180
Land Science	56,019
Coaching and Science Leadership	131,099
Other	<u>8,254</u>
	<u>\$ 1,024,122</u>

NOTE E – BOARD DESIGNATED FUND

The Board of Directors has established an operating reserve with the goal of maintaining a balance equal to 3-6 months of operating expenses.

NOTE F – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and grants and accounts receivable. The Organization places its cash with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Amounts in excess of FDIC coverage are not insured. At December 31, 2017, the Organization held cash of \$1,172,173 in excess of FDIC insurance. The Organization's accounts receivable are unsecured and generally are due within 30 days. The Organization has not experienced any losses on these accounts.

NOTE G – CONCENTRATION OF REVENUE

At December 31, 2017, the Organization's net assets were about 50% funded by one foundation. Certain receivables may also, from time to time, subject the Organization to concentrations of credit risk. At December 31, 2017, the Organization grants receivable consist of \$92,000 from one funder.

NOTE H – RETIREMENT PLAN

The Organization has established a 403(b) retirement plan for the benefit of all employees. The Organization made discretionary contributions totaling \$25,977 for the year ended December 31, 2017.

NOTE I – SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 23, 2018, which is the date the financial statements were available to be issued.