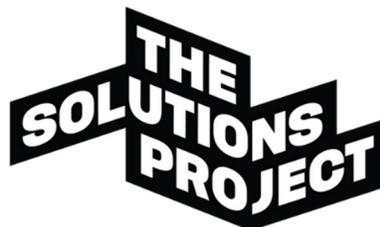


**Solutions Project Inc.**

Financial Statements  
and  
Independent Auditors' Report

For the Years Ended  
December 31, 2020 and 2019



Solutions Project Inc.  
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December 31, 2020 and 2019

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FINANCIAL STATEMENTS

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## **Independent Auditors' Report**

To the Board of Directors and Management  
Solutions Project Inc.  
Oakland, CA

We have audited the accompanying financial statements of Solutions Project Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Solutions Project Inc. as of December 31, 2020, and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Wheeler". The signature is written in a cursive style with a large initial "W".

San Jose, CA  
April 9, 2021

Solutions Project Inc.  
 Statements of Financial Position  
 As of December 31, 2020 and 2019

| <u>ASSETS</u>                         | <u>2020</u>          | <u>2019</u>         |
|---------------------------------------|----------------------|---------------------|
| Current assets:                       |                      |                     |
| Cash and cash equivalents             | \$ 14,812,486        | \$ 1,315,687        |
| Accounts receivable                   | 14,653,622           | 690,000             |
| Prepays and other current assets      | 15,575               | 62,986              |
| Total current assets                  | <u>29,481,683</u>    | <u>2,068,673</u>    |
| Non-current assets                    |                      |                     |
| Long-term grants receivable           | 13,973,381           | -                   |
| Property and equipment, net           | 83,969               | 2,759               |
| Total non-current assets              | 14,057,350           | 2,759               |
| Total assets                          | <u>\$ 43,539,033</u> | <u>\$ 2,071,432</u> |
| <u>LIABILITIES AND NET ASSETS</u>     |                      |                     |
| Current liabilities:                  |                      |                     |
| Accounts payable and accrued expenses | \$ 158,178           | \$ 105,903          |
| Grants Payable                        | 75,000               | 195,000             |
| Paycheck Protection Program loan      | 87,037               | -                   |
| Total liabilities                     | <u>320,215</u>       | <u>300,903</u>      |
| Net assets:                           |                      |                     |
| Without donor restrictions            | 5,829,437            | 1,089,448           |
| With donor restrictions               | 37,389,381           | 681,081             |
| Total net assets                      | <u>43,218,818</u>    | <u>1,770,529</u>    |
| Total liabilities and net assets      | <u>\$ 43,539,033</u> | <u>\$ 2,071,432</u> |

See independent auditors' report and accompanying notes to financial statements.

Solutions Project Inc.  
Statement of Activities and Changes in Net Assets  
As of December 31, 2020

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total         |
|---|-------------------------------|----------------------------|---------------|
| Public support and revenue:   |                               |                            |               |
| Contributions and grants  | \$ 971,826                    | \$ 43,893,381              | \$ 44,865,207 |
| Total public support and revenue  | 971,826                       | 43,893,381                 | 44,865,207    |
| Net assets released of restrictions   | 7,185,081                     | (7,185,081)                | -             |
| Total public support and revenue and net<br>assets released from restrictions | 8,156,907                     | 36,708,300                 | 44,865,207    |
| Operating expenses:   |                               |                            |               |
| Program services:   |                               |                            |               |
| Connect   | 401,251                       | -                          | 401,251       |
| Inspire   | 832,564                       | -                          | 832,564       |
| Invest  | 2,195,224                     | -                          | 2,195,224     |
| Total program services  | 3,429,039                     | -                          | 3,429,039     |
| Fundraising expenses  | 258,656                       | -                          | 258,656       |
| General and administrative expenses   | 265,780                       | -                          | 265,780       |
| Total operating expenses  | 3,953,475                     | -                          | 3,953,475     |
| Other income:   |                               |                            |               |
| Interest income   | 385                           | -                          | 385           |
| Realized gain   | 535,047                       | -                          | 535,047       |
| Miscellaneous income  | 1,125                         | -                          | 1,125         |
| Total other income  | 536,557                       | -                          | 536,557       |
| Change in net assets  | 4,739,989                     | 36,708,300                 | 41,448,289    |
| Net assets, beginning of year   | 1,089,448                     | 681,081                    | 1,770,529     |
| Net assets, end of year   | \$ 5,829,437                  | \$ 37,389,381              | \$ 43,218,818 |

See independent auditors' report and accompanying notes to financial statements.

Solutions Project Inc.  
Statement of Activities and Changes in Net Assets  
As of December 31, 2019

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        |
|---|-------------------------------|----------------------------|--------------|
| Public support and revenue:   |                               |                            |              |
| Contributions and grants  | \$ 1,124,085                  | \$ 673,800                 | \$ 1,797,885 |
| Total public support and revenue  | 1,124,085                     | 673,800                    | 1,797,885    |
| Net assets released of restrictions   | 1,350,169                     | (1,350,169)                | -            |
| Total public support and revenue and net<br>assets released from restrictions | 2,474,254                     | (676,369)                  | 1,797,885    |
| Operating expenses:   |                               |                            |              |
| Program services:   |                               |                            |              |
| Connect   | 214,819                       | -                          | 214,819      |
| Inspire   | 550,988                       | -                          | 550,988      |
| Invest  | 920,051                       | -                          | 920,051      |
| Total program services  | 1,685,858                     | -                          | 1,685,858    |
| Fundraising expenses  | 107,468                       | -                          | 107,468      |
| General and administrative expenses   | 210,307                       | -                          | 210,307      |
| Total operating expenses  | 2,003,633                     | -                          | 2,003,633    |
| Other income:   |                               |                            |              |
| Interest income   | 622                           | -                          | 622          |
| Gain on sale of fixed assets  | 100                           | -                          | 100          |
| Miscellaneous income  | 2,922                         | -                          | 2,922        |
| Total other income  | 3,644                         | -                          | 3,644        |
| Change in net assets  | 474,265                       | (676,369)                  | (202,104)    |
| Net assets, beginning of year   | 615,183                       | 1,357,450                  | 1,972,633    |
| Net assets, end of year   | \$ 1,089,448                  | \$ 681,081                 | \$ 1,770,529 |

See independent auditors' report and accompanying notes to financial statements.

Solutions Project Inc.  
Statements of Functional Expenses  
As of December 31, 2020 and 2019

| 2020                                 |                   |                   |                     |                     |                     |                   |                           |                     |
|--------------------------------------|-------------------|-------------------|---------------------|---------------------|---------------------|-------------------|---------------------------|---------------------|
|                                      | Program Services  |                   |                     |                     | Supporting Services |                   |                           | Total Expenses      |
|                                      | Connect           | Inspire           | Invest              | Total Program       | Fundraising         | General/<br>Admin | Total Supporting Services |                     |
| Expenses:                            |                   |                   |                     |                     |                     |                   |                           |                     |
| Grants, contracts, direct assistance | \$ 20,000         | 151,500           | \$ 1,902,000        | \$ 2,073,500        | \$ -                | \$ -              | \$ -                      | \$ 2,073,500        |
| Salaries and benefits                | 98,588            | 178,854           | 135,740             | 413,182             | 127,358             | 162,142           | 289,500                   | 702,682             |
| Professional fees                    | 233,710           | 360,903           | 125,940             | 720,553             | 87,056              | 76,146            | 163,202                   | 883,755             |
| Campaign and development             | 29,092            | 86,072            | 23,277              | 138,441             | 24,780              | 198               | 24,978                    | 163,419             |
| Advertising                          | -                 | 5,283             | -                   | 5,283               | -                   | 840               | 840                       | 6,123               |
| Program event expenses               | -                 | 5,509             | -                   | 5,509               | 63                  | -                 | 63                        | 5,572               |
| Travel                               | 4,570             | 1,684             | 610                 | 6,864               | 3,045               | 6,445             | 9,490                     | 16,354              |
| Rent Expense                         | 1,046             | 1,967             | 1,462               | 4,475               | 1,354               | 1,675             | 3,029                     | 7,504               |
| Equipment and accessories            | 50                | 8,426             | -                   | 8,476               | 102                 | 1,892             | 1,994                     | 10,470              |
| Miscellaneous                        | 14,195            | 32,366            | 6,195               | 52,756              | 14,898              | 16,442            | 31,340                    | 84,096              |
| Total expenses                       | \$ <u>401,251</u> | \$ <u>832,564</u> | \$ <u>2,195,224</u> | \$ <u>3,429,039</u> | \$ <u>258,656</u>   | \$ <u>265,780</u> | \$ <u>524,436</u>         | \$ <u>3,953,475</u> |

| 2019                                 |                   |                   |                   |                     |                     |                   |                           |                     |
|--------------------------------------|-------------------|-------------------|-------------------|---------------------|---------------------|-------------------|---------------------------|---------------------|
|                                      | Program Services  |                   |                   |                     | Supporting Services |                   |                           | Total Expenses      |
|                                      | Connect           | Inspire           | Invest            | Total Program       | Fundraising         | General/<br>Admin | Total Supporting Services |                     |
| Expenses:                            |                   |                   |                   |                     |                     |                   |                           |                     |
| Grants, contracts, direct assistance | \$ 1,000          | \$ -              | \$ 650,000        | \$ 651,000          | \$ -                | \$ -              | \$ -                      | \$ 651,000          |
| Salaries and benefits                | 121,353           | 161,050           | 184,333           | 466,736             | 68,227              | 122,111           | 190,338                   | 657,074             |
| Professional fees                    | 34,289            | 249,457           | 64,813            | 348,559             | 12,941              | 33,533            | 46,474                    | 395,033             |
| Campaign and development             | 413               | 62,908            | 634               | 63,955              | 1,243               | 442               | 1,685                     | 65,640              |
| Advertising                          | -                 | 10,685            | -                 | 10,685              | 17,843              | -                 | 17,843                    | 28,528              |
| Program Event Expenses               | 500               | 29,587            | 1,670             | 31,757              | -                   | 25,288            | 25,288                    | 57,045              |
| Travel                               | 32,368            | 14,156            | 6,218             | 52,742              | 1,539               | 11,632            | 13,171                    | 65,913              |
| Miscellaneous                        | 24,896            | 23,145            | 12,383            | 60,424              | 5,675               | 17,301            | 22,976                    | 83,400              |
| Total expenses                       | \$ <u>214,819</u> | \$ <u>550,988</u> | \$ <u>920,051</u> | \$ <u>1,685,858</u> | \$ <u>107,468</u>   | \$ <u>210,307</u> | \$ <u>317,775</u>         | \$ <u>2,003,633</u> |

See independent auditors' report and accompanying notes to financial statements.

Solutions Project Inc.  
Statements of Cash Flows  
As of December 31, 2020 and 2019

|   | <u>2020</u>                 | <u>2019</u>                |
|---|-----------------------------|----------------------------|
| Cash Flows from Operating Activities:   |                             |                            |
| Change in net assets  | \$ 41,448,289               | \$ (202,104)               |
| Adjustments to reconcile change in net assets to net cash used by operating activities: |                             |                            |
| Depreciation and amortization   | 17,399                      | 1,218                      |
| Gain on sale of fixed assets  | -                           | (100)                      |
| Changes in operating assets and liabilities:  |                             |                            |
| Accounts receivable   | (13,963,622)                | 160,000                    |
| Prepays   | 47,411                      | (57,726)                   |
| Long term grants receivable   | (13,973,381)                | 476,200                    |
| Accounts payable and accrued expenses   | 52,275                      | 12,608                     |
| Grants payable  | <u>(120,000)</u>            | <u>195,000</u>             |
| Net cash provided by (used in) operating activities                                     | 13,508,371                  | 585,096                    |
| Cash Flows from Investing Activities  |                             |                            |
| Purchase of property and equipment  | (98,609)                    | (2,187)                    |
| Proceeds from sale of assets  | <u>-</u>                    | <u>100</u>                 |
| Net cash used by investing activities   | (98,609)                    | (2,087)                    |
| Cash Flows from Financing Activities  |                             |                            |
| Proceeds from Paycheck Protection Program loan  | <u>87,037</u>               | <u>-</u>                   |
| Net cash provided by financing activities   | 87,037                      | -                          |
| Increase (decrease) in cash and cash equivalents  | 13,496,799                  | 583,009                    |
| Cash and cash equivalents, beginning of year  | <u>1,315,687</u>            | <u>732,678</u>             |
| Cash and cash equivalents, end of year  | \$ <u><u>14,812,486</u></u> | \$ <u><u>1,315,687</u></u> |

See independent auditors' report and accompanying notes to financial statements.

Solutions Project Inc.  
Notes to Financial Statements  
December 31, 2020 and 2019

## **1. Organization and operations**

Solutions Project Inc. (the Organization or Solutions Project) is a 501(c)(3) public charity established in 2013. Solutions Project partners with frontline leaders in the climate crisis to transform culture in order to make ours a future that is healthy, just, and regenerative. Solutions Project funds and amplifies grassroots climate justice solutions across the US and Puerto Rico, especially those created by Black, Indigenous, Immigrant, women, and other people of color led organizations.

The Organization operates as a national intermediary dedicated to improving the material conditions of the people directly impacted by the climate crisis, who they believe play a central role in finding and scaling solutions. The Organization makes grants to dozens of organizations closest to the problems created by pollution and climate change, amplifying the ideas and energy of those on the frontlines. The Organization uses culture, policy, and media as a strategy to bring focus and attention to what is working and what is not. The Organizations mobilizes media to help partners tell their own stories for public audiences and reach decision-makers in government, business, and philanthropy to invest in community climate solutions we know work.

Solutions Project is committed to a regenerative economy that centers equity-rooted strategies, community benefits, diverse leadership, and just transitions. The current moment appeals to philanthropy to be more attuned and holistic in its approach. To recognize interconnectedness, and to be in deeper service of communities. This is the type of philanthropy Solutions Project embodies.

## **2. Summary of significant accounting policies**

Basis of accounting - The financial statements have been prepared on the accrual basis of accounting which recognizes revenue and support when earned and expenses when incurred and accordingly reflect all significant receivables, payables and other liabilities.

Basis of presentation - The Organization presents information regarding its financial position and activities according to two classes of net assets:

- ◆ *Net assets without donor restrictions* consist of net assets that are for use in general operations and are not subject to donor (or certain grantor) restrictions. The governing board has not designated any amounts from net assets without donor restrictions.
- ◆ *Net assets with donor restrictions* represent contributions whose use has imposed restrictions. The donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

Solutions Project Inc.  
Notes to Financial Statements  
December 31, 2020 and 2019

**2. Summary of significant accounting policies (continued)**

Use of estimates - The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents - Cash and cash equivalents consist of cash and money market funds. For purposes of reporting cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of 90 days or less at the date of purchase to be cash equivalents. The carrying amount in the Statements of Financial Position approximates fair value.

Accounts Receivable - Accounts receivable consists of funds granted that will be received within one year. There is no allowance for uncollectable accounts as management believes that all amounts owed will be fully collected.

Fair value of financial instruments - Financial instruments included in the Organization's Statements of Financial Position as of December 31, 2020 and 2019 include cash and cash equivalents, accounts payable and accrued expenses, for which the carrying amounts represent a reasonable estimate of the corresponding fair values.

Property & Equipment - Equipment with a value greater than \$1,000 is capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which are estimated to be three years.

Prepays and other current assets - Prepaid expenses and other current assets consist of deposits, prepaid insurance and grants that are paid in advance of when due and are expected to be realized within one year.

Long-term grant receivable - In 2020, long-term grant receivable is discounted to present value and is composed of a grant receivable that will not be collect within one year.

Accounts payable and accrued expenses - Accounts payable and accrued expenses consist of amounts due for expenses incurred but not paid until the subsequent year as well as the accrual for wages and compensated absences.

Grants Payable - Grants payable consist of amounts due for grants incurred but not paid until the subsequent year.

Revenue recognition - The Organization records contributions, including unconditional promises to give as revenue at their fair value in the period the contribution or pledge is received.

Solutions Project Inc.  
Notes to Financial Statements  
December 31, 2020 and 2019

**2. Summary of significant accounting policies (continued)**

Revenue recognition (continued)

All contributed support is recognized as revenue without donor restrictions when received or un-conditionally promised. The Organization reports gifts of cash and other assets as restricted support if such gifts are received with donor stipulations that limit the use of the donated assets. When such restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Functional expense allocations - The costs of providing the various program and supporting services have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses applicable to more than one program are allocated based on usage and management's estimates.

Advertising - Advertising costs, when they occur, are charged to operations in the period in which the advertisement is placed. Advertising costs for the years ended December 31, 2020 and 2019 amounted to \$6,123 and \$28,528, respectively.

Concentration of credit risk - Financial instruments that potentially subject the Organization to credit risk consist primarily of cash and cash equivalents. The Organization maintains cash and cash equivalents with a commercial bank. Cash equivalents include overnight investments, and money market funds. These accounts are insured up to \$250,000 per depositor by an agency of the federal government. At times, such amounts might exceed Federal Deposit Insurance Corporation ("FDIC") limits.

Accounting for uncertainty for income taxes - The Organization evaluates its uncertain tax positions and will recognize a loss contingency when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position.

The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. As of December 31, 2020 and 2019 management did not identify any uncertain tax positions.

Solutions Project Inc.  
Notes to Financial Statements  
December 31, 2020 and 2019

**2. Summary of significant accounting policies (continued)**

Accounting for uncertainty for income taxes (continued)

The Organization is subject to potential examination by taxing authorities for income tax returns filed in the U.S. federal jurisdiction and the State of California. The tax years that remain subject to potential examination for the U.S. federal jurisdiction is December 31, 2017 and forward. The State of California tax jurisdiction is subject to potential examination for fiscal tax years December 31, 2016 and forward.

Changing Standards – Contributions - In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 improves existing guidance on revenue recognition of grants and contracts to reduce diversity in accounting practice. The amendments in the ASU provide clarified guidance on evaluating whether a transaction should be accounted for as a contribution or an exchange transaction, based on whether a resource provider is receiving corresponding value in return for the resources transferred. ASU 2018-08 also includes an improved framework to determine whether a contribution is conditional and to better distinguish a donor-imposed condition from a donor-imposed restriction. The ASU also modifies the simultaneous release option currently in GAAP which allows a not-for-profit organization to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. This election may now be made for all restricted contributions that were initially classified as conditional without having to elect it for all other restricted contributions and investment returns. The guidance in ASU 2018-08 is effective as follows: transactions in which the Organization is the resource recipient in years beginning after December 15, 2018, and interim periods within years beginning after December 15, 2019; transactions in which the Organization is the resource provider in years beginning after December 15, 2019, and interim periods within years beginning after December 15, 2020. The Organization implemented this ASU in 2019.

Solutions Project Inc.  
Notes to Financial Statements  
December 31, 2020 and 2019

**3. Property and equipment**

Property and equipment is shown net of accumulated depreciation. Property and equipment at December 31 consisted of the following:

|  |    | 2020     |    | 2019    |
|--|----|----------|----|---------|
| Computers                                      | \$ | 24,773   | \$ | 5,514   |
| Website  |    | 79,350   |    | -       |
|  |    | 104,123  |    | 5,514   |
| Total property and equipment                   |    |          |    |         |
| Less : accumulated depreciation & amortization |    | (20,154) |    | (2,755) |
|  |    | 83,969   |    | 2,759   |
| Property and equipment, Net                    | \$ |          | \$ |         |

Depreciation and amortization expense for the years ended December 31, 2020 and 2019 was \$17,399 and \$1,218, respectively.

**4. Operating lease**

The operating lease for the virtual office ended in November 2020. The Organization did not renew the lease. Lease expense for the years ended December 31, 2020 and 2019 was \$7,504 and \$12,660, respectively.

**5. Long-term grant receivable**

In 2020, the Organization had a multi-year grant with amounts owed in 2022. As a result, the portion of the receivables due over one year was discounted:

|                                  | 2020          |    | 2019 |
|----------------------------------|---------------|----|------|
| Grant receivable to be collected | \$ 14,150,000 | \$ | -    |
| Discount to PV                   | (176,619)     |    | -    |
| Total grant receivable           | \$ 13,973,381 | \$ | -    |

In 2020, revenue was reduced by the discounted portion. There were no long-term grant receivable in 2019.

Solutions Project Inc.  
Notes to Financial Statements  
December 31, 2020 and 2019

**6. Paycheck Protection Program loan**

In May 2020, the Organization received a \$86,500 loan through the Paycheck Protection Program (PPP), provided by the Small Business Administration. This loan helps small businesses pay for payroll and other expenses during the COVID-19 pandemic.

The PPP loan and accrued interest are forgivable after the covered period has ended as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the full time equivalent or salary was reduced without restoring by a specified period. The unforgiven portion of the PPP loan has an interest rate of 1% with a maturity of two years. Accrued interest as of December 31, 2020 was \$537. The loan is classified as short-term as forgiveness was received on March 3, 2021. The SBA determined that the Organization used proceeds for purposes consistent with the PPP requirements.

**7. Net assets with donor restrictions**

During the year, the Organization maintained several programs for which restricted funds were received. Management plans to use these funds to maintain operations in the coming years. The Organization operates three core programs: Connect, which is capacity building; Inspire, which is storytelling and media production; and Invest, which is grassroots grantmaking.

Net assets with donor restrictions consisted of the following purposes during the years ended December 31:

|                 | 2019         | Increases     | Releases     | 2020          |
|-----------------|--------------|---------------|--------------|---------------|
| Connect         | \$ 6,081     | \$ 60,000     | \$ 66,081    | \$ -          |
| Inspire         | -            | 290,000       | 190,000      | 100,000       |
| Invest          | -            | 30,270,000    | 1,604,000    | 28,666,000    |
| Time Restricted | 675,000      | 13,273,381    | 5,325,000    | 8,623,381     |
| Ending Balance  | \$ 681,081   | \$ 43,893,381 | \$ 7,185,081 | \$ 37,389,381 |
|                 | 2018         | Increases     | Releases     | 2019          |
| Connect         | \$ 31,250    | \$ 15,000     | \$ 40,169    | \$ 6,081      |
| Inspire         | -            | 235,000       | 235,000      | -             |
| Invest          | -            | 50,000        | 50,000       | -             |
| Time Restricted | 1,326,200    | 373,800       | 1,025,000    | 675,000       |
| Ending Balance  | \$ 1,357,450 | \$ 673,800    | \$ 1,350,169 | \$ 681,081    |

Solutions Project Inc.  
Notes to Financial Statements  
December 31, 2020 and 2019

**8. Liquidity and availability**

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The Organization considers investment income without donor restrictions, appropriated earnings from donor-restricted and contributions without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, program expenses, and fundraising expenses to be paid in the subsequent year.

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

The following table reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include board-designated special projects fund that is intended to fund special board initiatives not considered in the annual operating budget. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also include net assets with donor restrictions greater than one year and special project outside of the Organization's core programs.

Solutions Project Inc.  
Notes to Financial Statements  
December 31, 2020 and 2019

**8. Liquidity and availability (continued)**

|   | December 31,<br>2020 | December 31,<br>2019 |
|---|----------------------|----------------------|
| Financial assets at year end  |                      |                      |
| Cash and cash equivalents   | \$ 14,812,486        | \$ 1,315,687         |
| Grants receivable   | 14,653,622           | 690,000              |
| Total Financial assets  | 29,466,108           | 2,005,687            |
| Less purpose restricted assets  | (18,766,000)         | -                    |
| Financial assets available to meet<br>general expenditures over the next<br>twelve months | \$ 10,700,108        | \$ 2,005,687         |

**9. Retirement plan**

Beginning in 2016, the Organization sponsored a defined contribution retirement plan which qualifies under section 403(b) of the Internal Revenue Code. Under the terms of the plan, contributions are invested at the discretion of the plan participant in an investment vehicle comprised of various funds. The Organization can elect to contribute 4% of gross salaries for qualified employees to the plan. The Organization contributed \$18,050 and \$18,749 for the years ended December 31, 2020 and 2019.

**10. Functional expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore expenses require allocation on a reasonable basis that is consistently applied. The Organization allocates all expenses based on a time allocation of the employees per month and this is done for all expense other than grant expense. Grant expense is directly allocated to grant making.

**11. Related party transactions**

On June 29, 2020, the Organization received a \$675,000 grant from Nathan Cummings Foundation, where the Organization's current board member was the grantor's former President and CEO.

On July 21, 2020, the Organization awarded a grant totaling \$50,000 to SCOPE Agenda Action Fund through its fiscal sponsor, Tides Advocacy. A member of the Board was a signatory on the grant agreement who also serves as the Executive Director of SCOPE Agenda Action Fund. While the Board member was a signor, she was not involved in the grant decision making process.

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**12. Concentrations**

For the year ended December 31, 2020, one large grant comprised 94% of the Organization's income. In 2019, four large grants made up 64% of the Organization's income.

**13. Commitments and contingencies**

Given the COVID-19 outbreak in the United States, the Organization is still amidst economic uncertainty and will therefore continue to apply for grants, which is its primary source of income alongside various contributions.

**14. Subsequent events**

Subsequent events are events or transactions that occur after the balance sheet date but before the date the financial statements were available to be issued. The Organization recognizes in the financial statements, the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements are available to be issued.

Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were approved by the Organization and available to be issued.

In March 2021, the Organization's first round PPP loan was fully forgiven. Additionally, in March 2021, the Organization applied for the second round of the PPP loan. The Organization is awaiting approval.

No other subsequent events require disclosure or recognition.