

PHILANTHROPY NETWORK GREATER PHILADELPHIA

FINANCIAL STATEMENTS

**YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR THE
YEAR ENDED DECEMBER 31, 2017)**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



PHILANTHROPY NETWORK GREATER PHILADELPHIA
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YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Philanthropy Network Greater Philadelphia
Philadelphia, Pennsylvania

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, 2018, 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.

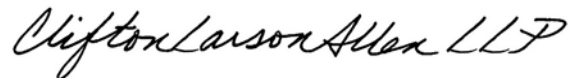
Board of Directors
Philanthropy Network Greater Philadelphia

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, 2018, 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 2017 financial statements, and our report dated May 24, 2018 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, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
May 23, 2019

PHILANTHROPY NETWORK GREATER PHILADELPHIA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 560,404	\$ 427,368
Dues and Grants Receivable	315,400	1,500
Prepaid Expenses	28,722	8,144
Total Current Assets	904,526	437,012
PROPERTY AND EQUIPMENT, Net	22,343	30,798
Total Assets	\$ 926,869	\$ 467,810
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 51,381	\$ 4,114
Accrued Expenses	18,146	20,009
Total Current Liabilities	69,527	24,123
DEFERRED RENT	2,451	5,922
Total Liabilities	71,978	30,045
NET ASSETS		
Without Donor Restrictions:		
Board-Designated Operating Reserve	294,362	287,935
Undesignated	25,046	25,684
Total Without Donor Restrictions	319,408	313,619
With Donor Restrictions	535,483	124,146
Total Net Assets	854,891	437,765
Total Liabilities and Net Assets	\$ 926,869	\$ 467,810

See accompanying Notes to Financial Statements.

PHILANTHROPY NETWORK GREATER PHILADELPHIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES				
Member Dues	\$ 447,187	\$ 33,325	\$ 480,512	\$ 421,200
Fees, Sponsorships and Other Income	172,872	-	172,872	154,600
Grants	21,000	702,530	723,530	235,132
Interest	619	-	619	529
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	269,668	(269,668)	-	-
Expiration of Time Restrictions	54,850	(54,850)	-	-
Net Assets Released from Restrictions	<u>324,518</u>	<u>(324,518)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	966,196	411,337	1,377,533	811,461
EXPENSES				
Program Services:				
Educational Programs	158,991	-	158,991	95,190
Community Outreach and Recruitment	218,115	-	218,115	156,277
Communication and Member Services	128,074	-	128,074	109,654
Convergence Grant Food Funders Group	2,213	-	2,213	3,370
Strategic Planning	15,952	-	15,952	46,798
Philanthropy Hub	54,589	-	54,589	-
Rebuild Loan Fund/Impact Invest	72,404	-	72,404	174,622
Rebuild Initiative	61,073	-	61,073	52,235
Web Platform Upgrade	5,575	-	5,575	27,742
Total Program Services	<u>716,986</u>	<u>-</u>	<u>716,986</u>	<u>665,888</u>
Supporting Services:				
Management and General	243,421	-	243,421	257,190
Total Expenses	<u>960,407</u>	<u>-</u>	<u>960,407</u>	<u>923,078</u>
CHANGE IN NET ASSETS	5,789	411,337	417,126	(111,617)
Net Assets - Beginning of Year	<u>313,619</u>	<u>124,146</u>	<u>437,765</u>	<u>549,382</u>
NET ASSETS - END OF YEAR	<u>\$ 319,408</u>	<u>\$ 535,483</u>	<u>\$ 854,891</u>	<u>\$ 437,765</u>

See accompanying Notes to Financial Statements.

PHILANTHROPY NETWORK GREATER PHILADELPHIA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

	Educational Programs	Community Outreach and Recruitment	Communication and Member Services	Convergence Grant Food Funders Group	Strategic Planning	Philanthropy Hub	Rebuild Loan Fund/ Impact Invest	Rebuild Initiative	Web Platform Upgrade	Total Program Services	Management and General	2018 Total	2017 Total
Salaries	\$90,887	\$89,625	\$80,375	\$1,274	\$6,824	\$13,649	\$6,824	\$10,919	\$3,640	\$ 304,017	\$143,855	\$ 447,872	\$ 318,978
Payroll Taxes	6,890	6,795	6,093	97	517	1,035	517	828	276	23,048	10,906	33,954	25,499
Employee Benefits	11,250	11,093	9,948	158	845	1,689	845	1,351	450	37,629	17,806	55,435	40,331
Total Personnel	109,027	107,513	96,416	1,529	8,186	16,373	8,186	13,098	4,366	364,694	172,567	537,261	384,808
Accounting, Audit and Legal Fees	-	-	-	-	-	-	-	-	-	-	23,850	23,850	24,404
Other Consulting Fees	1,780	1,756	1,575	25	5,634	33,951	62,086	44,563	71	151,441	2,821	154,262	271,130
Copy and Printing Fees	1,025	5,300	1,431	14	77	154	77	123	41	8,242	1,622	9,864	8,917
Equipment Lease	1,305	1,286	1,154	18	98	196	98	157	52	4,364	2,064	6,428	6,254
Insurance	863	851	763	12	65	130	65	104	35	2,888	1,365	4,253	5,408
Meeting Expenses	13,202	66,695	2,743	263	-	-	-	-	-	82,903	2,549	85,452	75,620
Miscellaneous	564	2,164	499	8	42	85	42	68	23	3,495	893	4,388	11,106
Office Supplies	668	1,873	793	8	43	86	43	69	23	3,606	916	4,522	5,721
On Line Services	3,126	3,193	2,765	44	235	469	235	376	125	10,568	4,947	15,515	28,846
Postage and Delivery	46	46	41	1	3	7	3	6	2	155	73	228	447
Program Services	6,500	6,750	1,392	-	-	-	-	-	-	14,642	-	14,642	22,624
Rent	11,378	11,220	10,062	159	854	1,709	854	1,367	456	38,059	14,711	52,770	47,852
Staff and Professional Development	2,547	2,512	2,253	36	191	383	191	306	102	8,521	4,031	12,552	3,601
Dues and Subscriptions	2,380	2,347	2,105	33	179	357	179	286	95	7,961	3,766	11,727	11,890
Telephone	1,022	1,008	904	14	77	154	77	123	41	3,420	1,617	5,037	3,286
Travel and Accommodations	889	969	818	12	67	134	67	107	36	3,099	1,406	4,505	1,771
Website and Information Technology	953	940	843	13	72	143	72	114	38	3,188	1,508	4,696	4,840
Total Before Depreciation	157,275	216,423	126,557	2,189	15,823	54,331	72,275	60,867	5,506	711,246	240,706	951,952	918,525
Depreciation	1,716	1,692	1,517	24	129	258	129	206	69	5,740	2,715	8,455	4,553
Total Functional Expenses	<u>\$ 158,991</u>	<u>\$ 218,115</u>	<u>\$ 128,074</u>	<u>\$ 2,213</u>	<u>\$ 15,952</u>	<u>\$ 54,589</u>	<u>\$ 72,404</u>	<u>\$ 61,073</u>	<u>\$ 5,575</u>	<u>\$ 716,986</u>	<u>\$ 243,421</u>	<u>\$ 960,407</u>	<u>\$ 923,078</u>

See accompanying Notes to Financial Statements.

PHILANTHROPY NETWORK GREATER PHILADELPHIA
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 417,126	\$ (111,617)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	8,455	4,553
(Increase) Decrease in Assets:		
Dues and Grants Receivable	(313,900)	(1,150)
Prepaid Expenses	(20,578)	2,998
Increase (Decrease) in Liabilities:		
Accounts Payable	47,267	2,063
Accrued Expenses	(1,863)	4,821
Deferred Rent	(3,471)	(2,219)
Net Cash Provided (Used) by Operating Activities	<u>133,036</u>	<u>(100,551)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	<u>-</u>	<u>(5,024)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	133,036	(105,575)
Cash and Cash Equivalents - Beginning of Year	<u>427,368</u>	<u>532,943</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 560,404</u>	<u>\$ 427,368</u>

See accompanying Notes to Financial Statements.

PHILANTHROPY NETWORK GREATER PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

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 net assets without donor restrictions 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, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

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 5 to 7 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 net assets without donor restrictions and reported in the statement of activities as Net Assets Released from Restrictions.

Approximately 96% and 86% of the Network's grants revenue in 2018 and 2017 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, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

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, 2018.

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, 2017, 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 23, 2019, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY

As of December 31, 2018, the Network had \$875,804 of financial assets, consisting of \$560,404 of cash and cash equivalents and \$315,400 of dues and grants receivable. The dues and grants receivable are to be collected within one year. The Network had \$535,483 of net assets subject to donor restrictions as of December 31, 2018, which reduces the financial assets available for general expenditures to \$340,321. The Network maintained approximately a four-month operating reserve of \$294,362 as of December 31, 2018. Management calculates the four-month operating reserve based on the total current year budgeted core operating expenses, minus any pass-through grant-funded expenses. 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, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

NOTE 2 LIQUIDITY (CONTINUED)

As of December 31, 2017, the Network had \$428,868 of financial assets, 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, which reduces the financial assets available for general expenditures to \$304,722. The Network maintained approximately a four-month operating reserve of \$287,935 as of December 31, 2017. Management calculates the four-month operating reserve based on the total current year budgeted core operating expenses, minus any pass-through grant-funded expenses.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment at December 31 consisted of the following:

	2018	2017
Property and Equipment	\$ 64,341	\$ 64,341
Less: Accumulated Depreciation	41,998	33,543
Total Property and Equipment	<u>\$ 22,343</u>	<u>\$ 30,798</u>

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are detailed as follows:

	2018	2017
Subject to Expenditure for Specific Purpose:		
Convergence Partnership Grant	\$ 6,456	\$ 6,720
Strategic Planning	234,500	-
Philanthropy Hub	16,317	-
Diversity, Equity and Inclusion	11,211	11,211
Rebuild Loan Fund/Impact Invest	103	-
Rebuild Initiative	208,496	49,365
Foundation Openness	-	2,000
Census Programming	3,750	-
Total	<u>480,833</u>	<u>69,296</u>
Subject to Passage of Time:		
Future Year Member Dues Received in Current Year	33,325	25,850
Future Year Grants and Sponsorships Received in Current Y	21,325	29,000
Total	<u>54,650</u>	<u>54,850</u>
Total Net Assets with Donor Restrictions	<u>\$ 535,483</u>	<u>\$ 124,146</u>

PHILANTHROPY NETWORK GREATER PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

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:

	2018	2017
Purpose Restrictions Accomplished:		
Convergence Partnership Grant Expenses	\$ 263	\$ 2,225
Strategic Planning Expenses	100,500	45,499
Repositioning Initiative Expenses	-	173,062
Philanthropy Hub	33,684	-
Diversity, Equity and Inclusion	5,000	-
Rebuild Loan Fund/Impact Invest	61,952	-
Rebuild Initiative	66,269	52,235
Web Platform Upgrade	-	6,065
Foundation Openness	2,000	-
Total	269,668	279,086
Equipment Acquired and Placed in Service:		
Strategic Plan	-	3,644
Total	-	3,644
Time Restrictions Expired:		
Release of Current Year Member Dues Received in Previous Year	25,850	60,400
Future Year Grants and Sponsorships Received in Current Year	29,000	-
Total	54,850	60,400
Total Restrictions Released	\$ 324,518	\$ 343,130

NOTE 5 OPERATING LEASES

The Network has an operating lease for office space through January 31, 2020. 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, 2018 and 2017 was \$52,770 and \$47,852, respectively (net of sublease income of \$3,300 for both years).

PHILANTHROPY NETWORK GREATER PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

NOTE 5 OPERATING LEASES (CONTINUED)

Future minimum lease payments under the noncancellable operating lease as of December 31, 2018, are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 55,110
2020	4,593
Total	<u>\$ 59,703</u>

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, 2018 and 2017 were \$11,804 and \$10,222, respectively.



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