

GROWTH THROUGH GLOBAL CHANGE



OUR VISION

THE SASB FOUNDATION ENVISIONS AN INVESTMENT UNIVERSE IN WHICH A SHARED UNDERSTANDING OF SUSTAINABLE BUSINESS PRACTICES ENABLES BOTH COMPANIES AND INVESTORS TO MAKE MORE INFORMED DECISIONS THAT DRIVE IMPROVED LONG-TERM OUTCOMES FOR NOT ONLY BUSINESSES AND THEIR SHAREHOLDERS, BUT ALSO FOR THE GLOBAL ECONOMY AND SOCIETY AT LARGE.

OUR MISSION

THE MISSION OF THE SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) FOUNDATION IS TO ESTABLISH AND IMPROVE INDUSTRY-SPECIFIC DISCLOSURE STANDARDS ACROSS FINANCIALLY MATERIAL ENVIRONMENTAL, SOCIAL, AND GOVERNANCE TOPICS THAT FACILITATE COMMUNICATION BETWEEN COMPANIES AND INVESTORS ABOUT DECISION-USEFUL INFORMATION.



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2020 SASB FOUNDATION BOARD OF DIRECTORS

The SASB Foundation is responsible for the financing, oversight, and administration of the organization. In addition to carrying out its financial and strategic governance functions, the Board of Directors appoints the members of the SASB via the Governance & Nominating Committee and ensures SASB's compliance with due process via the Standards Oversight Committee.

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Philanthropist, Co-Founder of
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This report describes our work in 2020 to achieve our mission and advance a comprehensive corporate reporting system. While 2020 was a year of uncertainty and tragedy, it was also one of progress. The global pandemic intensified the need for improved sustainability information, and as a result of our work and relationships combined with global forces, we experienced incredible forward momentum.

In 2020, the world's largest investors, the world's largest companies, and key regulators recognized the need for improved sustainability disclosure. The year began with a surge of investor action as [BlackRock](#) and [State Street Global Advisors](#) publicly called on companies to use SASB Standards. Some of the world's most influential CEOs emphasized the importance of sustainability disclosure through the World Economic Forum's (WEF) International Business Council (IBC) [recommendations](#). Significant regulatory developments included the European Union revisiting its [Non-Financial Reporting Directive](#) (now called the Corporate Sustainability Reporting Directive) and governments around the world taking steps to mandate TCFD disclosure.

For the first time, the five major players in sustainability disclosure aligned on a common language and shared vision for a comprehensive corporate reporting system. CDP, CDSB, GRI, IIRC, and SASB published a shared vision of the future in our [Statement of Intent to Work Together Towards Comprehensive Corporate Reporting](#). Key global players including the IFRS Foundation and IOSCO announced their interest in leading progress towards a comprehensive corporate reporting system.

The year ended much as it began, with clear expressions of investor demand for consistent, comparable, and reliable sustainability information. The "[Maple 8](#)" (the largest pension fund investment managers in Canada) and the Board of Governors of the Investment Company Institute (ICI) (the leading global association of regulated funds in the US market) asked companies to use SASB Standards and TCFD Recommendations, while SASB's Investor Advisory Group issued an [updated statement](#) calling on companies to use SASB Standards in disclosures to investors.

As investors spoke, companies responded: in 2020, [500 companies](#) disclosed SASB metrics, a 325% increase from 2019. We also saw significant uptake in market demand for products and services, which help companies and investors to use the SASB Standards.

In November 2020, SASB announced its [intention to merge](#) with the IIRC, a major step towards simplifying the corporate reporting landscape. Notably, each organization was founded on the same year — both organizations broke tremendous ground in their first ten years. By combining the tools, resources, and relationships of SASB and IIRC, the Value Reporting Foundation will move the markets even further in the decade to come.

Thank you for your ongoing support as we work to build a more coherent corporate reporting landscape. The result will be comparable, consistent, and reliable information that enables more holistic decision-making by businesses and investors.

Best,



JANINE GUILLOT
CEO
SASB Foundation

LETTER FROM THE CEO



The Sustainability Accounting Standards Board is an independent standard-setting board that is accountable for the due process, outcomes, and ratification of the SASB Standards, including any changes to the standards. Members of the Standards Board are appointed by the SASB Foundation Board of Directors.

SASB STANDARDS BOARD

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Director of Legal, Corporate Securities, Stitch Fix

SECTOR CHAIR FOR FOOD & BEVERAGE

SHARING OUR VISION

SASB is extremely grateful to the following group of committed organizations and individuals with the vision to support standards that enhance the efficiency of capital markets and powerfully address the sustainability challenges of our time. Their generosity fuels the research and outreach needed to develop and maintain our standards and to engage with global capital markets, helping corporations and investors focus on financially material sustainability issues. We are pleased to recognize this distinguished group upon whose shoulders SASB stands as we work to enhance the efficiency, stability, and resilience of global capital markets so that they may support sustainable, inclusive economic development.

DONORS & SUPPORTERS 2012 – 2020

Contributors at \$1,000,000 and above

Bloomberg Philanthropies
Deloitte ^
Ernst & Young ^
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^ Designates support as both a generous donor and Alliance member

* Designates support as an Alliance member exclusively

FINANCIALS

Management's Discussion & Analysis

Despite challenging circumstances presented by a global pandemic, 2020 was a year of immense progress for SASB. We began the year with a surge of momentum when CEOs of major investment firms used their annual letters to ask portfolio companies to report using SASB Standards.

Staff transitioned almost seamlessly to working from home in March. While acquiring new relationships in new markets was challenging in a remote environment, the team found a snowball effect: once SASB established relationships with 3-4 firms in a new market (such as Australia or Switzerland), it became easier to develop new relationships through introductions and word of mouth. Despite concerns of a potential economic downturn from the pandemic, we continued to make progress on all fronts.

By virtually every measure, we experienced an extraordinarily successful year:

- The Standards Advisory Group (SAG) now has representation from 20 countries, and total membership is up to 191, from 177 at year end 2019.
- Our membership program, the SASB Alliance, completed its fourth year with 204 organizational members, up from 116 at the end of 2019.
- The 55 members of our Investor Advisory Group (IAG) represent \$41T in assets under management and collectively engage with corporations to promote adoption of SASB Standards in their public reporting.
- SASB surpassed its 2020 goal of having 300 companies reporting SASB metrics. In 2020, 556 unique companies reported SASB metrics, a 375% increase from 2019. Of the companies

that reported SASB metrics in 2020, 39% were non-US domiciled companies, and 293 were part of the S&P Global 1200 Index.

- 27 global stock exchanges with market capitalization of \$62T reference SASB as a tool for ESG disclosure by listed companies. Exchanges include the New York Stock Exchange, NASDAQ, TMX Group Toronto, London Stock Exchange Group, Deutsche Börse, SIX Swiss Exchange, Nasdaq Nordic Exchanges, Bombay Stock Exchange, and Australian Securities Exchange.
- SASB submitted 19 public comment letters to initiatives by organizations including the U.S. Department of Labor, the European Financial Reporting Advisory Group (EFRAG), the International Auditing and Assurance Standards Board, and the IFRS Foundation. Engagement with regulators is an important driver of corporate and investor use.

SASB continues to pursue three types of revenue to fund its annual expenses: earned income from programs, market support grants, and philanthropy.

To encourage and support investor and company adoption of its Standards, the SASB Foundation has developed resources, education and licensing programs to facilitate the application and usability of SASB Standards. SASB's growing recognition and influence around the world helped catalyze interest in SASB products, memberships, and licensing offerings. These programs also generate earned income, which contributes to our diversified funding model and supports our independence as a standard setter. In 2020 we recognized \$4.5M in earned income sales (up from approximately \$2.5M in 2019, \$1.3M in 2018, \$757K in 2017 and \$352K in 2016). This year we completed a major update to our Fundamentals of Sustainability Accounting (FSA) program and held our first-ever all-virtual SASB Symposium, featuring a roster of international speakers and over 1000 participants.

Market support grants from organizations that benefit from the implementation and use of the Standards compose another pillar in SASB's sustainable revenue model. Significant multi-year pledges secured from the accounting profession generated 2020 contributions totaling \$3.2M. Additional grants were received from financial market organizations and their corporate foundations.

The remaining pillar in SASB's business model is annual philanthropy from foundations, individuals, and SASB's Board of Directors. 2020 funding from these sources increased 15% compared to the prior year. 100% of Board Members made a personal gift commitment in 2020.

Operating Income improved by \$1.3M, moving from \$0.3M in 2019 to \$1.6M in 2020. Increased revenues reflect strong earned income results as discussed above, and continued support from the Big 4, Bloomberg Philanthropies and other major foundations. Expenses increased by \$1.6M, representing investments in creating additional staff positions and a major translation project to make key documents available in more languages.

Increase in net assets year over year primarily reflects 2020 renewals of the multi-year pledges from the Big 4 accounting firms. Liabilities include a \$3M interest free loan, now payable in 2025, as well as unearned revenue for 2020 sales that will be recognized in 2021. Because SASB's two main drivers of earned income, licensing and membership, are both recognized over a 12-month period, there will continue to be a lag between booking earned income sales and recognition of the associated revenue. As growth in earned income sales continues, we will continue to see unearned revenue as a liability when viewed through the lens of recognition on an accrual basis for the audited calendar year.

SASB closed 2020 with our strongest ever cash balance of \$5.2M. Cash expenses for the full year were \$9.1M plus \$0.2M Cost of Goods Sold, against a Board-approved budget of \$9.6M.

In Q4 we announced our intention to merge with the International Integrated Reporting Council (IIRC) into a unified organization, the Value Reporting Foundation. Our goal is to merge into a credible, international organization that maintains the integrated reporting framework, advocates for integrated thinking, and sets sustainability disclosure standards. By integrating two entities focused on enterprise value creation, this merger represents significant progress towards simplifying the corporate reporting landscape. Reactions to the merger announcement have been overwhelmingly positive.

In 2021 SASB and IIRC leadership will work together to implement the merger of our organizations, while maintaining adoption of our resources and driving investor and corporate support. We will staff up a US policy effort to take advantage of opportunities in the US regulatory environment while scaling our global policy efforts. And we will seek to attract the capital needed to support future growth.

FINANCIALS

FINANCIAL STATEMENTS & AUDITOR'S NOTES

STATEMENT OF FINANCIAL POSITION

As of December 31	2020	2019
Assets		
<i>Current Assets</i>		
Cash and cash equivalents	\$5,189,452	\$3,677,383
Accounts, grants, and pledges receivable	4,886,605	3,649,616
Prepaid expenses	245,910	175,696
Total current assets	10,321,967	7,502,695
<i>Noncurrent Assets</i>		
Grants and pledges receivable, net	3,927,500	2,218,500
Equipment, leaseholds, and trademarks	44,233	58,851
Right of use asset - premises	604,784	832,186
Other Assets	28,700	29,475
Total noncurrent assets	4,605,217	3,139,012
Total assets	\$14,927,184	\$10,641,707
Liabilities		
<i>Current Liabilities</i>		
Accounts payable and accrued liabilities	\$335,450	\$274,241
Unearned income	1,983,817	1,112,135
Lease payable - current portion	244,415	223,648
Accrued payroll liabilities	1,350,728	871,474
Total current liabilities	3,914,410	2,481,498
<i>Noncurrent Liabilities</i>		
Loan payable	3,000,000	3,000,000
Lease payable - noncurrent portion	383,544	627,959
Total noncurrent liabilities	3,383,544	3,627,959
Total liabilities	7,297,954	6,109,457
Net Assets		
Without donor restriction	(1,530,408)	(3,172,694)
With donor restriction	9,159,638	7,704,944
Total net assets	7,629,230	4,532,250
Total Liabilities and Net Assets	\$14,927,184	\$10,641,707

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FINANCIAL STATEMENTS & AUDITOR'S NOTES

STATEMENT OF ACTIVITIES

As of December 31	2020	2019
<i>Changes in net assets without donor restrictions</i>		
Revenue and support		
Foundation grants	\$2,011,327	\$2,007,5370
Corporation grants	250,000	339,115
Individual donations	262,215	148,969
In-kind contributions	824,010	608,213
Earned income	4,546,435	2,471,367
Other income	34,455	-
<i>Net assets released from restrictions</i>		
Foundation grants	1,149,980	902,778
Corporation grants	3,136,979	2,885,791
Individual donations	-	10,000
Total net assets released from restrictions	4,286,959	3,798,569
Total changes in net assets without donor restrictions	\$12,215,401	\$9,373,770
Expenses		
Program expenses	8,365,951	6,832,707
General and administrative	1,401,525	1,233,949
Fundraising	882,361	990,514
Total expenses	10,649,837	9,057,170
Change in net assets without donor restrictions	1,565,564	316,600
<i>Changes in net assets with donor restrictions</i>		
Revenue and support		
Foundation grants	250,000	700,000
Corporation grants	5,609,375	-
Changes in discount on long-term receivables	(41,000)	45,242
Net assets released from restrictions	(4,286,959)	(3,798,569)
Total changes in net assets with donor restrictions	1,531,416	(3,053,327)
Increase (decrease) in net assets	3,096,980	(2,736,727)
Net (deficit) assets at beginning of year	4,532,250	7,268,977
Net assets at end of year	\$7,629,230	\$4,532,250

FINANCIALS

FINANCIAL STATEMENTS & AUDITOR'S NOTES

STATEMENT OF CASH FLOWS

Year ended December 31	2020	2019
Operating activities		
Increase (decrease) in net assets	\$3,096,980	(\$2,736,727)
Adjustments to reconcile to cash provided by operating activities		
Depreciation and amortization	14,618	53,396
Change in discount on long-term receivables	41,000	(45,242)
Changes in:		
Accounts, grants, and contributions receivable	(2,986,989)	3,427,120
Prepaid expenses	(70,214)	72,560
Right of use asset - premises	227,402	220,598
Other assets	775	34,875
Accounts payable and accrued liabilities	61,209	53,202
Unearned income	871,682	611,830
Accrued payroll liabilities	479,254	254,630
Deferred rent liability	-	-
Cash provided by operating activities	1,735,717	1,946,242
Investing activities		
Acquisition of equipment, leaseholds, and trademarks	-	(8,516)
Capitalization of right of use asset	-	-
Cash used for investing activities	-	(8,516)
Financing Activities		
Principal payments applied to lease payable	(223,648)	(201,177)
Establishment of Lease payable	-	-
Cash provided by (used for) financing activities	(223,648)	(201,177)
Net increase (decrease) in cash and cash equivalents	1,512,069	1,736,549
Cash and cash equivalents at beginning of year	3,677,383	1,940,834
Cash and cash equivalent at end of year	\$5,189,452	\$3,677,383
Additional cash flow information:		
State registration taxes paid	225	225
Interest and finance charges paid	-	-

NOTES TO FINANCIAL STATEMENTS

1. Organization

Previously registered as the Sustainability Accounting Standards Board before changing its name in 2017, the SASB Foundation (SASB) is a 501(c)(3) non-profit organization incorporated in California in 2011.

The mission of the Sustainability Accounting Standards Board (SASB) Foundation is to establish and improve industry specific disclosure standards across financially material environmental, social and governance topics that facilitate communication between companies and investors about decision-useful information.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of SASB have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP").

Measure of Operations

The statements of activities reflect all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to SASB's ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from interest-bearing deposits and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

SASB's cash and cash equivalents consists of cash on deposit in checking and savings accounts. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Concentrations of Credit Risk

Financial instruments that potentially subject SASB to concentrations of credit risk consist principally of cash and cash equivalents. SASB maintains its cash and cash equivalents in various bank accounts that, at times,

may exceed federally insured limits. SASB manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy.

To date, SASB has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and grants receivable considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable organizations and foundations supportive of SASB's mission.

Contributions Receivable

SASB records receivables that are expected to be collected within one year at net realizable value. When material, receivables expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

In subsequent years, amortization of the discounts (when applicable) will be included in contribution revenue in the statement of activities. The allowance for doubtful accounts is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible.

Receivables and Credit Policies

SASB uses an allowance for doubtful accounts receivable as needed based on historical experience, an assessment of economic conditions, and a review of subsequent collections. It is the policy of the organization to periodically assess receivables to determine proper carrying value.

Investments

When applicable, investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included on the statements of activities and changes in net assets. SASB follows the provisions

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2. (continued ...)

of ASC 958.320, Investments – Debt and Equity Securities of Not-for-Profit Entities and has estimated the fair value of its investments using available market information and other valuation methodologies. At December 31, 2020, SASB had no investments.

Equipment, Leasehold Improvements, and Trademarks

SASB records any equipment and leasehold improvements additions with a cost of \$5,000 or over, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 5 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities.

Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. SASB reviews the carrying values of equipment, leaseholds, and trademarks for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. SASB has determined that no long-lived assets were impaired during the years ended December 31, 2020 and 2019, respectively.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read

in conjunction with our audited financial statements for the year ended December 31, 2019, from which the summarized information was derived.

In-Kind Contributions

In-kind contributions are reflected at the fair value of the contribution received in accordance with ASC 958.605.30-11. The contributions of services, equipment, and other materials are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Unearned Income

Unearned income represents funds received in advance for annual membership and licensing fees which will not be earned until the subsequent fiscal year.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities in accordance with the requirements of ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities, which requires SASB to report expenses by their natural classification. Every natural expense must be broken out into individual functional categories on an analysis of expenses by their nature and function. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis. A majority of expenses (salaries, wages, and payroll taxes, professional services) have been allocated based on time and effort using SASB's payroll allocations. Other expenses (depreciation and amortization, insurance, and occupancy) have been allocated based on headcount at either SASB or the SASB San Francisco office.

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Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). SASB groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1

Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2

Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3

Unobservable inputs that cannot be corroborated by observable market data.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its

entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Thus, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets without donor restrictions represent funds which are available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, and it has opted not to do so as of December 31, 2020.

Net Assets with Donor Restrictions

Net assets with donor restrictions represent funds which are subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified

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by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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 was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

Revenue is recognized in accordance with authoritative guidance, including ASU 2018-08, Not-for-Profit Entities (Topic 605) and ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. A transfer of funds with a conditional promise to contribute are accounted for as a refundable advance until the conditions have been substantially met. Certain payments received include both elements of contributed income and earned income, and management evaluates such transactions to determine the proper revenue rules to apply and to bifurcate the revenue components. When applicable, revenue earned under a contractual arrangement (an “exchange transaction”) is recognized when earned and therefore measured as services are provided in accordance with Topic 606.

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. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Income Taxes

SASB is organized as California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. SASB is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. SASB is not required to file an Exempt Organization Business Income Tax Return (Form 990-T) because it had no unrelated business taxable income for the years ended December 31, 2020 and 2019.

SASB has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that SASB continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status.

Reclassifications

Certain prior year amounts have been reclassified to conform to fiscal year 2020 presentation. These changes had no impact on previously reported changes in net assets.

Recent and Relevant Accounting Pronouncements

The following pronouncements represent relevant current accounting guidance applicable to nonprofit organizations:

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about

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expenses and investment return. SASB has followed the recommendation of the update to ensure presentation conformity of its financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) Accounting for Leases, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU No. 2018-01, ASU No. 2018-10, and ASU No. 2018-11. This new pronouncement is effective for fiscal years beginning after December 15, 2021, but SASB has elected early implementation. This standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the statements of financial position for all leases with a term longer than 12 months. Leases are required to be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statements of activities and changes in net assets.

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, which requires an organization's management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). As of July 12, 2021 (the date of the Independent Auditors' Report), SASB management has made this evaluation and has determined that SASB has the ability to continue as a going concern.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 605) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The FASB issued this update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should assist

entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Accordingly, SASB has incorporated these clarifying standards within the audited financial statements.

In May 2014, the FASB completed its Revenue Recognition project by issuing ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance establishes the principles to report useful information to users of financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. The guidance (1) Removes inconsistencies and weaknesses in existing revenue requirements, (2) Provides a more robust framework for addressing revenue issues, (3) Improves comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets, (4) Provides more useful information to users of financial statements through improved disclosure requirements, and (5) Simplifies the preparation of financial statements by reducing the number of requirements to which an organization must refer.

3. Cash and Cash Equivalents

Cash and cash equivalents include all funds in banks (checking, savings, and money market accounts) at the time of purchase that have a maturity date of 90 days or less. The components of cash and cash equivalents are as follows at December 31:

	2020	2019
Checking accounts	\$787,412	\$1,237,020
Money market and savings accounts	4,402,040	2,440,363
Total cash and cash equivalents	\$5,189,452	\$3,677,383

Money market and savings accounts earn interest at 0.05% per annum at December 31, 2020.

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4. Accounts, Grants and Pledges Receivable

Accounts, grants and pledges receivable of \$8,814,105 and \$5,868,116 at December 31, 2020 and 2019, respectively, consist of current and noncurrent amounts due from foundations, corporations, and individual donors. Management established an estimated allowance for doubtful collections of \$4,821 and \$3,784 at December 31, 2020 and 2019, respectively, based on an analysis of the receivable portfolio and historical collection experience. Bad debt expense amounted to \$1,037 and \$3,784 for the years ended December 31, 2020 and 2019, respectively.

Accounts, grants and pledges receivable are expected to be collected as follows:

	2020	2019
Year ending December 31, 2020	\$ -	\$3,653,400
Year ending December 31, 2021	4,891,425	1,250,000
Year ending December 31, 2022	2,500,000	1,000,000
Year ending December 31, 2023	1,500,000	-
Total accounts, grants and pledges receivable	8,891,425	5,903,400
Less: Allowance for estimated doubtful collections	(4,820)	(3,784)
Less: Amounts due within one year	(4,886,605)	(3,649,616)
Less: Unamortized discount	(72,500)	(31,500)
Accounts, grants and pledges receivable long term, net	\$3,927,500	\$2,218,500

Accounts, grants and pledges receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 1.4% per annum. The discount related to the present value calculation is accreted back into income over the estimated collection period. The change in unamortized discount amounted to (\$41,000) and \$45,242 for the years ended December 31, 2020 and 2019, respectively.

5. Fair Value Measurements

Composition of investments utilizing fair value measurements at December 31, 2020 is as follows:

	Totals	Level 1	Level 2	Level 3
Accounts, grants and pledges receivable	\$ 8,814,105	\$ -	\$4,886,605	\$ 3,927,500
Totals	\$ 8,814,105	\$ -	\$4,886,605	\$ 3,927,500

Composition of investments utilizing fair value measurements at December 31, 2019 is as follows:

	Totals	Level 1	Level 2	Level 3
Accounts, grants and pledges receivable	\$5,868,116	\$ -	\$3,649,616	\$2,218,500
Totals	\$5,868,116	\$ -	\$3,649,616	\$2,218,500

6. Equipment, Leaseholds, and Trademarks

Equipment, leaseholds, and trademarks consist of the following at December 31:

	2020	2019
Leasehold improvements	\$324,808	\$324,808
Equipment and furnishings	29,477	29,477
Trademark	71,884	71,884
Less: accumulated depreciation and amortization	(381,936)	(367,318)
	\$44,233	\$58,851

Depreciation and amortization expense amounted to \$14,618 and \$53,396 for the years ended December 31, 2020 and 2019, respectively.

7. Right of Use Asset and Leases

In accordance with ASU 2016-02, Leases, SASB is required to reflect the present value of future operating lease payments (discounted at an appropriate borrowing rate) as a "Right of Use" asset and a corresponding lease liability. At December 31, 2020, SASB has recorded a total lease liability in the amount of \$627,959 (split between current amount of \$244,415 and noncurrent amount of \$383,544) with a corresponding right of use asset for the premises in the amount of \$604,784.

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At December 31, 2019, SASB has recorded a total lease liability in the amount of \$851,607 (split between current amount of \$223,648 and noncurrent amount of \$627,959) with a corresponding right of use asset for the premises in the amount of \$832,186.

SASB leases corporate office space in San Francisco under a multi-year operating lease agreement from an unrelated third party with an expiration date of May 31, 2023. The monthly base rent as of December 31, 2020 is \$21,700 per month and is subject to a 3% increase annually every June 1. Office rent expense amounted to \$289,961 and \$289,961 for the years ended December 31, 2020 and 2019, respectively. Future minimum lease payments as of December 31, 2020 are as follows: year ending December 31, 2021: \$244,415; year ending December 31, 2022: \$266,597; and year ending December 31, 2023: \$116,947.

8. Liquidity

SASB regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. SASB has various sources of liquidity at its disposal, including cash and cash equivalents and the future collection of receivables.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, SASB considers all expenditures related to setting industry-specific standards for corporate sustainability disclosure as well as the conduct of services undertaken to support those activities to be general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, SASB operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

The following table shows the financial assets held by SASB and the amounts of those financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	2020	2019
Cash and cash equivalents	\$5,189,452	\$3,677,383
Accounts, grants and pledges receivable	8,814,105	3,653,400
Less: amounts not available to be used within one year:		
Net assets with donor restrictions for programs	(222,242)	(472,222)
Financial assets available to meet general expenditures over the next twelve months	\$13,781,315	\$6,858,561

SASB receives a substantial amount of support by way of restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, SASB must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of SASB's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

9. In-Kind Donations

During the years ended December 31, 2020 and 2019, SASB was the recipient of a substantial amount of in-kind donations. The values of these contributions have been reflected in the financial statements because such donations were susceptible to objective measurement and therefore met the criteria for recognition under ASC 958.30 Gifts in Kind and are reflected in the financial statements as follows for the years ended December 31:

	2020	2019
Consulting services	\$677,813	\$470,000
Computer terminal rentals	145,200	94,560
Travel	-	28,282
Events	997	15,371
Totals	\$824,010	\$608,213

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10. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of ASC 710.25, Compensated Absences. Under ASC 710.25, SASB is required to record a liability for the estimated amounts of compensation for future absences. Sick leave is not paid upon termination. Estimated annual leave accruals of \$489,304 and \$311,772 at December 31, 2020 and 2019, respectively, are recorded in the financial statements as accrued payroll liabilities on the statements of financial position. Total accrued payroll liabilities amounted to \$1,350,728 and \$871,474 at December 31, 2020 and 2019, respectively.

11. Loan Payable and Related Party Transactions

Loan payable of \$3,000,000 at December 31, 2020 and 2019 represents a noninterest-bearing loan from Bloomberg Philanthropies to be repaid as SASB raises sufficient funds from its earned income activities. Michael Bloomberg is the Chairman Emeritus of the Board at SASB. There was no interest expense for the years ended December 31, 2020 and 2019. On May 20, 2020, SASB signed a first amendment to the loan agreement which extended the maturity date of the loan payable to December 31, 2025.

12. Retirement Plan

SASB offers employees the opportunity for participation in a salary reduction retirement plan (the "Plan") qualified under Internal Revenue Code Section 401(k). The Plan provides employees with the opportunity to defer a portion of their salary subject to annual statutory limitations. Employees must meet certain age and work requirements in order to be eligible to participate in the Plan. The Plan provides for discretionary employer contributions which amounted to \$581,642 and \$373,446 for the years ended December 31, 2020 and 2019, respectively. Employer contributions are subject to a vesting schedule in accordance with Internal Revenue Service regulations.

13. Net Assets

Net Assets without Donor Restrictions

Net assets without donor restrictions (deficit) of (\$1,530,408) and (\$3,095,952) at December 31, 2020 and 2019, respectively, represent the cumulative net deficits since the organization's inception. The Board of Directors may elect to set aside certain unrestricted balances as Board-designated funds, with future changes subject to approval by the Board. There were no Board-designated funds at December 31, 2020 and 2019.

Net Assets with Donor Restrictions – Time and Purpose

SASB recognizes support from donations with restrictions when the restrictions imposed by the donors have been satisfied or expired. Net assets with donor restrictions consist of the following at December 31:

	2020	2019
Deloitte & Touche LLP	\$ 1,125,000	\$ 1,125,000
Ernst & Young	2,509,896	662,500
Ford Foundation	83,333	66,667
KPMG	2,625,000	1,000,000
PriceWaterhouseCoopers LLP	2,500,000	3,500,000
Robertson Foundation	-	333,333
Robert Wood Johnson Foundation	138,909	472,202
Zegar Family Foundation	250,000	500,000
Unamortized discount on long-term receivables	(72,500)	(31,500)
Total net assets with donor restrictions	\$ 9,159,638	\$ 7,628,202

During the years ended December 31, 2020 and 2019, SASB received \$5,859,375 and \$700,000, respectively, in donations with restrictions. Net assets released from restriction amounted to \$4,286,939 and \$3,798,569 for the years ended December 31, 2020 and 2019, respectively.

14. Commitments and Contingencies

In the normal course of business SASB could be subject to certain commitments and contingencies. Such commitments and contingencies include risks associated with various economic and operating factors, which could include (a) Grant restrictions and donor conditions which obligate SASB to fulfill certain requirements as set forth in grant instruments, (b) Funding levels which vary based on factors beyond SASB's control, such as generosity of donors and general economic conditions, (c) Employment and service agreements with key management personnel, including executive officers of the organization, and (d) Financial risks associated with funds on deposit in accounts at financial institutions. Certain of the grants and contracts (including current and prior costs) are subject to adjustment upon review and final acceptance by donors. Management believes that such commitments, contingencies, and risks will not have a material adverse effect on the financial statements.

15. COVID-19

Although the COVID-19 threat has abated, the worldwide threat continues to (a) impact financial markets, (b) threaten revenue streams, and (c) impact private enterprises with which SASB conducts business. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, continues to present challenges. Management monitors and evaluates its options. These financial statements do not contain any adjustments related to economic losses which may or may not be realized.

16. Merger

The Executive Committee of SASB's Board of Directors formally approved an announcement of intent to merge with the International Integrated Reporting Council ("IIRC)," a London-based nonprofit organization, when it met on November 16, 2020. The name of the combined entity is Value Reporting Foundation, and Articles of Incorporation were filed on May 28, 2021 with the California Secretary of State. This combination of highly complementary organizations

marks a significant step to advance the goal of field rationalization. The Value Reporting Foundation merges SASB and IIRC into a credible, international organization that maintains the integrated reporting framework, advocates integrated thinking, and sets sustainability disclosure standards for enterprise value creation. The combined organization will be dual-headquartered in San Francisco and London and led by CEO Janine Guillot.

With approval from the SASB Foundation Board on May 25, 2021 and the IIRC Board on May 28, 2021, the merger became effective on May 31, 2021.

17. Subsequent Events

In compliance with ASC 855, Subsequent Events, SASB has evaluated subsequent events through July 12, 2021, the date the financial statements were available to be issued. In May 2021, the merger between SASB and IIRC to create a new combined organization titled Value Reporting Foundation became effective as disclosed in Note 16. In the opinion of management, there are no other subsequent events which are required to be disclosed.

MANAGEMENT'S REPORT ON FINANCIAL RESPONSIBILITY AND INTERNAL CONTROLS

The SASB Foundation's management is responsible for preparing the organization's financial statements and ensuring the accuracy of the information in this report. The statements have been prepared according to US GAAP. Management also establishes and maintains the systems for financial reporting and internal controls designed to ensure the completeness, accuracy, and integrity of financial reporting.

The SASB Foundation Board of Directors, through the Audit Committee and the office of the Treasurer, oversees the organization's financial and accounting policies, policies and procedures for internal controls, and its independent audits. The organization's auditors render an objective, outside opinion on the financial statements each year, and they have direct access to discuss matters with the Audit Committee, both with and without the presence of management.

The Foundation's internal controls are designed to provide reasonable assurance that the financial statements present fairly, in all material respects, the financial position of the organization as of December 31, 2020.



Matthew Welch
SASB Foundation President & COO



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