

Charity Navigator

***FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT***

YEARS ENDED JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To The Trustees
Charity Navigator
Saddle Brook, New Jersey

Opinion

We have audited the accompanying financial statements of Charity Navigator (a nonprofit organization), which comprise the balance sheets as of June 30, 2022 and 2021, and the related statements of activities, cash flows, and functional expenses for the years 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 Charity Navigator as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Charity Navigator and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Charity Navigator's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Charity Navigator'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 Charity Navigator'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.

Dorfman Abrams Music, LLC

Saddle Brook, New Jersey
December 7, 2022

CHARITY NAVIGATOR

BALANCE SHEETS

ASSETS

	June 30,	
	<u>2022</u>	<u>2021</u>
Cash and cash equivalents (Notes 2, 3 and 4)	\$ 538,837	\$ 1,300,209
Investments (Notes 2, 3, 4, 5 and 6)	9,327,582	4,292,894
Accounts receivable (Notes 2, 3 and 4)	8,764	4,787
Contributions receivable (Notes 2, 4 and 7)	1,577,668	475,518
Prepaid expenses and other assets	255,368	82,558
Security deposits	21,991	21,991
Property and equipment, net (Notes 2 and 8)	<u>49,133</u>	<u>34,198</u>
Total assets	<u>\$ 11,779,343</u>	<u>\$ 6,212,155</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 316,573	\$ 73,392
Accrued expenses	<u>480,040</u>	<u>373,269</u>
Total liabilities	<u>796,613</u>	<u>446,661</u>
Net assets (Notes 2, 4 and 12):		
Without donor restrictions	9,478,355	5,079,294
With donor restrictions	<u>1,504,375</u>	<u>686,200</u>
Total net assets	<u>10,982,730</u>	<u>5,765,494</u>
Total liabilities and net assets	<u>\$ 11,779,343</u>	<u>\$ 6,212,155</u>

The accompanying notes are an integral part
of these financial statements.

CHARITY NAVIGATOR
STATEMENTS OF ACTIVITIES

	Year ended June 30, 2022		Year ended June 30, 2021	
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions
Operating activities:				
Support (Note 2):				
Contributions and support:				
Founders and board members	\$ 116,875	\$	\$ 103,868	\$
Individuals	4,431,789		3,723,367	
Foundations	6,470,819	2,059,521	163,042	1,234,404
Paycheck Protection Program - government grant				358,606
Donated professional services	14,000		11,181	
Donated advertising	458,748		885,037	
Donated goods	15,350		341	
Total support	11,507,581	2,059,521	4,886,836	1,593,010
Other revenues:				
Other income:				
Data sale	44,631		66,560	
Dividends and interest	409,819		68,456	
Total other revenues	454,450		135,016	
Net assets released from restrictions	1,241,346	(1,241,346)	1,136,699	(1,136,699)
Total support and other revenues	13,203,377	818,175	6,158,551	456,311
Expenses:				
Program services:				
Charity ratings	5,887,217		3,843,601	
Total program services	5,887,217		3,843,601	
Supporting services:				
General and administration	821,694		580,927	
Development and fundraising	720,925		654,899	
Total supporting services	1,542,619		1,235,826	
Total expenses	7,429,836		5,079,427	
Change in net assets from operations	5,773,541	818,175	1,079,124	456,311
Nonoperating activities:				
Realized and unrealized gains (losses) on investments	(1,374,480)		571,335	
Loss on disposal of equipment			(8,058)	
Total nonoperating activities	(1,374,480)		563,277	
Change in net assets	4,399,061	818,175	1,642,401	456,311
Net assets, beginning of year	5,079,294	686,200	3,436,893	229,889
Net assets, end of year	\$ 9,478,355	\$ 1,504,375	\$ 5,079,294	\$ 686,200
				\$ 5,765,494

The accompanying notes are an integral part of these financial statements.

CHARITY NAVIGATOR
STATEMENTS OF CASH FLOWS

	Year ended June 30,	
	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 5,217,236	\$ 2,098,712
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Stock donations	(70,370)	(58,881)
Depreciation	14,002	11,035
Discount on contributions receivable	15,825	5,806
Realized and unrealized (gains) losses on investments	1,374,480	(571,335)
Loss on disposal of assets		8,058
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(3,977)	(987)
Contributions receivable	(1,117,975)	(481,324)
Prepaid expenses and other assets	(172,810)	(7,436)
Security deposits		9,707
Increase (decrease) in:		
Accounts payable	243,181	1,259
Accrued expenses	106,771	192,731
Refundable advance - Paycheck Protection Program		(358,606)
Net cash provided by operating activities	5,606,363	848,739
Cash flows from investing activities:		
Purchase of securities	(6,409,557)	(1,214,988)
Proceeds from sale of investments	70,759	203,804
Purchase of property and equipment	(28,937)	(33,487)
Net cash used by investing activities	(6,367,735)	(1,044,671)
Net decrease in cash and cash equivalents	(761,372)	(195,932)
Cash and cash equivalents, beginning of year	1,300,209	1,496,141
Cash and cash equivalents, end of year	\$ 538,837	\$ 1,300,209

The accompanying notes are an integral part
of these financial statements.

CHARITY NAVIGATOR
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2022 and 2021

	Program services expenses		Supporting services expenses				Total program and supporting services expenses	
	Charity ratings		General and administration		Development and fundraising		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Salaries and wages	\$ 2,265,923	\$ 1,770,614	\$ 297,020	\$ 261,556	\$ 429,913	\$ 403,595	\$ 726,933	\$ 665,151
Payroll taxes	178,930	145,028	22,186	18,884	35,291	31,123	57,477	50,007
Employee benefits and pension	247,163	195,851	36,750	27,750	44,844	38,154	81,594	65,904
Total personnel costs	2,692,016	2,111,493	355,956	308,190	510,048	472,872	866,004	781,062
Contracted services	2,019,834	343,286	108,455	59,094	64,872	38,446	173,327	97,540
Outreach and education	458,748	885,037			6,600		6,600	
Equipment maintenance	315,813	188,402	15,989	3,756	27,037	35,201	43,026	38,957
Marketing costs	204,335	139,017	5,411	3,647	2,805	150	8,216	3,797
Bank fees			173,143	112,813			173,143	112,813
Professional fees	48,557	73,742	81,097	41,977	18,621	12,797	81,097	41,977
Occupancy	78,603	68,644	935	2,557			19,556	15,354
Postage and shipping	6,482	24	2,289	696	37,699	49,879	39,988	50,575
Staff training and development	17,158	5,800	20,695	7,098	780	2,071	21,475	9,169
Printing and publication	1,569	1,343	41	74	32,864	22,848	32,905	22,922
Travel and transportation	9,364		19,130	77			19,130	77
Insurance	10,334	7,651	10,622	11,817	1,778	1,451	12,400	13,268
Office and miscellaneous expenses	3,613	3,375	14,307	15,795	1,951	119	16,258	15,914
Telephone and cable	11,921	12,620	2,647	3,064	2,808	2,447	5,455	5,511
Depreciation	4,523	2,111	9,479	8,924			9,479	8,924
Registration fees and taxes					12,328	11,508	12,328	11,508
Meetings and conferences	4,347	1,056	1,498	1,348	734	5,110	2,232	6,458
Total expenses	\$ 5,887,217	\$ 3,843,601	\$ 821,694	\$ 580,927	\$ 720,925	\$ 654,899	\$ 1,542,619	\$ 1,235,826
							\$ 7,429,836	\$ 5,079,427

The accompanying notes are an integral part of these financial statements.

CHARITY NAVIGATOR
NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

1. Nature of the Organization

Charity Navigator (the Organization) was founded in 2000 and has become the nation's largest and most-utilized evaluator of charities. Specifically, the Organization's rating system examines two facets of a charity's performance: their financial health and their governance practices (accountability and transparency). These ratings provide donors with a picture of how well a charity has sustained its programs and services over time and its level of commitment to good governance, best practices, and openness to information. The Organization believes these behaviors are indicators of how a charity will use donors' contributions. As of June 30, 2022, Charity Navigator's database has more than 1.6 million U.S. registered nonprofits included, with nearly 190,000 nonprofits evaluated through our Star Rating and Encompass Rating Systems. The Encompass Rating System, launched in July 2020, provides donors with comprehensive evaluations of the total impact of nonprofits rated via four beacons: Finance & Accountability (190,399), Impact & Results (1,340), Leadership & Adaptability (7,760) and Culture & Community (18,420). Additionally, in 2021, the Organization introduced metrics on diversity, equity, and inclusion within the Culture & Community beacon, and expanded the eligibility for Impact and Results Ratings.

The Organization provides charity ratings so that donors and social investors can make more informed and impactful giving decisions. Its ratings are also intended for individual charities and the entire nonprofit sector, providing them with benchmarks and information on best practices to improve their performance. The Organization had over 11 million visits to its website during the year ended June 30, 2022, and estimates that it impacts billions of dollars of charitable giving decisions each year. The Organization does not receive any contributions from any of the charities it evaluates or the government and offers its basic services to users at no cost.

2. Summary of significant accounting policies

Basis of presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Measure of operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to realized and unrealized gains (losses) on investments, and other activities considered to be of a more unusual or nonrecurring nature.

CHARITY NAVIGATOR
NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

2. Summary of significant accounting policies (continued)

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consists of demand deposit accounts with maturities of three months or less and money market funds.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values on the balance sheet. Unrealized gains and losses are included in the changes in net assets without donor restriction for the gains and losses that are unrestricted, and in the changes in net assets with donor restriction for the gains and losses that are restricted for the support of certain programs. Investment fees are netted against the investment income.

Fair value measurement

U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date;

Level 2 - Inputs other than quoted prices that are observable for the assets or liability either directly or indirectly, including inputs that are not considered to be active;

Level 3 - Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad criteria data, liquidity statistics, and other factors. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Organization. The Organization considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by multiple, independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Organization's perceived risk of that investment.

CHARITY NAVIGATOR
NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

2. Summary of significant accounting policies (continued)

Accounts and contributions receivable

Accounts receivable consists of amounts unpaid from data sales. Contributions receivable consists of unconditional promises to give that are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Allowance for doubtful accounts

The Organization uses the allowance method to account for uncollectible accounts and pledges receivable. The allowance is based on prior years' experience and management's analysis of possible bad debt. As of June 30, 2022 and 2021, the Organization determined that an allowance was not necessary.

Property and equipment

Property and equipment are stated at cost, if purchased, or at fair value at the date of the gift, if donated, less accumulated depreciation. The cost of property and equipment purchased in excess of \$1,000 is capitalized. Depreciation is provided in amounts sufficient to amortize the cost of the property and equipment over the estimated useful lives on a straight-line basis.

Software	3 - 5 years
Furniture and equipment	5 years
Leasehold improvements	10 - 11 years

The cost of assets sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the accounts and the resulting gain or loss is reflected in income except for assets traded where no cash is received. Expenditures for maintenance and repairs are charged to expenses as incurred; replacements and betterments that extend the useful lives are capitalized.

CHARITY NAVIGATOR
NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

2. Summary of significant accounting policies (continued)

Revenue recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. 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.

The Organization recognizes revenue from sales during the year in which the goods (data) are provided to its customers. The performance obligation of delivering data is simultaneously received, consumed and paid for by the customers at the point of sale; therefore, revenue is recognized at the point of sale.

Contributed goods and services

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as support without donor restrictions unless explicit donor stipulations specify how donated assets must be used. During the years ended June 30, 2022 and 2021, the Organization received contributions of stock without donor restrictions valued at \$70,370 and \$58,881, respectively. These contributions are included within individual and board member contributions on the statement of activities.

Donated specialized services have been recognized on the accompanying financial statements. These donated services require professional skills and would typically be purchased, if not provided by donation. During the year ended June 30, 2022, the Organization benefited from donated legal services from an independent attorney valued at \$14,000, a donated web services subscription valued at \$8,750, and donated stationery valued at \$6,600. During the year ended June 30, 2021, the Organization benefited from donated legal services from Pro Bono Partnerships valued at \$6,681 and from an independent attorney valued at \$4,500, and a donated software subscription valued at \$341. These services are recognized as donated professional fees and services and the stationery and subscriptions are recognized as donated goods on the statement of activities. The services are included within professional fees and contracted services and the stationery and subscriptions are included within office and miscellaneous expenses on the statement of functional expenses.

Donated advertising

During the years ended June 30, 2022 and 2021, a significant amount of Google AdWords were donated to the Organization via the Google Ad Grant program. Google AdWords provides online advertising by displaying a message to people who are searching for Charity Navigator's services. As a qualifying nonprofit, Charity Navigator normally receives up to \$40,000 of in-kind AdWords advertising every month.

The Organization received a total of 171,810 and 364,003 ad clicks with a total value of \$458,748 and \$885,037, respectively. The Organization recognized the contributions on the statement of activities and also as Outreach and education expense on the statement of functional expenses, totaling \$458,748 and \$885,037 for the years ended June 30, 2022 and 2021, respectively.

CHARITY NAVIGATOR
NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

2. Summary of significant accounting policies (continued)

Functional allocation of expenses

The costs of providing various programs and support services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as time and effort and square footage.

Income taxes

The Organization is a tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Reclassifications

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation.

3. Risks and uncertainties

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, investments, and accounts and contributions receivable. The Organization maintains its cash in bank deposit accounts, the balance, of which, at times, may exceed federally insured limits. Investment securities are exposed to various risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amount reported on the financial statements. Concentrations of credit risk with respect to accounts and contributions receivable are limited due to the accounts receivable balance is small and from various customers and the pledges are from various contributors and private foundations. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

The Organization has reviewed its operations in light of the COVID-19 pandemic. Based on that review, it does not anticipate that the COVID-19 pandemic will have a material impact on its operations. However, events surrounding the Federal and State responses to the COVID-19 virus, and changes to those responses could change that analysis, and that change could be material.

CHARITY NAVIGATOR
NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

4. Availability and liquidity

The following represents the Organization's financial assets at June 30, 2022:

Financial assets at year end

Cash and cash equivalents	\$ 538,837
Investments	9,327,582
Accounts receivable	8,764
Contributions receivable	<u>1,577,668</u>
 Total financial assets	 <u>11,452,851</u>

Less amounts not available to be used within one year:

Net assets with donor restrictions	1,504,375
Less net assets with time and purpose restrictions to be met in less than a year	<u>(803,183)</u>
	<u>701,192</u>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 10,751,659</u>
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The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses, net of in-kind (approximately \$1,735,000). As part of its liquidity plan, excess cash is invested in short-term investments, including a money market account. In addition to these available financial assets, a significant portion of the Organization's annual expenditures will be funded by current year operating revenues including grants, fees for services, and contributions.

5. Investments

Investment securities are stated at fair value and summarized as follows at June 30:

	2022		2021	
	Cost	Carrying value	Cost	Carrying value
Mutual funds	<u>\$ 11,066,822</u>	<u>\$ 9,327,582</u>	<u>\$ 3,937,805</u>	<u>\$ 4,292,894</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30:

	2022	2021
Dividends and interest	\$ 409,819	\$ 68,456
Realized and unrealized gains (losses)	<u>(1,374,480)</u>	<u>571,335</u>
	<u>\$ (964,661)</u>	<u>\$ 639,791</u>

CHARITY NAVIGATOR
NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

6. Fair value measurement

The classification of the Organization's investment securities at fair value are as follows at June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 9,327,582	\$ _____	\$ _____	\$ 9,327,582
	<u>\$ 9,327,582</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 9,327,582</u>

The classification of the Organization's investment securities at fair value are as follows at June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 4,292,894	\$ _____	\$ _____	\$ 4,292,894
	<u>\$ 4,292,894</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 4,292,894</u>

7. Contributions receivable

Contributions receivable that are expected to be collected within one year are recorded at their net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using the risk-free interest rates at the time of the contribution, ranging from 1% to 3%. Contributions receivable consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
One year or less	\$ 1,255,993	\$ 331,324
Two to five years	<u>337,500</u>	<u>150,000</u>
	1,593,493	481,324
Less discount on contributions receivable	<u>15,825</u>	<u>5,806</u>
	<u>\$ 1,577,668</u>	<u>\$ 475,518</u>

CHARITY NAVIGATOR
NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

8. Property and equipment

A summary of property and equipment is as follows at June 30:

	2022	2021
Furniture	\$ 24,963	\$ 24,963
Software	6,050	6,050
Equipment	124,751	97,492
Leasehold improvements	17,980	17,980
	173,744	146,485
Less accumulated depreciation	124,611	112,287
	\$ 49,133	\$ 34,198

Depreciation expense for the years ended June 30, 2022 and 2021 was \$14,002 and \$11,035, respectively.

9. Paycheck Protection Program loan

On April 28, 2020, the Organization was granted a loan in the amount of \$358,606 pursuant to the Paycheck Protection Program (the PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and related interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The Organization determined the PPP loan to be a conditional contribution and, as such, it recorded the proceeds of the loan as government grant income in December 2020, when all conditions were met and the loan was fully forgiven by the Small Business Administration (SBA).

10. Commitments and contingencies

On July 1, 2020, the Organization signed a sixty-two month lease for a new office facility that expires on August 31, 2025. Rent expense related to the Organization's office facility for the years ended June 30, 2022 and 2021 was \$89,844 and \$73,304, respectively.

Future minimum commitments due under the lease is as follows:

Year ending June 30:	
2023	\$ 92,100
2024	94,355
2025	96,611
2026	16,164
	\$ 299,230

CHARITY NAVIGATOR
NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

11. Pension

The Organization sponsors an IRA Savings Plan which covers eligible employees. The Plan requires a matching contribution equal to the employee's contribution up to 3% of the employee's salary. The amount contributed for the years ended June 30, 2022 and 2021 was \$42,934 and \$42,982, respectively.

12. Net assets

Net assets were as follows for the years ended June 30, 2022 and 2021:

	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restriction	Total
Undesignated	\$ 9,478,355	\$	\$ 9,478,355	\$5,079,294	\$	\$5,079,294
Specific purpose:						
Development of new nonprofit ratings system		1,251,192	1,251,192		39,988	39,988
Building nonprofit portal					8,962	8,962
Pilot identifying BIPOC-led charities through machine learning					28,846	28,846
Development of Encompass Rating System Culture & Community Beacon					270,396	270,396
Equitable internship opportunities		3,183	3,183		7,671	7,671
Impact Matters integration and development of digital portal					80,337	80,337
Managed services program to guide donors in decision-making		200,000	200,000		250,000	250,000
Passage of time:						
For periods after June 30		50,000	50,000			
Total net assets	<u>\$ 9,478,355</u>	<u>\$1,504,375</u>	<u>\$10,982,730</u>	<u>\$5,079,294</u>	<u>\$ 686,200</u>	<u>\$5,765,494</u>

CHARITY NAVIGATOR
NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

12. Net assets (continued)

Releases from net assets with donor restrictions are as follows at June 30:

	2022	2021
Satisfaction of purpose restrictions		
Development of new nonprofit ratings system	\$ 793,796	\$ 404,500
Building nonprofit portal	8,962	44,439
Pilot identifying BIPOC-led charities through machine learning	28,846	1,154
Impact Matters acquisition		100,080
Impact Matters integration and development of digital portal	80,337	219,663
Development of Encompass Rating System Culture & Community Beacon	270,396	5,928
Equitable internship opportunities	9,009	2,329
Managed services program to guide donors in decision making	50,000	
Paycheck Protection Program expenses		358,606
	\$ 1,241,346	\$ 1,136,699

13. Significant source of support

For the year ended June 30, 2022, two donors accounted for 50% of the Organization's total donations. For the year ended June 30, 2021, one donor accounted for 13% of the Organization's total donations.

14. Subsequent events

Subsequent events have been evaluated through December 7, 2022, which is the date the financial statements were available to be issued. The Organization is not aware of any material subsequent events.