

COMPASS SCIENCE COMMUNICATION, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2023

COMPASS

KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

COMPASS SCIENCE COMMUNICATION, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2023

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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, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated April 5, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kern & Thompson, LLC

Portland, Oregon
May 30, 2024

COMPASS SCIENCE COMMUNICATION, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2023

(With Comparative Amounts as of December 31, 2022)

ASSETS

	2023	2022
Cash and cash equivalents	\$ 463,941	\$ 1,003,228
Investments	1,810,344	1,676,760
Accounts receivable	-	61,138
Grants and contracts receivable	24,900	3,961
Prepaid expenses	18,975	21,011
Total assets	\$ 2,318,160	\$ 2,766,098

LIABILITIES AND NET ASSETS

Accounts payable	\$ 13,692	\$ 27,545
Accrued payroll and related expenses	4,971	3,706
Deferred revenue	855	90,798
Total liabilities	19,518	122,049
Net assets		
Without donor restrictions		
Available for general operations	514,809	72,067
Board designated operating reserve	400,000	400,000
	914,809	472,067
With donor restrictions	1,383,833	2,171,982
Total net assets	2,298,642	2,644,049
Total liabilities and net assets	\$ 2,318,160	\$ 2,766,098

See notes to financial statements.

COMPASS SCIENCE COMMUNICATION, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2023

(With Comparative Totals for the Year Ended December 31, 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2023</u>	<u>2022</u>
Revenues and other support				
Grants and contributions	\$ 378,353	\$ 325,000	\$ 703,353	\$ 1,773,467
Program service revenues	574,511	-	574,511	440,067
Interest	2,909	-	2,909	541
Realized and unrealized gain on investments	82,653	-	82,653	10,066
Other income	1,490	-	1,490	7,007
	<u>1,039,916</u>	<u>325,000</u>	<u>1,364,916</u>	<u>2,231,148</u>
Net assets released from restriction	<u>1,113,149</u>	<u>(1,113,149)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>2,153,065</u>	<u>(788,149)</u>	<u>1,364,916</u>	<u>2,231,148</u>
Expenses				
Program services	1,463,153	-	1,463,153	1,589,813
Supporting services				
Administration	126,227	-	126,227	94,751
Fundraising	120,943	-	120,943	23,451
Total expenses	<u>1,710,323</u>	<u>-</u>	<u>1,710,323</u>	<u>1,708,015</u>
Change in net assets	442,742	(788,149)	(345,407)	523,133
Net assets, beginning of year	<u>472,067</u>	<u>2,171,982</u>	<u>2,644,049</u>	<u>2,120,916</u>
Net assets, end of year	<u>\$ 914,809</u>	<u>\$ 1,383,833</u>	<u>\$ 2,298,642</u>	<u>\$ 2,644,049</u>

See notes to financial statements.

COMPASS SCIENCE COMMUNICATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

(With Comparative Totals for the Year Ended December 31, 2022)

	PROGRAM SERVICES					SUPPORTING SERVICES			Total	
	Strategic Engagement	Scientist Network	Capacity Building	Visibility and Outreach	Total Program	Admin- istration	Fundraising	2023	2022	
	Salaries	\$ 209,975	\$ 27,491	\$ 363,537	\$ 130,603	\$ 731,606	\$ 314,936	\$ 53,788	\$ 1,100,330	\$ 1,119,006
Employee benefits	32,975	4,490	59,701	15,887	113,053	41,553	7,135	161,741	160,182	
Payroll taxes	16,643	2,161	28,863	10,311	57,978	24,756	4,060	86,794	85,605	
Professional fees	1,700	-	88,296	-	89,996	15,733	33,695	139,424	145,442	
Trainings & workshops	3,054	-	47,793	-	50,847	10,195	-	61,042	60,007	
Rent	1,089	156	2,003	506	3,754	1,360	247	5,361	12,310	
Utilities	700	37	740	115	1,592	379	58	2,029	3,032	
Printing and postage	210	-	1,685	1,367	3,262	426	-	3,688	1,580	
Supplies	3,634	687	9,175	3,976	17,472	5,861	3,293	26,626	23,726	
Travel	8,408	770	52,988	3,279	65,445	14,200	-	79,645	20,119	
Membership and dues	8,482	-	-	74	8,556	-	351	8,907	7,134	
Insurance	2,486	343	4,529	1,136	8,494	2,161	531	11,186	11,692	
Miscellaneous	12,517	-	948	2,715	16,180	6,797	573	23,550	58,180	
Administrative overhead	87,946	11,125	157,290	38,557	294,918	(312,130)	17,212	-	-	
	\$ 389,819	\$ 47,260	\$ 817,548	\$ 208,526	\$ 1,463,153	\$ 126,227	\$ 120,943	\$ 1,710,323	\$ 1,708,015	

See notes to financial statements.

COMPASS SCIENCE COMMUNICATION, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2023

(With Comparative Totals for the Year Ended December 31, 2022)

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ (345,407)	\$ 523,133
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized loss (gain) on investments	82,653	(10,066)
Changes in assets and liabilities:		
Accounts receivable	61,138	36,143
Grants and contracts receivable	(20,939)	5,939
Prepaid expenses	2,036	5,154
Accounts payable	(13,853)	18,338
Accrued payroll and related expenses	1,265	(294)
Deferred revenue	(89,943)	65,498
Net cash provided by (used in) operating activities	(323,050)	643,845
Cash flows from investing activities:		
Investment earnings retained in investment accounts	2,909	(541)
Additions to investments	(219,146)	(349,576)
Net cash provided by (used in) investing activities	(216,237)	(350,117)
Net change in cash	(539,287)	293,728
Cash and cash equivalents, beginning of year	1,003,228	709,500
Cash and cash equivalents, end of year	\$ 463,941	\$ 1,003,228

See notes to financial statements.

COMPASS SCIENCE COMMUNICATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

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, 2023, the Organization incurred program service expenses in the following major areas:

- **Strategic Engagement**

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, 2023

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, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all liquid investments having initial maturities of three months or less to be cash equivalents. Cash and cash equivalents held for long-term investment purposes are excluded from cash and cash equivalents and are included in investments.

Contribution Revenue and Grants Receivables

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Otherwise, 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. Contributions received with both 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.

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

Revenue Recognition

Revenue streams that are accounted for as an exchange transaction include event fees and program fees.

With regard to revenues from all sources, the Organization evaluates whether each transfer of assets is (1) an exchange reciprocal transaction in which a resource provider receives commensurate value in return for the assets transferred, or (2) a nonreciprocal transfer (a contribution or a grant), where no value is exchanged.

- *Exchange Transactions* – If the transfer of assets is determined to be an exchange transaction, the Organization recognizes revenue (1) when or as it satisfies the required performance obligations and transfers the promised good or service to a customer, and (2) when the customer obtains control of that good or service.
- *Contributions and Grants* – If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) a barrier that must be overcome to be entitled to the funds and (2) either a right of return of assets transferred or a release of a promisor's obligation to transfer assets.

COMPASS SCIENCE COMMUNICATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Deferred Revenue

The Organization invoices for trainings and events prior to completion of event. Any fees received in advance of events and trainings is recognized as deferred revenue.

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.

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.

Prior Year Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

NOTE C – INVESTMENTS

At December 31, 2023, investments, stated at quoted market value, consisted of the following:

Treasury bills	\$ 835,417
Brokered money market	<u>974,927</u>
Total investments	<u>\$ 1,810,344</u>

Valuation techniques used to measure fair value are prioritized into the following hierarchy:

COMPASS SCIENCE COMMUNICATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023

NOTE C – INVESTMENTS (CONTIUED)

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, 2023, 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, 2023:

Strategic Engagement and Network	\$ 1,205,450
Capacity building	<u>178,383</u>
Total net assets with donor restrictions	<u>\$ 1,383,833</u>

NOTE E – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash 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, 2023, the Organization held cash of \$222,661 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.

NOTE F – CONCENTRATION OF REVENUE

At December 31, 2023, approximately 46% of the Organization’s expenditures are funded from one foundation.

NOTE G – 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, 2023

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 \$31,447 for the year ended December 31, 2023.

NOTE I – LIQUIDITY

The following chart represents the Organization's financial assets available to meet cash needs for general expenditures within one year of December 31, 2023:

Financial assets at year-end	
Cash and cash equivalents	\$ 463,941
Investments	1,810,344
Grants and contracts receivable	24,900
Total financial assets	<u>2,299,185</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>\$ 1,899,185</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 J – SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 30, 2024, which is the date the financial statements were available to be issued.