

COMPASS SCIENCE COMMUNICATION, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2021

COMPASS

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CERTIFIED PUBLIC ACCOUNTANTS

COMPASS SCIENCE COMMUNICATION, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Compass Science Communication, Inc. (a nonprofit 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 Compass Science Communication, Inc. as of December 31, 2021, and the changes in 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 Compass Science Communication, Inc. 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 Compass Science Communication, Inc.'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. 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, including omissions, 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.

To the Board of Directors
Compass Science Communication, Inc.

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 Compass Science Communication, Inc.'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 Compass Science Communication, Inc.'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 Compass Science Communication, Inc.'s 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated May 26, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon
June 6, 2022

COMPASS SCIENCE COMMUNICATION, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2021

(With Comparative Amounts as of December 31, 2020)

ASSETS

	2021	2020
Cash and cash equivalents	\$ 709,500	\$ 973,738
Investments	1,316,577	816,043
Accounts receivable	97,281	114,910
Grants and contracts receivable	9,900	1,009,900
Prepaid expenses	26,165	19,209
Total assets	\$ 2,159,423	\$ 2,933,800

LIABILITIES AND NET ASSETS

Accounts payable	\$ 9,207	\$ 22,449
Accrued payroll and related expenses	4,000	5,840
Deferred revenue	25,300	12,650
Total liabilities	38,507	40,939
Net assets		
Without donor restrictions		
Available for general operations	49,364	95,634
Board designated operating reserve	400,000	400,000
	449,364	495,634
With donor restrictions	1,671,552	2,397,227
Total net assets	2,120,916	2,892,861
Total liabilities and net assets	\$ 2,159,423	\$ 2,933,800

See notes to financial statements.

COMPASS SCIENCE COMMUNICATION, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2021</u>	<u>2020</u>
Revenues and other support				
Grants and contributions	\$ 930	\$ 397,500	\$ 398,430	\$ 2,238,873
Program service revenues	474,951	-	474,951	300,920
Paycheck protection program grant	-	-	-	271,326
Interest	266	-	266	746
Realized and unrealized gain on investments	481	-	481	3,629
Other income	2,643	-	2,643	-
	<u>479,271</u>	<u>397,500</u>	<u>876,771</u>	<u>2,815,494</u>
Net assets released from restriction	<u>1,123,175</u>	<u>(1,123,175)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>1,602,446</u>	<u>(725,675)</u>	<u>876,771</u>	<u>2,815,494</u>
Expenses				
Program services	1,542,167	-	1,542,167	1,364,769
Supporting services				
Administration	91,099	-	91,099	166,432
Fundraising	15,450	-	15,450	32,418
Total expenses	<u>1,648,716</u>	<u>-</u>	<u>1,648,716</u>	<u>1,563,619</u>
Change in net assets	<u>(46,270)</u>	<u>(725,675)</u>	<u>(771,945)</u>	<u>1,251,875</u>
Net assets, beginning of year	<u>495,634</u>	<u>2,397,227</u>	<u>2,892,861</u>	<u>1,640,986</u>
Net assets, end of year	<u>\$ 449,364</u>	<u>\$ 1,671,552</u>	<u>\$ 2,120,916</u>	<u>\$ 2,892,861</u>

See notes to financial statements.

COMPASS SCIENCE COMMUNICATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	<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>2021</u>	<u>2020</u>	
	Salaries	\$ 274,581	\$ 20,353	\$ 445,643	\$ 110,454	\$ 851,031	\$ 290,448	\$ 9,125	\$ 1,150,604	\$ 1,084,778
Employee benefits	36,023	3,887	59,351	11,504	110,765	33,510	1,035	145,310	143,679	
Payroll taxes	20,782	1,529	33,781	8,219	64,311	22,469	615	87,395	81,822	
Professional fees	61,738	-	56,762	16,038	134,538	22,116	1,475	158,129	108,047	
Trainings & workshops	-	-	4,271	-	4,271	3,035	-	7,306	45,063	
Rent	5,976	384	7,651	1,229	15,240	4,156	126	19,522	21,569	
Utilities	1,660	70	2,510	251	4,491	868	32	5,391	7,065	
Printing and postage	216	-	673	69	958	610	-	1,568	1,008	
Supplies	12,462	2,840	14,823	3,906	34,031	3,540	85	37,656	19,247	
Travel	665	-	261	1,498	2,424	86	-	2,510	20,005	
Membership and dues	5,420	-	287	2,645	8,352	-	468	8,820	7,434	
Insurance	2,957	246	4,868	805	8,876	2,553	76	11,505	12,653	
Miscellaneous	25	-	1,432	5,001	6,458	6,484	58	13,000	11,249	
Administrative overhead	98,974	8,056	163,409	25,982	296,421	(298,776)	2,355	-	-	
	<u>\$ 521,479</u>	<u>\$ 37,365</u>	<u>\$ 795,722</u>	<u>\$ 187,601</u>	<u>\$ 1,542,167</u>	<u>\$ 91,099</u>	<u>\$ 15,450</u>	<u>\$ 1,648,716</u>	<u>\$ 1,563,619</u>	

See notes to financial statements.

COMPASS SCIENCE COMMUNICATION, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ (771,945)	\$ 1,251,875
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized loss (gain) on investments	(481)	(3,629)
Changes in assets and liabilities:		
Accounts receivable	17,629	(50,786)
Grants and contracts receivable	1,000,000	(1,000,000)
Prepaid expenses	(6,956)	1,804
Accounts payable	(13,242)	1,878
Accrued payroll and related expenses	(1,840)	2,109
Deferred revenue	12,650	12,650
Net cash provided by (used in) operating activities	235,815	215,901
Cash flows from investing activities:		
Investment earnings retained in investment accounts	(266)	(748)
Additions to investments	(499,787)	(300,075)
Net cash provided by (used in) investing activities	(500,053)	(300,823)
Net change in cash	(264,238)	(84,922)
Cash and cash equivalents, beginning of year	973,738	1,058,660
Cash and cash equivalents, end of year	\$ 709,500	\$ 973,738

See notes to financial statements.

COMPASS SCIENCE COMMUNICATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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, 2021, the Organization incurred program service expenses in the following major areas:

- **Science Solutions**

We support and collaborate with scientists in generating, evaluating, and elevating equitable solutions to climate change and biodiversity loss. To spark collaborative action, we equip scientists with strategic and inclusive mindsets, support scientists and stakeholders to collaborate more effectively, and inspire a shared belief that together, we can co-create the conditions for people and nature to thrive. We leverage our consciously-woven network of relationships to engage a diversity of stakeholders and ensure our shared understanding is driven by science, informed by affected communities, and reflects the diversity of perspectives—not just the views derived from those with historical power and privilege.

- **Scientist Network**

The COMPASS network has been hand-built and strengthened for over 20 years. We develop and deepen relationships across and between scientist leaders who are committed to the well-being of people and nature. We aim to provide all COMPASS alumni with an opportunity to join a supportive community, collaborate around a shared purpose, and access ongoing learning opportunities to further their engagement. The Scientist Network will serve as a platform for connection, a solutions incubator, and a model for a more diverse, equitable, inclusive, and mutually supportive science culture.

COMPASS SCIENCE COMMUNICATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021

NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)

- **Capacity Building**

Grounded in the latest research on science communication, our in-depth, highly interactive, and customized group trainings and individual coaching enable scientists to find the relevance of their science for the audiences they most want to reach—journalists, policymakers, communities, 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 take actions to advance solutions through meaningful public engagement.

- **Visibility & Outreach**

We seek to expand the portion of the science community who see themselves as agents of change and COMPASS as a leader and ongoing resource in science communication, engagement, and policy. We strategically engage with a diverse array of science leaders that reflect society as a whole, deepening existing relationships and making targeted efforts to build new ones that further our mission. By sharing and amplifying key perspectives from community leaders, policymakers, and diverse science leaders, we aim to shift the narrative on climate change and biodiversity loss toward solutions and collective action.

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, 2021

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.

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, 2021. Contracts and accounts receivable greater than 90-days old are immaterial.

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.

COMPASS SCIENCE COMMUNICATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021

NOTE C – INVESTMENTS

At December 31, 2021, investments, stated at quoted market value, consisted of the following:

Treasury bills	\$ 1,315,855
Brokered money market	<u>722</u>
Total investments	<u>\$ 1,316,577</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, 2021, 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, 2021:

Solutions and Network	\$ 1,426,098
Capacity building	199,638
Other	<u>45,816</u>
Total net assets with donor restrictions	<u>\$ 1,671,552</u>

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, 2021, the Organization held cash of \$501,408 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.

Investments consist primarily of financial instruments including cash equivalents, and fixed income securities. These financial instruments may subject the Organization to concentrations of credit risk.

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

December 31, 2021

NOTE F – CONCENTRATION OF REVENUE

At December 31, 2021, about 70% 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, 2021:

Year Ending December 31,	Portland
2022	\$ <u>2,833</u>

NOTE H – 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.

NOTE I – RETIREMENT PLAN

The Organization has established a 403(b) retirement plan for the benefit of all employees. The Organization made discretionary contributions totaling \$29,321 for the year ended December 31, 2021.

NOTE J – LIQUIDITY

The following chart represents the Organization's financial assets available to meet cash needs for general expenditures within one year of December 31, 2021:

Financial assets at year-end	
Cash and cash equivalents	\$ 709,500
Investments	1,316,577
Accounts receivable	97,281
Grants and contracts	<u>9,900</u>
Total financial assets	<u>2,133,258</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>\$ 1,733,258</u>

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

December 31, 2021

NOTE J – LIQUIDITY (CONTINUED)

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 K – 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 L – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 6, 2022, which is the date the financial statements were available to be issued.