

PHILANTHROPY NETWORK GREATER PHILADELPHIA

***FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

DECEMBER 31, 2022

PHILANTHROPY NETWORK GREATER PHILADELPHIA

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Philanthropy Network Greater Philadelphia
Philadelphia, Pennsylvania

Opinion

We have audited the accompanying financial statements of Philanthropy Network Greater Philadelphia (“the **Network**”) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Network as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Network and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Network’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

**Board of Directors
Philanthropy Network Greater Philadelphia
Philadelphia, Pennsylvania**

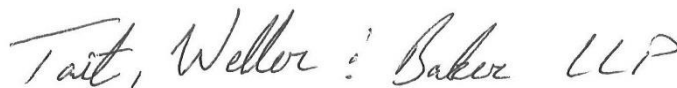
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Network's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Network's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Network's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 17, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.



TAIT, WELLER & BAKER LLP

**Philadelphia, Pennsylvania
May 18, 2023**

PHILANTHROPY NETWORK GREATER PHILADELPHIA

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 And 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,157,072	\$ 1,194,326
Dues and grants receivable	633	80,250
Prepaid expenses and other assets	<u>37,423</u>	<u>9,388</u>
Total current assets	1,195,128	1,283,964
PROPERTY AND EQUIPMENT, NET	<u>13,602</u>	<u>22,310</u>
Total Assets	<u>\$ 1,208,730</u>	<u>\$ 1,306,274</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 100,285</u>	<u>\$ 137,652</u>
Total Liabilities	<u>100,285</u>	<u>137,652</u>
NET ASSETS		
Without Donor Restrictions		
Board-Designated Operating Reserve	329,000	382,000
Undesignated	<u>234,164</u>	<u>156,969</u>
Total Without Donor Restrictions	563,164	538,969
With Donor Restrictions	<u>545,281</u>	<u>629,653</u>
Total Net Assets	<u>1,108,445</u>	<u>1,168,622</u>
Total Liabilities and Net Assets	<u>\$ 1,208,730</u>	<u>\$ 1,306,274</u>

PHILANTHROPY NETWORK GREATER PHILADELPHIA

STATEMENT OF ACTIVITIES

Year Ended December 31, 2022 With Summarized Information For 2021

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES				
Member dues	\$ 536,030	\$ 14,900	\$ 550,930	\$ 504,146
Fees, sponsorships and other	69,475	-	69,475	169,445
Grants	111,875	545,668	657,543	2,382,583
Interest	107	-	107	91
	717,487	560,568	1,278,055	3,056,265
Net assets released from restrictions:				
Satisfaction of program restrictions	432,736	(432,736)	-	-
Expiration of time restrictions	212,204	(212,204)	-	-
Net assets released from restrictions	644,940	(644,940)	-	-
Total support and revenue	1,362,427	(84,372)	1,278,055	3,056,265
EXPENSES				
Program Services				
Educational programs	250,526	-	250,526	207,542
Communication and member services	162,261	-	162,261	171,755
Mission aligned investing	18,039	-	18,039	90,026
Strategic transformation	3,901	-	3,901	121,864
Covid-19 prevention & response fund	47,533	-	47,533	1,480,569
Greater Philadelphia extracurricular collaborative	88,003	-	88,003	23,143
Made to measure	191,020	-	191,020	4,868
Total program services	761,283	-	761,283	2,099,767
Supporting Services				
Community outreach and recruitment	127,210	-	127,210	141,777
Management and general	449,739	-	449,739	419,667
Total supporting services	576,949	-	576,949	561,444
Total expenses	1,338,232	-	1,338,232	2,661,211
CHANGE IN NET ASSETS	24,195	(84,372)	(60,177)	395,054
NET ASSETS				
Beginning of year	538,969	629,653	1,168,622	773,568
End of year	\$ 563,164	\$ 545,281	\$ 1,108,445	\$ 1,168,622

PHILANTHROPY NETWORK GREATER PHILADELPHIA

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022 (With Comparative Totals For The Year Ended December 31, 2021)

	<u>Educational Programs</u>	<u>Communication And Member Services</u>	<u>Mission Aligned Investing</u>	<u>Strategic Transformation</u>	<u>COVID-19 P&R Fund</u>	<u>GPEC</u>	<u>Made To Measure</u>	<u>Total Program Services</u>	<u>Community Outreach And Recruitment</u>	<u>Management And General</u>	<u>2022 Total</u>	<u>2021 Total</u>
Salaries	\$ 132,118	\$ 107,623	\$ 745	\$ 2,814	\$ 897	\$ 1,315	\$ 19,500	\$ 265,012	\$ 63,464	\$ 192,206	\$ 520,682	\$ 564,133
Payroll taxes	9,730	7,926	55	207	66	97	1,436	19,517	4,674	13,739	37,930	43,693
Employee benefits	12,441	10,135	70	265	84	124	1,836	24,955	5,976	17,571	48,502	78,987
Total personnel	154,289	125,684	870	3,286	1,047	1,536	22,772	309,484	74,114	223,516	607,114	686,813
Accounting, audit and legal fees	-	-	-	-	1,450	-	-	1,450	-	56,200	57,650	56,986
Other consulting fees	56,470	-	17,000	-	1,260	-	163,946	238,676	375	130,998	370,049	479,251
Copy and printing fees	-	-	-	-	-	-	-	-	-	-	-	1,925
Equipment lease	-	-	-	-	-	-	-	-	-	-	-	4,814
Grants to other organizations	-	-	-	-	-	85,849	-	85,849	-	-	85,849	1,188,035
Insurance	1,586	1,499	7	25	7	10	176	3,310	683	1,564	5,557	4,294
Meeting expenses	883	251	1	4	1,055	2	30	2,226	114	608	2,948	26,631
Miscellaneous	586	554	3	9	3	4	65	1,224	252	577	2,053	3,871
Supplies	339	320	1	5	33,551	2	38	34,256	146	845	35,247	41,423
On-line services	8,617	8,144	38	137	39	57	958	17,990	3,709	8,499	30,198	30,142
Postage and delivery	25	23	-	-	-	-	3	51	11	25	87	461
Program services	450	-	-	-	8,998	365	-	9,813	36,061	-	45,874	28,421
Rent	9,674	9,143	42	154	44	63	1,075	20,195	4,164	9,542	33,901	53,240
Staff and professional development	2,277	2,152	10	36	10	15	253	4,753	980	2,246	7,979	15,373
Dues and subscriptions	4,875	4,608	21	78	22	32	542	10,178	2,099	4,807	17,084	15,977
Telephone	2,741	2,591	12	44	12	18	305	5,723	1,180	2,704	9,607	9,028
Travel and accommodations	2,419	2,287	11	38	11	16	269	5,051	1,042	2,386	8,479	338
Website and information technology	2,810	2,656	12	45	13	18	312	5,866	1,210	2,772	9,848	7,900
Total before depreciation	248,041	159,912	18,028	3,861	47,522	87,987	190,744	756,095	126,140	447,289	1,329,524	2,654,923
Depreciation	2,485	2,349	11	40	11	16	276	5,188	1,070	2,450	8,708	6,288
Total expenses	<u>\$ 250,526</u>	<u>\$ 162,261</u>	<u>\$ 18,039</u>	<u>\$ 3,901</u>	<u>\$ 47,533</u>	<u>\$ 88,003</u>	<u>\$ 191,020</u>	<u>\$ 761,283</u>	<u>\$ 127,210</u>	<u>\$ 449,739</u>	<u>\$ 1,338,232</u>	<u>\$ 2,661,211</u>

PHILANTHROPY NETWORK GREATER PHILADELPHIA

STATEMENTS OF CASH FLOWS

Year Ended December 31, 2022 And 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (60,177)	\$ 395,054
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	8,708	6,288
(Increase) decrease in assets		
Dues and grants receivable	79,617	13,075
Prepaid expenses and other assets	(28,035)	52,030
Increase (decrease) in Liabilities:		
Accounts payable	9,740	27,254
Accrued expenses	(47,107)	78,931
Deferred revenue	-	(19,750)
Deferred rent	-	(4,363)
Refundable advance	-	(98,283)
Net cash provided (used) by operating activities	<u>(37,254)</u>	<u>450,236</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>-</u>	<u>(10,439)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(37,254)	439,797
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,194,326</u>	<u>754,529</u>
End of year	<u>\$1,157,072</u>	<u>\$1,194,326</u>

PHILANTHROPY NETWORK GREATER PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 And 2021

(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 its 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 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. There are no net assets to be held in perpetuity at December 31, 2022 and 2021.

ACCOUNTING 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.

CASH AND CASH EQUIVALENTS

The Network considers all cash and other highly liquid instruments with initial maturities of three months or less to be cash equivalents.

CONCENTRATION OF CREDIT RISK

The Network occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification (“**ASC 825, Financial Instruments**”) identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

PHILANTHROPY NETWORK GREATER PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2022 And 2021

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 3 to 5 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.

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 costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs, including salaries, benefits, and occupancy expenses, have been allocated based on time and effort among the programs and supporting services benefitted.

INCOME TAXES

The Network is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and has been classified as a public charity under Section 501(a)(1) of the Code.

Management has reviewed the tax positions for each of the open tax years (2019 - 2021) or expected to be taken in the Network’s 2022 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

FEE REVENUE

Revenue from conference and program registrations is recognized when control of the services provided is transferred to the recipient, in an amount that reflects the consideration the Network expects to be entitled in exchange for those services.

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, 2021, from which the summarized information was derived. Certain amounts in the prior year financial statements were reclassified to conform to the current year presentation.

PHILANTHROPY NETWORK GREATER PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2022 And 2021

(2) PROPERTY AND EQUIPMENT

Property and equipment at December 31, consisted of the following:

	<u>2022</u>	<u>2021</u>
Property and Equipment	\$ 45,940	\$ 77,874
Less: Accumulated Depreciation	<u>32,338</u>	<u>55,564</u>
Total Property and Equipment	<u>\$ 13,602</u>	<u>\$ 22,310</u>

(3) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are detailed as follows:

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specific Purpose:		
Convergence Partnership Grant	\$ 6,456	\$ 6,456
Greater Philadelphia Extracurricular Collaborative	-	86,214
Diversity, Equity and Inclusion	10,000	11,211
Mission Aligned Investing	8,000	25,000
Covid-19 Prevention & Response	-	41,178
President Transition Search	-	86,111
Strategic Transformation	68,675	68,675
Made to Measure	<u>211,883</u>	<u>217,237</u>
Total	<u>305,014</u>	<u>542,082</u>
Subject to Passage of Time:		
Future Year Member Dues Received in Current Year	14,900	52,054
Future Year Grants and Sponsorships Received in Current Year	<u>225,367</u>	<u>35,517</u>
Total	<u>240,267</u>	<u>87,571</u>
Total Net Assets with Donor Restrictions	<u>\$ 545,281</u>	<u>\$ 629,653</u>

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>2022</u>	<u>2021</u>
Purpose restrictions accomplished:		
Greater Philadelphia Extracurricular Collaborative	\$ 86,214	\$ 14,926
Diversity, Equity and Inclusion	11,211	-
Mission Aligned Investing	17,000	64,000
Rebuild Initiative	-	26,299
Covid-19 Prevention & Response	41,178	1,548,722
President Transition Search	86,111	63,889
Strategic Transformation	-	96,325
Made to Measure	191,022	3,748
Census - NLC	<u>-</u>	<u>10,000</u>
	<u>432,736</u>	<u>1,827,909</u>
Time restrictions expired:		
Release of current year member dues received in previous year	52,054	55,525
Future year grants and sponsorships received in current year	<u>160,150</u>	<u>23,133</u>
Total	<u>212,204</u>	<u>78,658</u>
Total released from restrictions	<u>\$ 644,940</u>	<u>\$ 1,906,567</u>

PHILANTHROPY NETWORK GREATER PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2022 And 2021

(4) 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. 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, 2022 and 2021 were \$19,521 and \$19,291, respectively.

(5) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The Network strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments. As part of the Network's liquidity management, it has a practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

The following table reflects the Network's financial assets as of December 31, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions. Amounts not available to meet general expenditures within one year include net assets with donor and/or contractual restrictions, and board operating reserves.

	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash and cash equivalents	\$1,157,072	\$1,194,326
Dues and Grants Receivable (due within one year)	<u>633</u>	<u>80,250</u>
Total financial assets	1,157,705	1,274,576
Less:		
Net assets with donor restrictions	(545,281)	(629,653)
Board designated operating reserve	<u>(329,000)</u>	<u>(382,000)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 283,424</u>	<u>\$ 262,923</u>

The board designated operating reserves could be made available, if necessary, with board authorization.

(6) SUBSEQUENT EVENTS

Subsequent events after the statement of financial position date through the date that the financial statements were available for issuance, May 18, 2023, have been evaluated in the preparation of the financial statements.