



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

United Philanthropy Forum

Financial Statements

December 31, 2021 and 2020

with Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United Philanthropy Forum

Opinion

We have audited the accompanying financial statements of United Philanthropy Forum (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 United Philanthropy Forum as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Philanthropy Forum and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 United Philanthropy Forum's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 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.

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 United Philanthropy Forum'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 United Philanthropy Forum'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.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
July 25, 2022

United Philanthropy Forum
Statements of Financial Position
December 31, 2021 and 2020

Assets	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 3,098,096	1,220,562
Certificate of deposit	-	250,627
Contributions, grants and other receivables, current portion	1,077,383	1,079,512
Prepaid assets	<u>13,038</u>	<u>20,777</u>
	<u>4,188,517</u>	<u>2,571,478</u>
Property and equipment:		
Furniture and equipment	53,074	51,972
Knowledge Management System	<u>1,555,017</u>	<u>1,183,696</u>
	1,608,091	1,235,668
Less accumulated depreciation	<u>1,006,928</u>	<u>766,491</u>
	<u>601,163</u>	<u>469,177</u>
Other assets:		
Contributions, grants and other receivables, net of current portion	100,000	135,000
Certificate of deposit	251,881	-
Deposits	<u>14,010</u>	<u>14,010</u>
	<u>365,891</u>	<u>149,010</u>
	\$ <u>5,155,571</u>	<u>3,189,665</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 165,656	144,056
Deferred revenue	<u>220,187</u>	<u>177,190</u>
	<u>385,843</u>	<u>321,246</u>
Long-term liabilities:		
Paycheck Protection Program loan	<u>-</u>	<u>170,000</u>
Net assets:		
Without donor restriction:		
Undesignated	408,208	513,680
Board designated - operating reserves	3,000,000	-
With donor restriction	<u>1,361,520</u>	<u>2,184,739</u>
	<u>4,769,728</u>	<u>2,698,419</u>
	\$ <u>5,155,571</u>	<u>3,189,665</u>

See accompanying notes to the financial statements.

United Philanthropy Forum
Statement of Activities
Year Ended December 31, 2021

	Without Donor <u>Restriction</u>	With Donor <u>Restriction</u>	<u>Total</u>
Revenues and support:			
Grants and contributions	\$ 3,092,675	500,000	3,592,675
User fees	847,328	-	847,328
Membership dues	688,177	-	688,177
Meetings	50,397	-	50,397
Interest income	3,971	-	3,971
Paycheck Protection Program loan forgiveness	170,000	-	170,000
Miscellaneous	<u>8,469</u>	<u>-</u>	<u>8,469</u>
	4,861,017	500,000	5,361,017
Net assets released from restrictions	<u>1,323,219</u>	<u>(1,323,219)</u>	<u>-</u>
Total revenues and support	<u>6,184,236</u>	<u>(823,219)</u>	<u>5,361,017</u>
Expenses:			
Program services:			
Knowledge services	1,112,790	-	1,112,790
Programs, communications and services	<u>1,471,507</u>	<u>-</u>	<u>1,471,507</u>
	<u>2,584,297</u>	<u>-</u>	<u>2,584,297</u>
Support services:			
Administrative	638,347	-	638,347
Fundraising	<u>67,064</u>	<u>-</u>	<u>67,064</u>
	<u>705,411</u>	<u>-</u>	<u>705,411</u>
Total expenses	<u>3,289,708</u>	<u>-</u>	<u>3,289,708</u>
Change in net assets	2,894,528	(823,219)	2,071,309
Net assets - beginning of year	<u>513,680</u>	<u>2,184,739</u>	<u>2,698,419</u>
Net assets - end of year	\$ <u>3,408,208</u>	<u>1,361,520</u>	<u>4,769,728</u>

See accompanying notes to the financial statements.

United Philanthropy Forum
Statement of Activities
Year Ended December 31, 2020

	Without Donor <u>Restriction</u>	With Donor <u>Restriction</u>	<u>Total</u>
Revenues and support:			
Grants and contributions	\$ 310,425	11,132,917	11,443,342
User fees	944,661	-	944,661
Membership dues	651,908	-	651,908
Meetings	205,790	-	205,790
Interest income	2,889	-	2,889
Miscellaneous	<u>11,217</u>	<u>-</u>	<u>11,217</u>
	2,126,890	11,132,917	13,259,807
Net assets released from restrictions	<u>10,745,795</u>	<u>(10,745,795)</u>	<u>-</u>
Total revenues and support	<u>12,872,685</u>	<u>387,122</u>	<u>13,259,807</u>
Expenses:			
Program services:			
Knowledge services	847,124	-	847,124
Programs, communications and services	<u>10,789,785</u>	<u>-</u>	<u>10,789,785</u>
	<u>11,636,909</u>	<u>-</u>	<u>11,636,909</u>
Support services:			
Administrative	638,709	-	638,709
Fundraising	<u>162,183</u>	<u>-</u>	<u>162,183</u>
	<u>800,892</u>	<u>-</u>	<u>800,892</u>
Total expenses	<u>12,437,801</u>	<u>-</u>	<u>12,437,801</u>
Change in net assets	434,884	387,122	822,006
Net assets - beginning of year	<u>78,796</u>	<u>1,797,617</u>	<u>1,876,413</u>
Net assets - end of year	\$ <u>513,680</u>	<u>2,184,739</u>	<u>2,698,419</u>

See accompanying notes to the financial statements.

United Philanthropy Forum
Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services			Support Services			
	Knowledge Services	Program, Communications and Services	Total	Administration	Fundraising	Total	Total
Grants	\$ -	120,000	120,000	-	-	-	120,000
Personnel	432,607	567,010	999,617	332,340	26,370	358,710	1,358,327
Professional fees and contractors	496,500	531,122	1,027,622	167,244	23,190	190,434	1,218,056
Occupancy	38,938	51,035	89,973	29,913	2,373	32,286	122,259
Travel, programs and meetings	1,750	50,500	52,250	12,510	8,804	21,314	73,564
Depreciation and amortization	76,575	100,366	176,941	58,827	4,668	63,495	240,436
Office and administrative expenses	66,420	51,474	117,894	37,513	1,659	39,172	157,066
	<u>\$ 1,112,790</u>	<u>1,471,507</u>	<u>2,584,297</u>	<u>638,347</u>	<u>67,064</u>	<u>705,411</u>	<u>3,289,708</u>

See accompanying notes to the financial statements.

United Philanthropy Forum
Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services			Support Services			Total
	Knowledge Services	Program, Communications and Services	Total	Administration	Fundraising	Total	
Grants	\$ -	9,395,140	9,395,140	-	-	-	9,395,140
Personnel	405,082	553,833	958,915	392,349	33,108	425,457	1,384,372
Professional fees and contractors	327,383	609,275	936,658	129,065	52,232	181,297	1,117,955
Occupancy	36,627	50,244	86,871	33,360	2,994	36,354	123,225
Travel, programs and meetings	158	114,762	114,920	17,140	61,294	78,434	193,354
Depreciation and amortization	24,340	33,388	57,728	22,314	1,989	24,303	82,031
Office and administrative expenses	53,534	33,143	86,677	44,481	10,566	55,047	141,724
	\$ 847,124	10,789,785	11,636,909	638,709	162,183	800,892	12,437,801

See accompanying notes to the financial statements.

United Philanthropy Forum
 Statements of Cash Flows
 Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 2,071,309	822,006
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	240,436	82,031
Paycheck Protection Program loan forgiveness	(170,000)	-
Effects of changes in operating assets and liabilities:		
Contributions, grants and other receivables	37,129	301,797
Prepaid assets	7,739	4,681
Accounts payable and accrued liabilities	21,600	46,702
Deferred revenue	42,997	(73,608)
Net cash flows from operating activities	2,251,210	1,183,609
Cash flows from investing activities:		
Purchase of certificate of deposit	(1,254)	(250,627)
Purchase of property and equipment	(372,422)	(397,660)
Net cash flows from investing activities	(373,676)	(648,287)
Cash flows from financing activities:		
Net borrowings on Paycheck Protection Program loan	-	170,000
Change in cash and cash equivalents	1,877,534	705,322
Cash and cash equivalents - beginning of year	1,220,562	515,240
Cash and cash equivalents - end of year	\$ 3,098,096	1,220,562
<u>Supplemental Disclosure of Cash Flows Information:</u>		
Paycheck Protection Program loan forgiveness	\$ 170,000	-

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of United Philanthropy Forum (the Forum) are set forth to facilitate the understanding of data presented in the financial statements:

Nature of operations

The Forum is a not-for-profit organization incorporated in the District of Columbia. The Forum's mission is to lead, strengthen and inform a national network of organizations that advance philanthropy's impact for the common good. The Forum's vision is to envision a courageous philanthropic sector that catalyzes a just and equitable society where all can participate and prosper.

Basis of accounting

The accompanying financial statements of the Forum have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of presentation

The financial statements of the Forum have been prepared in accordance with U.S. GAAP, which requires the Forum to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restriction: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Forum. These net assets may be used at the discretion of the Forum's management and Board of Directors.
- Net assets with donor restriction: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will likely be met by actions of the Forum or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Forum had no donor restricted funds to be maintained in perpetuity at December 31, 2021 or 2020.

Cash and cash equivalents

For purposes of the statements of cash flows, the Forum considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Certificate of deposit

The certificate of deposit is shown at the original amount deposited plus accrued interest.

Contributions, grants and other receivables

Contributions, grants and other receivables represent promises to give which have been made by donors or agreements with grantor agencies but not yet received by the Forum. Management considers all amounts to be fully collectible. Accordingly, no allowance for doubtful accounts has been established.

Property and depreciation

Property and equipment are stated at cost or fair value if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 5 years. New development for the Knowledge Management System is capitalized and amortized over three years. Routine maintenance and repairs are charged to expense as incurred. The cost of assets sold or retired, and the related accumulated depreciation are eliminated from the accounts in the year of disposal, with any gain or loss from disposals included in the change in net assets.

Grants and contributions

Revenues from contributions are recognized when a donor's unconditional commitment is received. Donor-restricted contributions are reported as increases in net assets with donor restriction. Contributions received through grants are recorded in the grants and contributions line on the statements of activities. All contributions and grants are due in less than two years at December 31, 2021 and 2020.

Revenue recognition

The Forum's primary revenue and support is obtained from grants and contributions, user fees, membership dues, and meeting fees. Incidental items that are immaterial in the context of the contract are recognized as expense. The Forum does not have any significant financing components as payment is received at or shortly after the point of sale.

Membership dues and user fees are based on the satisfaction of performance over time. Revenue from performance obligations satisfied over time is recognized using the output method. Under this method, the Forum measures completion of the total performance obligation as time elapses because the members and users are granted access to the Forum and software on an ongoing basis.

Meeting fees are based on the satisfaction of performance obligations at a point in time. Performance obligations related to meetings are the delivery of the event. Upon completion of the event, the Forum would record revenue. Meeting fees received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Expense allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Expenses are allocated based on the relative time spent by each employee working for the Forum. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising expenses

The Forum uses non-direct response advertising. Advertising costs are expensed as incurred. Advertising expenses incurred during the years ended December 31, 2021 and 2020 were \$105 and \$589, respectively.

Income taxes

The Forum is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code), except for income derived from unrelated business activities, as defined in the Code. In addition, the Forum qualifies for the charitable deduction under Section 170 and has been classified as an Organization that is not a private foundation under Section 509(a)(1).

Subsequent events

The Forum evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through July 25, 2022, the date on which the financial statements were available to be issued.

2. CONTRIBUTIONS, GRANTS AND OTHER RECEIVABLES:

Unconditional contributions, grants and other receivables at December 31 consisted of the following:

	<u>2021</u>	<u>2020</u>
Receivables due in less than one year	\$ 1,077,383	1,079,512
Receivables due in one to five years	<u>100,000</u>	<u>135,000</u>
	<u>\$ 1,177,383</u>	<u>1,214,512</u>

There was no discount rate used at December 31, 2021 or 2020.

3. NET ASSETS WITH DONOR RESTRICTION:

Net assets with donor restriction at December 31 consisted of the following:

	<u>2021</u>	<u>2020</u>
Restricted for future periods	\$ 385,000	475,000
Rural Equity program	908,944	1,199,788
Census	-	58,738
COVID-19 response fund	<u>67,576</u>	<u>451,213</u>
	<u>\$ 1,361,520</u>	<u>2,184,739</u>

During the years ended December 31, 2021 and 2020, net assets were released from donor restrictions due to the passage of time or the fulfillment of donor-imposed restrictions as follows:

	<u>2021</u>	<u>2020</u>
Time restrictions	\$ 590,000	510,000
Purpose restrictions	<u>733,219</u>	<u>10,235,795</u>
	<u>\$ 1,323,219</u>	<u>10,745,795</u>

4. LINE OF CREDIT:

The Forum had a \$100,000 bank line of credit through June 23, 2020. Amounts borrowed under this agreement bore interest at LIBOR plus 2.8% per annum. The line was secured by substantially all assets of the Forum. There was no outstanding balance on the line of credit at December 31, 2020.

5. PAYCHECK PROTECTION PROGRAM LOAN:

The Forum received a Paycheck Protection Program (PPP) loan as part of the Coronavirus Aid, Relief, and Economic Security Act for \$170,000 in May 2020. The Forum elected to present the PPP loan as traditional borrowing on the statements of financial position and statements of cash flows. The Forum applied for and received full forgiveness of the PPP loan in September 2021. The related revenue from the forgiveness is included on the accompanying statements of activities.

6. OPERATING LEASE:

The Forum has a non-cancelable operating lease for office space in Washington, D.C. through May 2026. Total lease expense was \$122,259 and \$123,223 for the years ended December 31, 2021 and 2020, respectively. At December 31, 2021, future minimum lease payments are as follows:

<u>Year Ending December 31:</u>	
2022	\$ 127,047
2023	130,541
2024	134,131
2025	137,820
2026	<u>59,003</u>
	\$ <u>588,542</u>

7. TAX-DEFERRED ANNUITY PLAN:

The Forum has a 403(b) tax-deferred annuity plan (the Plan), which covers substantially all employees. The Plan provides for voluntary employee contributions, and employer contributions equal to 5% of the participants' gross annual compensation. An employee is eligible to participate in the Plan immediately upon hire and is eligible to receive an employer contribution after completing three months of service and attaining age 21. Employer contributions to the Plan totaled \$58,096 and \$58,090 during 2021 and 2020, respectively.

8. REVENUE CONCENTRATION:

Concentrations discussed in this note were limited to significant concentrations exceeding 10% of total grants and contributions. During the year ended December 31, 2021, the Forum received approximately 56% of its total annual revenues and support from one source, and approximately 86% of its total contributions, grants and other receivables from three sources. During the year ended December 31, 2020, the Forum received approximately 80% of its total annual revenues and support from one source, and approximately 78% of its total contributions, grants and other receivables from two sources.

9. CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF FEDERALLY INSURED LIMITS:

The Forum maintains its cash and cash equivalent balances at a few financial institutions that are insured by the Federal Deposit Insurance Corporation on balances up to \$250,000 as of December 31, 2021 and 2020. The Forum has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents.

10. LIQUIDITY DISCLOSURES:

The Forum is substantially supported by contributions and grants, some of which come with donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Forum 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 the Forum's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table presents the financial assets available to meet cash needs for general expenditures within one year at December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,098,096	1,220,562
Certificate of deposit	251,881	250,627
Contributions, grants and other receivables	<u>1,177,383</u>	<u>1,214,512</u>
 Financial assets at year-end	 <u>4,527,360</u>	 <u>2,685,701</u>
 Less those unavailable for general expenditures:		
Board designated for operating reserves	3,000,000	-
Restricted by donor due to time or purpose	<u>1,361,520</u>	<u>2,184,739</u>
	<u>4,361,520</u>	<u>2,184,739</u>
 Financial assets available to meet cash needs for general expenditures within one year	 \$ <u>165,840</u>	 <u>500,962</u>

11. RISKS AND UNCERTAINTIES:

An outbreak of a novel strain of coronavirus (COVID-19) has continued to disrupt supply chains and affect production and sales across a range of industries. The extent of the impact of COVID-19 on the Forum's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak. Impact of the customers, employees, and vendors cannot be predicted, and the extent to which COVID-19 may impact the Forum's financial condition or results of the operations is uncertain at this time.