

PEAK Grantmaking, Inc.

Financial Statements

December 31, 2022 and 2021

Independent Auditors' Report

Board of Directors
PEAK Grantmaking, Inc.

Opinion

We have audited the accompanying financial statements of PEAK Grantmaking, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows 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 PEAK Grantmaking, Inc. as of December 31, 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 PEAK Grantmaking, Inc. 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 PEAK Grantmaking, Inc.'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 auditors' 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 PEAK Grantmaking, 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 PEAK Grantmaking, 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.

PKF O'Connor Davies, LLP

April 27, 2023

PEAK Grantmaking, Inc.

Statements of Financial Position

	December 31	
	2022	2021
ASSETS		
Cash and cash equivalents	\$ 4,244,718	\$ 3,338,545
Grants and contributions receivable	253,000	177,000
Accounts receivable	91,000	100,000
Prepaid expenses and deposits	134,564	122,505
Investments	1,167,883	1,396,971
Property and equipment, net	36,117	24,152
	<u>\$ 5,927,282</u>	<u>\$ 5,159,173</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 117,743	\$ 67,205
Refundable advances	37,500	-
Deferred revenue	322,100	218,939
Total Liabilities	<u>477,343</u>	<u>286,144</u>
Net Assets		
Without Donor Restrictions:		
Undesignated	3,400,055	3,204,752
Board designated operating reserve	1,167,883	1,396,971
Total Without Donor Restrictions	<u>4,567,938</u>	<u>4,601,723</u>
With donor restrictions	<u>882,001</u>	<u>271,306</u>
Total Net Assets	<u>5,449,939</u>	<u>4,873,029</u>
	<u>\$ 5,927,282</u>	<u>\$ 5,159,173</u>

See notes to financial statements

PEAK Grantmaking, Inc.

Statements of Activities

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Grants and contributions	\$ 1,167,830	\$ 1,025,000	\$ 2,192,830	\$ 4,830,450	\$ 275,000	\$ 5,105,450
Annual conference	1,022,000	126,700	1,148,700	121,000	166,500	287,500
Other registration fees	270,040	-	270,040	168,817	-	168,817
Membership dues	387,833	-	387,833	357,784	-	357,784
Workshops	-	-	-	46,775	-	46,775
Conference exhibitors	48,000	-	48,000	34,715	-	34,715
Contract income	41,500	-	41,500			
Investment return	(228,335)	-	(228,335)	149,295	-	149,295
Product sales	45	-	45	495	-	495
In-kind contributions	4,300	-	4,300	-	-	-
Other income	177,293	-	177,293	200,931	-	200,931
Net assets released from restrictions	541,005	(541,005)	-	371,583	(371,583)	-
Total Support and Revenue	3,431,511	610,695	4,042,206	6,281,845	69,917	6,351,762
EXPENSES						
Program Services						
Programs	1,539,418	-	1,539,418	1,635,020	-	1,635,020
Member engagement	856,453	-	856,453	497,723	-	497,723
Total Program Services	2,395,871	-	2,395,871	2,132,743	-	2,132,743
Supporting Services						
Management and general	843,104	-	843,104	565,171	-	565,171
Fundraising	226,321	-	226,321	591,041	-	591,041
Total Supporting Services	1,069,425	-	1,069,425	1,156,212	-	1,156,212
Total Expenses	3,465,296	-	3,465,296	3,288,955	-	3,288,955
Change in Net Assets	(33,785)	610,695	576,910	2,992,890	69,917	3,062,807
NET ASSETS						
Beginning of year	4,601,723	271,306	4,873,029	1,608,833	201,389	1,810,222
End of year	\$ 4,567,938	\$ 882,001	\$ 5,449,939	\$ 4,601,723	\$ 271,306	\$ 4,873,029

See notes to financial statements

PEAK Grantmaking, Inc.

Statement of Functional Expenses For the Year Ended December 31, 2022

	Program Services			Supporting Services			
	Programs	Member Engagement	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and benefits	\$ 835,086	\$ 564,197	\$ 1,399,283	\$ 519,269	\$ 109,997	\$ 629,266	\$ 2,028,549
Professional services	124,047	9,700	133,747	324,149	53,017	377,166	510,913
Catering	-	4,561	4,561	24,371	-	24,371	28,932
Travel	9,073	627	9,700	168,596	-	168,596	178,296
Rent	-	-	-	4,990	-	4,990	4,990
Technology	93,885	9,964	103,849	89,897	360	90,257	194,106
Office expenses	206	120	326	24,531	-	24,531	24,857
Promotional items	1,470	6,332	7,802	-	-	-	7,802
Printing and mailing	12,113	22	12,135	30,463	-	30,463	42,598
Insurance	-	-	-	33,545	-	33,545	33,545
Legal and accounting (includes contributed legal services of \$4,300 and \$0 in 2022 and 2021)	-	-	-	179,364	-	179,364	179,364
Speaker fees	26,400	13,000	39,400	-	-	-	39,400
Membership dues	-	3,965	3,965	18,917	-	18,917	22,882
Professional development	1,670	6,186	7,856	117,216	-	117,216	125,072
Subscription/reference	-	-	-	5,003	-	5,003	5,003
Recruitment	-	-	-	777	-	777	777
Miscellaneous	8,348	-	8,348	10,673	-	10,673	19,021
Depreciation and amortization	-	222	222	18,967	-	18,967	19,189
Allocation of administrative expenses	427,120	237,557	664,677	(727,624)	62,947	(664,677)	-
Total Functional Expenses	\$ 1,539,418	\$ 856,453	\$ 2,395,871	\$ 843,104	\$ 226,321	\$ 1,069,425	\$ 3,465,296

See notes to financial statements

PEAK Grantmaking, Inc.

**Statement of Functional Expenses
For the Year Ended December 31, 2021**

	Program Services			Supporting Services			
	Programs	Member Engagement	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and benefits	\$ 582,215	\$ 380,797	\$ 963,012	\$ 402,647	\$ 262,916	\$ 665,563	\$ 1,628,575
Professional services	265,831	1,638	267,469	135,236	227,807	363,043	630,512
Conference cancellation fees	464,597	-	464,597	-	-	-	464,597
Catering	-	1,150	1,150	716	-	716	1,866
Travel	-	-	-	92	-	92	92
Rent	-	-	-	49,993	-	49,993	49,993
Technology	85,743	34,429	120,172	40,576	852	41,428	161,600
Office expenses	-	66	66	30,690	-	30,690	30,756
Promotional items	-	6,723	6,723	1,468	1,214	2,682	9,405
Printing and mailing	4,902	190	5,092	1,303	19,918	21,221	26,313
Insurance	-	-	-	4,567	-	4,567	4,567
Legal and accounting	-	-	-	143,167	-	143,167	143,167
Speaker fees	34,000	11,738	45,738	-	-	-	45,738
Membership dues	-	-	-	19,009	-	19,009	19,009
Professional development	-	44	44	8,637	-	8,637	8,681
Subscription/reference	-	-	-	126	-	126	126
Recruitment	-	-	-	26,017	-	26,017	26,017
Miscellaneous	950	619	1,569	22,598	7,200	29,798	31,367
Depreciation and amortization	-	667	667	5,907	-	5,907	6,574
Allocation of administrative expenses	196,782	59,662	256,444	(327,578)	71,134	(256,444)	-
	<u>\$ 1,635,020</u>	<u>\$ 497,723</u>	<u>\$ 2,132,743</u>	<u>\$ 565,171</u>	<u>\$ 591,041</u>	<u>\$ 1,156,212</u>	<u>\$ 3,288,955</u>

See notes to financial statements

PEAK Grantmaking, Inc.

Statements of Cash Flows

	December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 576,910	\$ 3,062,807
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	19,189	6,574
Unrealized loss (gain) on investments	256,071	(129,419)
PPP loan forgiveness	-	(189,873)
Changes in operating assets and liabilities		
Grants and contributions receivable	(76,000)	(152,000)
Accounts receivable	9,000	(30,780)
Prepaid expenses and deposits	(12,059)	(19,938)
Accounts payable and accrued expenses	50,538	14,414
Refundable advances	37,500	-
Deferred revenue	103,161	(172,503)
Net Cash from Operating Activities	<u>964,310</u>	<u>2,389,282</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(200,000)
Reinvested interest and dividends	(26,983)	(19,689)
Purchases of property and equipment	(31,154)	(28,207)
Net Cash from Investing Activities	<u>(58,137)</u>	<u>(247,896)</u>
Net Change in Cash and Cash Equivalents	906,173	2,141,386
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>3,338,545</u>	<u>1,197,159</u>
End of year	<u><u>\$ 4,244,718</u></u>	<u><u>\$ 3,338,545</u></u>
NON CASH FINANCING ACTIVITY		
Forgiveness of Paycheck Protection Program loan	\$ -	\$ 189,873

See notes to financial statements

PEAK Grantmaking, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

1. Organization and Tax Status

PEAK Grantmaking, Inc. ("PEAK Grantmaking") advances equitable grantmaking practices so that grantmakers and grantseekers can best achieve their missions. PEAK Grantmaking connects, convenes, and trains grantmakers to create momentum for change, making best practices standard practices, improving the ways grantmakers deliver resources directly to mission-driven activities, leading to better outcomes for grantmakers and grantseekers alike. As the nation's only nonprofit membership organization devoted to grantmaking operations, PEAK Grantmaking connects its 7,116 members to effective practices, innovative learning experiences, and each other, building the collective knowledge of the field.

PEAK Grantmaking was incorporated as an independent organization on September 2, 2005. PEAK Grantmaking became a registered 501(c)(3) tax-exempt organization in December 2006. PEAK Grantmaking is governed by a Board of Directors, all of whom are elected by the membership for three-year terms. To accomplish its mission, PEAK Grantmaking delivers professional development that helps grant managers achieve more in their jobs through an annual conference, local meetings through its 14 regional chapters, webinars, workshops, and an active online member community. It identifies, develops, and promotes effective grantmaking practices through programs, tools, research, and publications.

All regional chapter program operations are conducted under the management of PEAK Grantmaking staff and all expenses are approved and paid for by PEAK Grantmaking. Accordingly, the accounts and operations of the regional chapters are included in the accompanying financial statements.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

PEAK Grantmaking considers all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase, to be cash equivalents.

PEAK Grantmaking, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies *(continued)*

Grants and Contributions Receivable

Grants and contributions receivable represent unconditional amounts committed to PEAK Grantmaking. All grants and contributions receivable are deemed to be fully collectible and are reflected at either net realizable value or at net present value based on projected cash flows.

Fair Value of Financial Instruments

PEAK Grantmaking follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investments Valuation and Income Recognition

Investments are carried at their fair value. Interest and dividend income is recorded when earned. Realized and unrealized gains and losses are included in the change in net assets.

Property and Equipment

Property and equipment with a cost in excess of \$1,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation and amortization on property and equipment is computed using the straight-line method over the estimated useful lives of the related assets, which is 3 years for software and equipment. Repairs and maintenance costs are expensed as incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts, and any resulting gain or loss is included in revenues or expenses. Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount of the asset is not recoverable, the asset is written down to the fair value. There were no asset impairments for the years ended December 31, 2022 and 2021.

Net Asset Presentation

Net assets are categorized as without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing Board has designated, from net assets without donor restrictions, net assets for an operating reserve.

PEAK Grantmaking, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies *(continued)*

Net Asset Presentation (continued)

Net Assets With Donor Restrictions - Funds that PEAK Grantmaking may use in accordance with donor's restrictions for specific purposes or upon the passage of time or require PEAK Grantmaking to maintain them in perpetuity.

Board Designated Net Assets

The Board of Directors, at its discretion, designates funds from net assets without donor restrictions for specific purposes. At December 31, 2022 and 2021 amounts that were designated for future projects were \$1,167,883 and \$1,396,971.

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

Grants and contributions that are nonreciprocal are recognized as revenue when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. PEAK Grantmaking reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated funds to one of PEAK Grantmaking's programs or to a future year. When a donor 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 statements of activities as net assets released from restrictions.

PEAK Grantmaking receives certain promises to give, collected over multiple accounting periods, and classifies the portion receivable in future accounting periods as restricted revenue. PEAK Grantmaking discounts the promises to give using an appropriate discount rate over the contribution period.

Revenue Accounted for as Contracts with Customers

Revenue is recognized when PEAK Grantmaking satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration PEAK Grantmaking expects to receive in exchange for satisfying distinct performance obligations.

If a performance obligation does not meet the criteria to be considered distinct, PEAK Grantmaking combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

PEAK Grantmaking, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies *(continued)*

Revenue Recognition (continued)

Revenue Accounted for as Contracts with Customers (continued)

Annual conference revenues are registration fees, exhibitor fees, and exchange sponsorship transactions for the annual meeting and other events and services. Revenue is recognized when the conference and other events are held and services are provided. Amounts received in advance are deferred and recognized when the performance obligations are met.

Membership dues are recognized ratably over the applicable membership period. Dues that are received in advance that are applicable to the following year are recorded as deferred revenue in the accompanying statements of financial position. During 2021 PEAK Grantmaking elected to reduce membership fees.

Contract Income

Contract income is derived from an organization where PEAK Grantmaking provided services in developing a Racial Healing Certification Program. The services provided include designing a specialized training, education and unique experiences that promote skills development and competencies in the targeted area of racial healing. The contracts are conditioned upon certain performance requirements or deliverables and/or the incurrence of qualifying expenses. Revenue is recognized when PEAK Grantmaking has either completed required deliverables or incurred expenditures in compliance with specific contract provisions. Amounts received prior to contract performance or related expenditures are reported as refundable advances in the statements of financial position.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is established for amounts where there exists doubt as to whether an amount will be fully collected. The determination of this allowance is an estimate based on PEAK Grantmaking's historical experience, review of account balances and expectations relative to collections. Management has determined no allowance was necessary at December 31, 2022 and 2021.

Advertising Costs

PEAK Grantmaking expenses advertising costs as incurred. Advertising expenses totaled \$7,802 and \$9,405 during the years ended December 31, 2022 and 2021.

PEAK Grantmaking, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies (*continued*)

In-kind Contributions

	<u>2022</u>	<u>2021</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Services	<u>\$ 4,300</u>	<u>\$ -</u>	Program and Administration	No associated donor restrictions	Contributed services are valued at the estimated fair value based on current rates for similar services.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Where feasible, PEAK Grantmaking allocates its expenses directly to specific programs or functions. Additionally, PEAK Grantmaking utilizes an indirect cost allocation methodology to allocate its expenses. The expenses that are allocated include salaries, benefits, and payroll taxes, which are allocated on the basis of monthly percentages of the total administrative allowable costs against the total program expenses. These monthly percentages are based on estimates of time and effort. Additionally, other expenses are allocated across specific programs or functions based on an estimated percentage of time and effort spent by staff on the natural type of expense.

Accounting for Uncertainty in Income Taxes

PEAK Grantmaking recognizes the effect of income tax positions only when they are more likely than not to be sustained. Management has determined that PEAK Grantmaking had no uncertain tax positions that would require financial statement recognition or disclosure. PEAK Grantmaking is no longer subject to examinations by the applicable taxing jurisdictions for the periods prior to 2019.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is April 27, 2023.

PEAK Grantmaking, Inc.

Notes to Financial Statements December 31, 2022 and 2021

3. Concentrations of Credit Risk

Financial instruments that potentially subject PEAK Grantmaking to concentrations of credit and market risk consist principally of cash and cash equivalents and investments held at financial institutions. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to \$500,000 (\$250,000 for cash holdings). At times cash balances may exceed the FDIC and the SIPC limit.

As of December 31, 2022 and 2021 PEAK Grantmaking's uninsured cash, cash equivalents totaled \$3,744,718 and \$2,838,545. As of December 31, 2022 and 2021, PEAK Grantmaking's uninsured investment holdings totaled \$667,883 and \$896,971. The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment represents a significant concentration of credit risk.

At December 31, 2022, two funding source accounted for 34% and 21% of grants and contributions receivable. In addition, during the year ended December 31, 2022, one funding source accounted for approximately 21% of grants and contributions.

At December 31, 2021, two funding source accounted for 77% and 23% of grants and contributions receivable. In addition, during the year ended December 31, 2021, one funding source accounted for approximately 59% of grants and contributions.

4. Grants and Contributions Receivable

Grants and contribution receivables from various foundations are due within one to two years. Grants and contributions receivable as of December 31, are summarized as follows:

	<u>2022</u>	<u>2021</u>
2022 \$	-	\$ 177,000
2023	228,000	-
2024	<u>25,000</u>	<u>-</u>
	<u>\$ 253,000</u>	<u>\$ 177,000</u>

PEAK Grantmaking, Inc.

Notes to Financial Statements December 31, 2022 and 2021

5. Fair Value Measurements

The following are major categories of investments at fair value on a recurring basis at December 31:

	<u>2022</u>	<u>2021</u>
Bond Funds:		
Intermediate term bond	\$ 421,255	\$ 484,944
High yield bond	24,229	26,644
Equity Funds:		
Mid-cap blend	51,719	70,332
Large blend	518,089	632,971
Diversified emerging markets	22,620	27,634
Small blend	29,978	36,386
Foreign large blend	<u>99,877</u>	<u>117,945</u>
Total Investments at Fair Value	1,167,767	1,396,856
Temporary cash investments, at cost	<u>116</u>	<u>115</u>
Total Investments	<u>\$ 1,167,883</u>	<u>\$ 1,396,971</u>

All of PEAK Grantmaking's investments measured at fair value are Level 1 investments.

6. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Software	\$ 132,147	\$ 131,467
Equipment	<u>90,402</u>	<u>59,928</u>
	222,549	191,395
Less: accumulated depreciation and amortization	<u>186,432</u>	<u>167,243</u>
Property and equipment, net	<u>\$ 36,117</u>	<u>\$ 24,152</u>

PEAK Grantmaking, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

7. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following at December 31:

	<u>2022</u>	<u>2021</u>
Purpose restricted:		
Conference sponsorships	\$ 1,000	\$ 60,000
Time restricted	<u>881,001</u>	<u>211,306</u>
Total Net Assets With Donor Restrictions	<u>\$ 882,001</u>	<u>\$ 271,306</u>

Net assets with donor restrictions were released by incurring expenses satisfying the restricted purpose specified by the donor or as a result of the expiration of donor-imposed time restrictions as follows for the years ended December 31 were as follows:

	<u>2022</u>	<u>2021</u>
Purpose restricted:		
Conference sponsorships	\$ 185,700	\$ 116,500
Time restricted	<u>355,305</u>	<u>255,083</u>
Total Net Assets Released	<u>\$ 541,005</u>	<u>\$ 371,583</u>

8. Board Designated Operating Reserve

PEAK Grantmaking currently maintains a board designated reserve fund whose purpose is to provide long term support for the programs of PEAK Grantmaking. These funds are to be used at the Board's discretion and are included with investments on the accompanying statements of financial position as of December 31, 2022 and 2021.

Changes in board designated net assets for the years ended December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Board designated reserve fund, beginning of year	\$ 1,396,971	\$ 1,047,863
Additions	-	200,000
Interest and dividends	26,983	19,689
Unrealized (loss) gain	<u>(256,071)</u>	<u>129,419</u>
Board designated reserve fund, end of year	<u>\$ 1,167,883</u>	<u>\$ 1,396,971</u>

PEAK Grantmaking, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

9. Investment Return

Investment return consists of the following for the years ended December 31:

	2022	2021
Interest and dividends	\$ 27,736	\$ 19,876
Unrealized (loss) gain	<u>(256,071)</u>	<u>129,419</u>
	<u><u>\$ (228,335)</u></u>	<u><u>\$ 149,295</u></u>

There were no investment management fees for the years ended December 31, 2022 and 2021.

10. Liquidity and Availability of Financial Assets

PEAK Grantmaking's financial assets and resources available to meet cash needs for general expenditures within one year of the date of the statement of financial position was as follows as of December 31:

	2022	2021
Financial Assets		
Cash	\$ 4,244,718	\$ 3,338,545
Grants and contributions receivable	253,000	177,000
Accounts receivable	91,000	100,000
Investments	<u>1,167,883</u>	<u>1,396,971</u>
Total financial assets	5,756,601	5,012,516
Less: Contractual or donor imposed restriction amounts		
Board-designated operating reserve	(1,167,883)	(1,396,971)
Time or purpose restrictions	<u>(882,001)</u>	<u>(271,306)</u>
Total Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u><u>\$ 3,706,717</u></u>	<u><u>\$ 3,344,239</u></u>

PEAK Grantmaking strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Management periodically reviews PEAK Grantmaking's liquid asset needs and adjusts the cash and cash equivalents balances as necessary. Amounts in excess of operation liquidity needs are invested in various short-term and highly liquid securities.

Additionally, PEAK Grantmaking considers net assets with donor restrictions for use in current programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The governing Board's designated operating reserves are also available for general expenditures.

PEAK Grantmaking, Inc.

Notes to Financial Statements December 31, 2022 and 2021

11. Revenue from Contracts with Customers

PEAK Grantmaking's membership dues include monthly journal and other membership benefits, such as access to the members-only section of the website, webinars, and discounts on certain services and events. The promises to deliver all of the performance obligations included in the membership dues, other than the journal subscription, are distinct; however, PEAK Grantmaking has determined that each individual benefit is not material in the context of the membership agreement and should be accounted for as a single performance obligation. All membership benefits are received simultaneously and the membership performance obligation is satisfied over time. Accordingly, membership benefits are recognized ratably over the membership period.

All other types of deferred revenue payments are recognized as the performance obligations are met.

The following table provides information about changes in deferred revenue for the years ended December 31:

	Deferred Membership Dues	Deferred Conference Revenue	Deferred Other Revenue	Total
Balance at December 31, 2020	\$ 357,784	\$ 6,122	\$ 27,536	\$ 391,442
Revenue recognized	(357,784)	(6,122)	(27,536)	(391,442)
Payments received for future obligations	<u>196,144</u>	<u>22,795</u>	<u>-</u>	<u>218,939</u>
Balance at December 31, 2021	196,144	22,795	-	218,939
Revenue recognized	(196,144)	(22,795)	-	(218,939)
Payments received for future obligations	<u>206,000</u>	<u>109,100</u>	<u>7,000</u>	<u>322,100</u>
Balance at December 31, 2022	<u>\$ 206,000</u>	<u>\$ 109,100</u>	<u>\$ 7,000</u>	<u>\$ 322,100</u>

PEAK Grantmaking, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

12. Paycheck Protection Program

On May 12, 2020, PEAK Grantmaking was granted a loan from a financial institution, in the amount of \$189,873, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which was enacted March 27, 2020. The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll through the COVID-19 pandemic, for which PEAK Grantmaking qualified. After the loans are granted, the Small Business Administration (SBA) will forgive loans if all employee retention criteria are met, and the funds are used for eligible expenses (which primarily consist of payroll costs, costs used to continue group healthcare benefits, rent, and utilities). The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest is forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act, over a period of either eight or twenty-four weeks (the "Covered Period"). The amount of loan forgiveness could be reduced if the borrower terminates employees or reduces salaries below a certain threshold during the Covered Period and does not qualify for certain safe harbors. The unforgiven portion of the PPP loan, if any, is payable within two years from the date of the loan. Loan payments of principal and interest are deferred until the amount of loan forgiveness is determined by the United States Small Business Administration ("SBA"). If PEAK Grantmaking does not apply for forgiveness, payments begin approximately 24 months after the loan date.

PEAK Grantmaking applied for and was granted loan forgiveness in the amount of \$189,873 on January 11, 2021. The amount is included as other income on the 2021 statement of activities.

13. Employee Retention Tax Credit

The Employee Retention Tax Credit ("ERTC") was first established by the CARES Act and was extended and expanded by the Consolidated Appropriations Act and the American Rescue Plan. ERTC provides a refundable tax credit against certain employment taxes equal to 50% of the first \$10,000 in qualified wages paid to each employee between March 12, 2020 and December 31, 2020 ("2020 ERTC"), and 70% of the first \$10,000, per quarter, in qualified wages paid to each employee between January 1, 2021 and September 30, 2022 ("2022 ERTC"). wages paid to each employee between January 1, 2021 and September 30, 2022 ("2022 ERTC").

PEAK Grantmaking determined that it qualified for the 2020 ERTC, and therefore, accounted for it as conditional grants under FASB ASC Subtopic 958-605. These grants are conditional upon certain performance requirements and the incurrence of eligible expenses. In the opinion of management, these conditions were met as of December 31, 2022, and therefore, the entire amount of \$91,000 that PEAK Grantmaking expects to receive is included in accounts receivable in the accompanying 2022 statement of financial position and in other income on the 2022 statement of activities.

Eligibility for the credit and the credit calculations are subject to review and approval by the Federal government. In the opinion of management, the results of such reviews will not have a material effect on the financial position of PEAK Grantmaking.

PEAK Grantmaking, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

14. Commitments and Contingencies

Operating Lease

PEAK Grantmaking leased office space under an operating lease, which commenced on April 1, 2017, and expired on August 31, 2021. The lease required monthly rent payments with an annual 4% rent increase, the lease was not renewed. Since September 1, 2021, PEAK Grantmaking is on a month-to-month lease for storage space. PEAK Grantmaking currently does not lease office space. Rent expense for the years ended December 31, 2022 and 2021 totaled \$4,990 and \$49,993.

Hotel Commitments

PEAK Grantmaking holds its annual conference at various hotels throughout the United States. These events are contracted with hotels for its future meetings. In the event that PEAK Grantmaking cancels its agreement with the hotels, it can be held liable for liquidated damages up to the amount of lost profit less the hotel's mitigation, depending upon the date of cancellation. As a result of the ongoing COVID-19 pandemic, PEAK incurred \$464,597 in conference cancellation fees for the year ended December 31, 2021.

Grants Contingency

Certain grants received by PEAK Grantmaking are governed by various guidelines and contractual agreements, and are subject to audit or review by the applicable funding source that could result in requests for reimbursements for expenditures that are not allowed. Therefore, a contingency to refund amounts received in excess of allowable costs exists. Management is of the opinion that no material liability currently exists.

Service Organization

During 2015, PEAK Grantmaking contracted with Insperity PEO Services, L.P. ("Insperity") as their professional employer organization. Insperity is the employer of record for tax, benefits, and insurance purposes for PEAK Grantmaking's employees. This co-employment relationship allows PEAK Grantmaking to maintain direct control of the day-to-day activities of employees, while Insperity assumes the administrative functions of human resources and absorbs many employer-related liabilities.

During 2022, PEAK Grantmaking began contracting with Justworks Inc. ("Justworks") as their professional employer organization. Justworks is the employer of record for tax, benefits, and insurance purposes for PEAK Grantmaking's employees. This co-employment relationship allows PEAK Grantmaking to maintain direct control of the day-to-day activities of employees, while Justworks assumes the administrative functions of human resources and absorbs many employer-related liabilities.

PEAK Grantmaking, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

15. Retirement Plan

PEAK Grantmaking maintains a 401(k)-retirement plan with Slavic 401k that is administered by Justworks as part of its co-employment agreement. The plan was previously administered by Insperity through December 31, 2021. All employees are eligible to participate in the plan after they meet certain eligibility requirements. PEAK Grantmaking matches employees' contributions by contributing 100% of the first 3% of the employees' compensation and 50% up to the next 2% of the employees' compensation. Additionally, PEAK Grantmaking may make discretionary contributions to the plan. Contribution expense totaled \$36,148 and \$36,394 for the years ended December 31, 2022 and 2021.

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