

COMPASS SCIENCE COMMUNICATION, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2020

COMPASS

KERN  THOMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

**COMPASS SCIENCE COMMUNICATION, INC.**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2020**

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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, 2020, 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, 2020, 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 2019 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated June 22, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon  
May 26, 2021

**COMPASS SCIENCE COMMUNICATION, INC.**

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2020**

(With Comparative Amounts as of December 31, 2019)

**ASSETS**

	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 973,738	\$ 1,058,660
Investments	816,043	511,592
Accounts receivable	114,910	64,124
Grants receivable	1,009,900	9,900
Prepaid expenses	19,209	21,013
<b>Total assets</b>	<b>\$ 2,933,800</b>	<b>\$ 1,665,289</b>

**LIABILITIES AND NET ASSETS**

Accounts payable	\$ 22,449	\$ 20,572
Accrued payroll and related expenses	5,840	-
Deferred revenue	12,650	3,731
<b>Total liabilities</b>	<b>40,939</b>	<b>24,303</b>
<b>Net assets</b>		
Without donor restrictions		
Available for general operations	95,634	78,454
Board designated	400,000	400,000
	495,634	478,454
With donor restrictions	2,397,227	1,162,532
<b>Total net assets</b>	<b>2,892,861</b>	<b>1,640,986</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,933,800</b>	<b>\$ 1,665,289</b>

See notes to financial statements.

**COMPASS SCIENCE COMMUNICATION, INC.**

**STATEMENT OF ACTIVITIES**

**Year Ended December 31, 2020**

(With Comparative Totals for the Year Ended December 31, 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2020</u>	<u>2019</u>
<b>Revenues and other support</b>				
Grants and contributions	\$ 1,373	\$ 2,237,500	\$ 2,238,873	\$ 524,171
Program service revenues	300,920	-	300,920	409,914
Paycheck protection program grant	271,326	-	271,326	-
Interest	746	-	746	3,426
Realized and unrealized gain on investments	3,629	-	3,629	10,213
Other income	-	-	-	4,921
	<u>577,994</u>	<u>2,237,500</u>	<u>2,815,494</u>	<u>952,645</u>
Net assets released from restriction	<u>1,002,805</u>	<u>(1,002,805)</u>	<u>-</u>	<u>-</u>
<b>Total revenues and other support</b>	<b><u>1,580,799</u></b>	<b><u>1,234,695</u></b>	<b><u>2,815,494</u></b>	<b><u>952,645</u></b>
<b>Expenses</b>				
Program services	1,364,769	-	1,364,769	1,521,000
Supporting services				
Administration	166,432	-	166,432	127,538
Fundraising	32,418	-	32,418	28,876
<b>Total expenses</b>	<b><u>1,563,619</u></b>	<b><u>-</u></b>	<b><u>1,563,619</u></b>	<b><u>1,677,414</u></b>
<b>Change in net assets</b>	<b>17,180</b>	<b>1,234,695</b>	<b>1,251,875</b>	<b>(724,769)</b>
Net assets, beginning of year	<u>478,454</u>	<u>1,162,532</u>	<u>1,640,986</u>	<u>2,365,755</u>
<b>Net assets, end of year</b>	<b><u>\$ 495,634</u></b>	<b><u>\$ 2,397,227</u></b>	<b><u>\$ 2,892,861</u></b>	<b><u>\$ 1,640,986</u></b>

See notes to financial statements.

**COMPASS SCIENCE COMMUNICATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended December 31, 2020**

(With Comparative Totals for the Year Ended December 31, 2019)

	<u>PROGRAM SERVICES</u>					<u>SUPPORTING SERVICES</u>			<u>Total</u>	
	<u>Science Solutions</u>	<u>Scientist Network</u>	<u>Capacity Building</u>	<u>Visibility and Outreach</u>	<u>Total Program</u>	<u>Admin-istration</u>	<u>Fundraising</u>	<u>2020</u>	<u>2019</u>	
	Salaries	\$ 223,330	\$ 32,406	\$ 338,002	\$ 156,805	\$ 750,543	\$ 313,667	\$ 20,568	\$ 1,084,778	\$ 1,114,737
Employee benefits	32,776	4,747	46,084	18,002	101,609	39,672	2,398	143,679	135,629	
Payroll taxes	16,959	2,460	25,220	11,933	56,572	23,697	1,553	81,822	84,797	
Professional fees	5,242	200	50,070	39,540	95,052	12,995	-	108,047	81,420	
Trainings & workshops	29,074	-	3,305	12,684	45,063	-	-	45,063	64,862	
Rent	5,061	628	6,998	2,787	15,474	5,759	336	21,569	44,599	
Utilities	1,882	154	2,502	980	5,518	1,440	107	7,065	8,788	
Printing and postage	34	2	338	480	854	153	1	1,008	1,706	
Supplies	5,401	318	6,115	2,387	14,221	4,704	322	19,247	20,473	
Travel	10,196	-	2,930	4,307	17,433	2,572	-	20,005	92,068	
Membership and dues	6,499	-	170	297	6,966	-	468	7,434	8,343	
Insurance	2,848	369	4,199	1,594	9,010	3,432	211	12,653	13,796	
Miscellaneous	5,336	-	718	65	6,119	5,112	18	11,249	6,196	
Administrative overhead	78,058	11,050	109,658	41,569	240,335	(246,771)	6,436	-	-	
	<u>\$ 422,696</u>	<u>\$ 52,334</u>	<u>\$ 596,309</u>	<u>\$ 293,430</u>	<u>\$ 1,364,769</u>	<u>\$ 166,432</u>	<u>\$ 32,418</u>	<u>\$ 1,563,619</u>	<u>\$ 1,677,414</u>	

See notes to financial statements.

**COMPASS SCIENCE COMMUNICATION, INC.**

**STATEMENT OF CASH FLOWS**

**Year Ended December 31, 2020**

(With Comparative Totals for the Year Ended December 31, 2019)

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,251,875	\$ (724,769)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized loss (gain) on investments	(3,629)	(10,213)
Changes in assets and liabilities:		
Accounts receivable	(50,786)	(2,207)
Grant receivable	(1,000,000)	990,100
Prepaid expenses	1,804	3,507
Accounts payable	1,878	4,028
Accrued payroll and related expenses	2,109	(736)
Deferred revenue	12,650	-
<b>Net cash provided by (used in) operating activities</b>	<b>215,901</b>	<b>259,710</b>
<b>Cash flows from investing activities:</b>		
Investment earnings retained in investment accounts	(748)	(148)
Additions to investments	(300,075)	-
<b>Net cash provided by (used in) investing activities</b>	<b>(300,823)</b>	<b>-</b>
<b>Net change in cash</b>	<b>(84,922)</b>	<b>259,562</b>
Cash and cash equivalents, beginning of year	1,058,660	799,098
<b>Cash and cash equivalents, end of year</b>	<b>\$ 973,738</b>	<b>\$ 1,058,660</b>

See notes to financial statements.

**COMPASS SCIENCE COMMUNICATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2020**

**NOTE A – DESCRIPTION OF ORGANIZATION**

Compass Science Communication, Inc. (COMPASS, or the Organization) envisions a world where science helps people and nature thrive together.

COMPASS achieves this vision by preparing scientists to become agents of change. We invest in science leaders that reflect the diversity of society as a whole, creating inclusive, safe, and empowering spaces for learning and transformation. With strategic skills, connections, and support, scientists can advance just, equitable solutions to climate change and biodiversity loss.

Since 1999, COMPASS has supported over 8,000 scientists to communicate about their work and engage beyond lab and field. We've connected them with journalists, policymakers, and community leaders across the United States, when and where it matters, ensuring science has a seat at the table.

Our community is our strength. We work within and across a consciously-woven network spanning disciplines, ideologies, sectors, and fields. From our unique vantage point, we spot and open doors that lead to new partnerships and solutions, bringing scientists and communities together to co-create the future.

During the year ending on December 31, 2020, the Organization incurred program service expenses in the following major areas:

- **Science Solutions**

The COMPASS network has been hand-built and strengthened for over 20 years. From our unique vantage point at the nexus of science, community engagement, and policy, we are able to spot trends and opportunities. We work with local and national journalists, policymakers at the state and federal levels, and community leaders across the United States, connecting them with scientists when and where it matters. Together, we create a systems-wide view of an issue and co-develop communication frames, engagement strategies, and solutions.

- **Scientist Network**

We believe scientists can be agents of change when they engage directly with the people who can benefit from their knowledge. We strategically connect scientists to key communities and people positioned to influence and enact change, crossing boundaries and sparking new collaborations.

- **Capacity Building**

All COMPASS trainings are grounded in the latest research on science communication and include the Message Box, our signature tool for distilling your message down to what matters. We teach scientists to find the relevance of their science for the audiences they most want to reach. Another unique benefit of every COMPASS workshop is joining a community of scientists who encourage and support each other to get out of their comfort zones and engage in the wider world.



**COMPASS SCIENCE COMMUNICATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2020**

**NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)**

- **Visibility & Outreach**

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.

**Financial Statement Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets either subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (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.

**COMPASS SCIENCE COMMUNICATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2020**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Grants and Contributions**

Grants and contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period awarded. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

**Functional Allocation of Expenses**

The costs of providing the programs and supporting services have been summarized in the Statement of Activities. Directly identifiable expenses are charged to programs and supporting services when incurred. Certain costs, including office expense, occupancy, leases and utilities have been allocated among the programs and supporting services benefited based primarily on estimates of time and effort.

**Cash and Cash Equivalents**

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

**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.

**Grants and Accounts Receivable**

Receivables consists of amounts due to the Organization from customers, other non-profit organizations and granting agencies. Contracts and accounts receivable are recorded as the related projects and services are completed and billed. Management periodically assesses the need for an allowance for doubtful accounts based on historical experience and existing conditions affecting probable collection. Management has determined that no allowance for doubtful accounts was necessary as of December 31, 2020. Contracts and accounts receivable greater than 90-days are immaterial.

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

COMPASS SCIENCE COMMUNICATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE C – INVESTMENTS

At December 31, 2020, investments, stated at quoted market value, consisted of the following:

Treasury bills	\$ 814,393
Mutual Funds	1,547
Brokered money market	<u>103</u>
Total investments	\$ <u>816,043</u>

Investments held in the mutual fund account are the only assets measured at fair value on a recurring basis. Valuation techniques used to measure fair value are prioritized into the following hierarchy:

**Level 1** – Quoted prices in active markets for identical assets. Assets in this level typically include publicly traded equities and mutual fund investments. At December 31, 2020, all investments are Level 1 investments.

**Level 2** – Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data such as published interest rates and yield curves, over-the-counter derivatives, market modeling, or other valuation methodologies.

**Level 3** – Unobservable inputs that reflect management’s assumptions and best estimates based on available data.

NOTE D – RESTRICTIONS ON NET ASSETS

The Organization's net assets with donor restrictions are subject to the following purpose or time restrictions as of December 31, 2020:

Solutions and Network	\$ 2,241,757
Capacity building	<u>155,470</u>
Total net assets with donor restrictions	\$ <u>2,397,227</u>

**COMPASS SCIENCE COMMUNICATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2020**

**NOTE E – 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, 2020, the Organization held cash of \$747,324 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 F – CONCENTRATION OF REVENUE**

At December 31, 2020, 60% of the Organization's expenditures are funded from one foundation.

**NOTE G – LEASE COMMITMENT**

The Organization has a month to month lease agreement for office space in Washington DC. It also leases office space in Portland, Oregon. Below is the minimum commitments under this lease as of December 31, 2020:

<u>Year Ending December 31,</u>	<u>Portland</u>
2021	\$ 16,995
2022	<u>2,833</u>
	<u>\$ 19,828</u>

**NOTE H – PAYCHECK PROTECTION PROGRAM GRANT**

In response to the global economic impact caused by the coronavirus pandemic, the US Small Business Administration (SBA) created the Paycheck Protection Program (PPP) "forgivable loan" to assist nonprofit organizations and for-profit enterprises with eligible payroll and certain specified operating costs. While originally structured as a loan, in substance these funds were a conditional grant under ASC 958-605. The Organization qualified for a \$263,194 disbursement and met all conditions of the grant by December 31, 2020. The resulting grant has been recognized as revenue during 2020.

**NOTE I – BOARD DESIGNATED FUND**

The Board of Directors has established a \$400,000 operating reserve with the goal of maintaining a balance equal to 3-6 months of operating expenses.

**COMPASS SCIENCE COMMUNICATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2020**

**NOTE J – RETIREMENT PLAN**

The Organization has established a 403(b) retirement plan for the benefit of all employees. The Organization made discretionary contributions totaling \$31,735 for the year ended December 31, 2020.

**NOTE K – LIQUIDITY**

The following chart represents the Organization's financial assets available to meet cash needs for general expenditures within one year of December 31, 2020:

Financial assets at year-end	
Cash and cash equivalents	\$ 973,738
Investments	816,042
Accounts receivable	114,910
Grants receivable	<u>1,009,900</u>
Total financial assets	<u>2,914,590</u>
Less those unavailable for general expenditure within one year, due to:	
Board designated reserve	<u>(400,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,514,590</u>

As part of its liquidity management, the Organization's policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Organization invests cash in excess of current requirements in short-term investments.

**NOTE L – UNCERTAINTY**

Beginning in March 2020, an outbreak of a coronavirus necessitated that many employees work from home and provided for social distancing measures. The effects of these events may continue for some time, including disruptions to or restrictions on employees' ability to deliver programming and on the ability of customers to satisfy receivables. Although the Organization has continued to adapt program delivery of its programs, the ultimate future effects of the pandemic are unknown.

**NOTE M – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through May 26, 2020, which is the date the financial statements were available to be issued.