

PHILANTHROPY NETWORK GREATER PHILADELPHIA

FINANCIAL STATEMENTS

**YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR THE
YEAR ENDED DECEMBER 31, 2016)**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



PHILANTHROPY NETWORK GREATER PHILADELPHIA
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(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Philanthropy Network Greater Philadelphia
Philadelphia, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Philanthropy Network Greater Philadelphia (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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 these 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 audit. We conducted our audit 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 auditors' 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 Philanthropy Network Greater Philadelphia as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Philanthropy Network Greater Philadelphia's 2016 financial statements, and our report dated May 25, 2017 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
May 24, 2018

PHILANTHROPY NETWORK GREATER PHILADELPHIA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)

ASSETS	2017	2016
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 427,368	\$ 532,943
Dues and Grants Receivable	1,500	350
Prepaid Expenses	8,144	11,142
Total Current Assets	437,012	544,435
PROPERTY AND EQUIPMENT, Net	30,798	30,327
Total Assets	\$ 467,810	\$ 574,762
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 4,114	\$ 2,051
Accrued Expenses	20,009	15,188
Total Current Liabilities	24,123	17,239
DEFERRED RENT	5,922	8,141
Total Liabilities	30,045	25,380
NET ASSETS		
Without Donor Restrictions:		
Board Designated Operating Reserve	287,935	273,471
Undesignated	25,684	69,323
Total Without Donor Restrictions	313,619	342,794
With Donor Restrictions	124,146	206,588
Total Net Assets	437,765	549,382
Total Liabilities and Net Assets	\$ 467,810	\$ 574,762

See accompanying Notes to Financial Statements.

PHILANTHROPY NETWORK GREATER PHILADELPHIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)

	2017			2016
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES				
Member Dues	\$ 395,350	\$ 25,850	\$ 421,200	\$ 498,020
Fees, Sponsorships and Other Income	129,600	25,000	154,600	147,463
Grants	25,294	209,838	235,132	316,025
In-Kind Contributions	-	-	-	32,000
Interest	529	-	529	470
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	279,086	(279,086)	-	-
Satisfaction of Equipment Acquisition Restrictions	3,644	(3,644)	-	-
Expiration of Time Restrictions	60,400	(60,400)	-	-
Net Assets Released from Restrictions	<u>343,130</u>	<u>(343,130)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	893,903	(82,442)	811,461	993,978
EXPENSES				
Program Services:				
Educational Programs	95,190	-	95,190	128,499
Community Outreach and Recruitment	156,277	-	156,277	138,710
Communication and Member Services	109,654	-	109,654	131,321
Convergence Grant Food Funders Group	3,370	-	3,370	16,694
Strategic Planning	46,798	-	46,798	72,919
Repositioning Initiative	174,622	-	174,622	183,313
Rebuild Initiative	52,235	-	52,235	47,948
Web Platform Upgrade	27,742	-	27,742	13,354
Total Program Services	<u>665,888</u>	<u>-</u>	<u>665,888</u>	<u>732,758</u>
Supporting Services:				
Management and General	257,190	-	257,190	248,710
Total Expenses	<u>923,078</u>	<u>-</u>	<u>923,078</u>	<u>981,468</u>
CHANGE IN NET ASSETS	(29,175)	(82,442)	(111,617)	12,510
Net Assets - Beginning of Year	<u>342,794</u>	<u>206,588</u>	<u>549,382</u>	<u>536,872</u>
NET ASSETS - END OF YEAR	<u>\$ 313,619</u>	<u>\$ 124,146</u>	<u>\$ 437,765</u>	<u>\$ 549,382</u>

See accompanying Notes to Financial Statements.

PHILANTHROPY NETWORK GREATER PHILADELPHIA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)

	Educational Programs	Community Outreach and Recruitment	Communication and Member Services	Convergence Grant Food Funders Group	Strategic Planning	Repositioning Initiative	Rebuild Initiative	Web Platform Upgrade	Total Program Services	Management and General	2017 Total	2016 Total
Salaries	\$ 43,295	\$ 41,385	\$ 57,303	\$ 631	\$ 21,648	\$ 6,367	\$ 3,183	\$ 15,281	\$ 189,093	\$ 129,885	\$ 318,978	\$ 403,713
Payroll Taxes	3,461	3,308	4,581	50	1,730	509	254	1,222	15,115	10,384	25,499	30,685
Employee Benefits	5,474	5,232	7,245	80	2,737	805	402	1,932	23,907	16,424	40,331	65,194
Total Personnel	52,230	49,925	69,129	761	26,115	7,681	3,839	18,435	228,115	156,693	384,808	499,592
Accounting, Audit and Legal Fees	-	-	-	-	-	-	-	-	-	24,404	24,404	21,840
Other Consulting Fees	7,699	7,360	10,190	112	11,350	164,194	46,188	2,717	249,810	21,320	271,130	193,350
Copy and Printing Fees	500	5,342	1,029	7	250	74	37	177	7,416	1,501	8,917	15,238
Equipment Lease	849	811	1,123	12	424	125	62	300	3,706	2,548	6,254	7,446
Insurance	734	702	972	11	367	108	54	259	3,207	2,201	5,408	4,667
In-Kind Donations	-	-	-	-	-	-	-	-	-	-	-	32,000
Meeting Expenses	7,162	61,656	4,195	244	-	-	836	-	74,093	1,527	75,620	70,525
Miscellaneous	1,074	3,696	1,422	16	536	158	78	378	7,358	3,748	11,106	5,882
Office Supplies	622	2,764	600	6	212	62	31	150	4,447	1,274	5,721	5,729
On Line Services	3,915	3,743	5,182	57	1,958	576	288	1,382	17,101	11,745	28,846	17,897
Postage and Delivery	61	58	80	1	30	9	4	21	264	183	447	428
Program Services	9,228	10,430	985	1,981	-	-	-	-	22,624	-	22,624	18,249
Rent	6,943	6,637	9,189	101	3,471	1,021	511	2,450	30,323	17,529	47,852	54,174
Staff and Other Professional Development	489	467	647	7	244	72	36	173	2,135	1,466	3,601	10,148
Dues and Subscriptions	1,614	1,543	2,136	24	807	237	119	570	7,050	4,840	11,890	10,500
Telephone	446	426	590	6	223	66	33	157	1,947	1,339	3,286	2,185
Travel and Accommodations	349	(502)	498	5	174	51	26	123	724	1,047	1,771	2,065
Website and Information Technology	657	628	869	10	328	97	48	232	2,869	1,971	4,840	5,072
Total Before Depreciation	94,572	155,686	108,836	3,361	46,489	174,531	52,190	27,524	663,189	255,336	918,525	976,987
Depreciation	618	591	818	9	309	91	45	218	2,699	1,854	4,553	4,481
Total Functional Expenses	\$ 95,190	\$ 156,277	\$ 109,654	\$ 3,370	\$ 46,798	\$ 174,622	\$ 52,235	\$ 27,742	\$ 665,888	\$ 257,190	\$ 923,078	\$ 981,468

See accompanying Notes to Financial Statements.

PHILANTHROPY NETWORK GREATER PHILADELPHIA
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (111,617)	\$ 12,510
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	4,553	4,481
(Increase) Decrease in Assets:		
Dues and Grants Receivable	(1,150)	982
Prepaid Expenses	2,998	(824)
Increase (Decrease) in Liabilities:		
Accounts Payable	2,063	412
Accrued Expenses	4,821	(8,209)
Deferred Rent	(2,219)	(967)
Net Cash Provided (Used) by Operating Activities	<u>(100,551)</u>	<u>8,385</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	<u>(5,024)</u>	<u>(19,839)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(105,575)	(11,454)
Cash and Cash Equivalents - Beginning of Year	<u>532,943</u>	<u>544,397</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 427,368</u>	<u>\$ 532,943</u>

See accompanying Notes to Financial Statements.

PHILANTHROPY NETWORK GREATER PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Philanthropy Network Greater Philadelphia (the Network) was incorporated on July 27, 1988 under the laws of the Commonwealth of Pennsylvania. The Network is an association of grant makers in Greater Philadelphia and surrounding areas that works actively to help philanthropy strengthen and improve the health and vitality of our communities. The Network seeks to increase the impact and effectiveness of philanthropy by serving as a forum for learning and networking; a resource on information for and about the region's grant makers; and a voice to encourage and advocate for philanthropy. Revenue is derived primarily from members' dues, fees, and grants.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. The Network reports contributions as net assets with or without donor restrictions depending upon the existence and/or nature of any donor stipulations that limit their use. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors. The board of directors has designated funds to be maintained as an operating reserve. The operating reserve represents four months of expenses as reflected in the annual operating budget.

With Donor Restrictions – Net assets with program, equipment acquisition, and expiration of time restrictions represent net assets subject to donor-imposed stipulations that will be met by actions of the Network and/or the passage of time. When the stipulated time restriction ends, or the purpose of the restriction is accomplished, these assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Net assets to be held in perpetuity are subject to donor-imposed stipulations that are required to be maintained permanently by the Network. Generally, the donors of these assets permit the Network to use all or part of the income earned on any related investment for general or specific purposes. There are no net assets to be held in perpetuity at year-end.

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 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

PHILANTHROPY NETWORK GREATER PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Network considers all cash and other highly liquid instruments with initial maturities of three months or less to be cash equivalents. The balances are insured by the Federal Insurance Deposit Corporation (FDIC) up to certain limits. At times, cash in the bank may exceed FDIC limits.

Property and Equipment and Depreciation

Expenditures for property and equipment in excess of \$1,000 are capitalized at cost and depreciated on a straight-line basis over their estimated useful lives ranging from five to seven years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Grants and Member Dues

Grants, including unconditional promises to give, are recognized as revenue in the period received. Grants that are restricted by the donor are reported as increases in net assets with donor restrictions depending upon the nature of the restrictions.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Approximately 86% and 85% of the Network's grants revenue in 2017 and 2016 was provided by contributions from three foundations.

Member dues follow contribution accounting as dues represent a nonreciprocal transfer by the members to support the overall goals and objectives of the Network. Therefore, payment of dues in advance for a subsequent period are treated as an increase in net assets with donor restrictions and released into without donor restrictions when the year commences.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributable to one or more program or supporting functions of the Network. All categories of expenses that are not directly related are allocated to one or more program and supporting functions based on the estimates of time and effort involved.

PHILANTHROPY NETWORK GREATER PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Network has been granted exemption from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Network is also exempt from state income taxes as determined by the Commonwealth of Pennsylvania. Accordingly, no provision for federal and state income tax is included in the accompanying financial statements. The Network follows the income tax standard for uncertain tax positions. Under that guidance, the Network may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The Network believes it has no uncertain tax positions for the year ended December 31, 2017.

The Network's informational tax returns are subject to review and examination by federal and state authorities. The Network is not aware of any activities that would jeopardize its tax-exempt status.

Prior Year Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Network's financial statements for the year ended December 31, 2016, from which the summarized information was derived. Certain amounts in the prior year financial statements were reclassified to conform to the current year presentation.

Subsequent Events

In preparing these financial statements, the Network has evaluated the events and transactions for potential recognition or disclosure through May 24, 2018, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY

As of December 31, 2017, the Network had \$428,868 of financial assets available within one year of the statement of financial position date consisting of \$427,368 of cash and cash equivalents and \$1,500 of dues and grants receivable. The dues and grants receivable are to be collected within one year. The Network had \$124,146 of net assets subject to donor restrictions as of December 31, 2017. The Network maintained approximately a four-month operating reserve of \$287,935 as of December 31, 2017. The Network has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

PHILANTHROPY NETWORK GREATER PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)

NOTE 2 LIQUIDITY (CONTINUED)

As of December 31, 2016, the Network had \$533,293 of financial assets available within one year of the statement of financial position date consisting of \$532,943 of cash and cash equivalents and \$350 of dues and grants receivable. The dues and grants receivable are to be collected within one year. The Network had \$206,588 of net assets subject to donor restrictions as of December 31, 2016. The Network maintained approximately a four-month operating reserve of \$273,471 as of December 31, 2016.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment at December 31 consisted of the following:

	2017	2016
Property and Equipment	\$ 64,341	\$ 59,317
Less: Accumulated Depreciation	33,543	28,990
Total Property and Equipment	\$ 30,798	\$ 30,327

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are detailed as follows:

	2017	2016
Subject to Expenditure for Specific Purpose:		
Educational Programs	\$ -	\$ 1,620
Convergence Partnership Grant	6,720	7,325
Strategic Planning	-	49,143
Repositioning Initiative	-	70,824
Diversity, Equity and Inclusion	11,211	11,211
Rebuild Initiative	49,365	-
Foundation Openness	2,000	-
Web Platform Upgrade	-	6,065
Total	69,296	146,188
Subject to Passage of Time:		
Current Year Member Dues Received in Previous Year	25,850	60,400
Current Year Grants and Sponsorships Received in Previous Year	29,000	-
Total	54,850	60,400
Total Net Assets with Donor Restrictions	\$ 124,146	\$ 206,588

PHILANTHROPY NETWORK GREATER PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time, as follows:

	<u>2017</u>	<u>2016</u>
Purpose Restrictions Accomplished:		
Communication & Member Services Expenses	\$ -	\$ 1,096
Convergence Partnership Grant Expenses	2,225	16,694
Strategic Planning Expenses	45,499	72,857
Repositioning Initiative Expenses	173,062	177,971
Rebuild Initiative	52,235	-
Web Platform Upgrade	6,065	-
Sparking Solutions	-	41,310
Diversity, Equity and Inclusion Expenses	-	1,427
Total	<u>279,086</u>	<u>311,355</u>
Equipment Acquired and Placed in Service:		
Strategic Plan	3,644	-
Web Platform Upgrade	-	19,838
Total	<u>3,644</u>	<u>19,838</u>
Time Restrictions Expired:		
Release of Current Year Member Dues Received in Previous Year	60,400	45,855
Total Restrictions Released	<u>\$ 343,130</u>	<u>\$ 377,048</u>

NOTE 5 OPERATING LEASES

The Network has an operating lease for office space through July 31, 2019. In connection with this lease, the Network subleases office space on a month-to-month basis which may be terminated with 30 days' notice. Rent expense for the year ended December 31, 2017 and 2016 was \$47,852 and \$54,174 (net of sublease income of \$3,300 for both years).

Future minimum lease payments under the noncancellable operating lease as of December 31, 2017, are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 54,379
2019	32,148
Total	<u>\$ 139,654</u>

PHILANTHROPY NETWORK GREATER PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)

NOTE 6 RETIREMENT PLAN

The Network maintains an Employer-Sponsored 403(b) Tax-Sheltered Annuity Plan. Employees are eligible to participate in the plan through elected salary reduction contributions upon employment. However, with respect to employer contributions, an employee is eligible upon completing one year of service. The Network matches 50% of employee contributions to the plan up to 2% of the employees' annual compensation. Additionally, the Network may make a discretionary contribution to plan participants. In 2017, the Network made a discretionary contribution of 3% of the annual salary of eligible employees. Employer contributions to the 403(b) plan vest 33 1/3% per year over three years. Employer contributions to the plan for the year ended December 31, 2017 and 2016 were \$10,222 and 17,231, respectively.



Investment advisory services are offered through CliftonLarsonAllen
Wealth Advisors, LLC, an SEC-registered investment advisor.