

Forum of Regional Associations of Grantmakers

Financial Statements

December 31, 2015 and 2014

(with Independent Auditors' Report)

TABLE OF CONTENTS

Independent Auditors' Report 1-2

Financial Statements:

 Statements of Financial Position..... 3

 Statements of Activities..... 4-5

 Statements of Functional Expenses 6-7

 Statements of Cash Flows 8

 Notes to the Financial Statements 9-11

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Forum of Regional Associations of Grantmakers

Report on the Financial Statements

We have audited the accompanying financial statements of the Forum of Regional Associations of Grantmakers (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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.

4449 easton way, 4th floor
columbus, oh 43219

www.cshco.com
p. 614.885.2208
f. 614.885.8159

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Forum of Regional Associations of Grantmakers as of December 31, 2015 and 2014, and the changes in its net assets (deficit), and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
June 7, 2016

Forum of Regional Associations of Grantmakers
 Statements of Financial Position
 December 31, 2015 and 2014

Assets	2015	2014
Current assets:		
Cash	\$ 666,167	61,478
Accounts receivable	28,066	20,946
Grants receivable	165,000	25,000
Prepaid assets	2,000	2,350
	861,233	109,774
Property and equipment:		
Furniture and equipment	5,506	5,506
Knowledge Management System	616,683	395,385
	622,189	400,891
Less accumulated depreciation	345,193	239,802
	276,996	161,089
Other assets-		
Deposits	2,350	2,350
	\$ 1,140,579	273,213
Liabilities and Net Assets (Deficit)		
Current liabilities:		
Line of credit	\$ -	74,809
Accounts payable and accrued liabilities	124,878	137,276
Deferred revenue	19,053	128,146
	143,931	340,231
Net assets (deficit):		
Unrestricted	489,652	(82,018)
Temporarily restricted	506,996	15,000
	996,648	(67,018)
	\$ 1,140,579	273,213

See accompanying notes to the financial statements.

Forum of Regional Associations of Grantmakers
Statement of Activities
Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and support:			
Grants and contributions	\$ 115,180	1,083,500	1,198,680
User fees	488,050	-	488,050
Membership dues	300,786	-	300,786
Meetings	61,220	-	61,220
Interest income	949	-	949
Miscellaneous	<u>1,112</u>	<u>-</u>	<u>1,112</u>
	967,297	1,083,500	2,050,797
Net assets released from restriction	<u>591,504</u>	<u>(591,504)</u>	<u>-</u>
Total revenues and support	<u>1,558,801</u>	<u>491,996</u>	<u>2,050,797</u>
Expenses:			
Program services:			
Knowledge services	501,406	-	501,406
Programs, communications and events	214,871	-	214,871
Infrastructure partnerships and business planning	<u>68,737</u>	<u>-</u>	<u>68,737</u>
	<u>785,014</u>	<u>-</u>	<u>785,014</u>
Support services:			
Administration	190,150	-	190,150
Fundraising	<u>11,967</u>	<u>-</u>	<u>11,967</u>
	<u>202,117</u>	<u>-</u>	<u>202,117</u>
Total expenses	<u>987,131</u>	<u>-</u>	<u>987,131</u>
Change in net assets	571,670	491,996	1,063,666
Net assets - beginning of year	<u>(82,018)</u>	<u>15,000</u>	<u>(67,018)</u>
Net assets - end of year	\$ <u>489,652</u>	<u>506,996</u>	<u>996,648</u>

See accompanying notes to the financial statements.

Forum of Regional Associations of Grantmakers
Statement of Activities
Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and support:			
Grants and contributions	\$ 25,022	30,000	55,022
User fees	424,383	-	424,383
Membership dues	281,219	-	281,219
Meetings	56,020	-	56,020
Interest income	161	-	161
Miscellaneous	<u>3,022</u>	<u>-</u>	<u>3,022</u>
	789,827	30,000	819,827
Net assets released from restriction	<u>410,278</u>	<u>(410,278)</u>	<u>-</u>
Total revenues and support	<u>1,200,105</u>	<u>(380,278)</u>	<u>819,827</u>
Expenses:			
Program services:			
Knowledge services	661,802	-	661,802
Programs, communications and events	275,542	-	275,542
Infrastructure partnerships and business planning	<u>51,127</u>	<u>-</u>	<u>51,127</u>
	<u>988,471</u>	<u>-</u>	<u>988,471</u>
Support services:			
Administration	356,058	-	356,058
Fundraising	<u>18,916</u>	<u>-</u>	<u>18,916</u>
	<u>374,974</u>	<u>-</u>	<u>374,974</u>
Total expenses	<u>1,363,445</u>	<u>-</u>	<u>1,363,445</u>
Change in net assets	(163,340)	(380,278)	(543,618)
Net assets - beginning of year	<u>81,322</u>	<u>395,278</u>	<u>476,600</u>
Net (deficit) assets - end of year	\$ <u>(82,018)</u>	<u>15,000</u>	<u>(67,018)</u>

See accompanying notes to the financial statements.

Forum of Regional Associations of Grantmakers
Statement of Functional Expenses
Year Ended December 31, 2015

	Program Services				Support Services			Total Expenses
	Knowledge Services	Program, Communications and Events	Infrastructure Partnerships and Business Planning	Total	Administration	Fundraising	Total	
Personnel	\$ 162,930	136,483	20,237	319,650	115,442	11,328	126,770	446,420
Professional fees/contractors	156,953	7,227	29,738	193,918	47,120	-	47,120	241,038
Grants	50,000	-	10,000	60,000	-	-	-	60,000
Meetings	1,652	52,120	1,504	55,276	1,312	-	1,312	56,588
Occupancy	8,605	7,208	1,069	16,882	6,097	598	6,695	23,577
Travel and related expenses	1,198	3,783	5,511	10,492	6,744	-	6,744	17,236
Depreciation and amortization	104,946	-	-	104,946	445	-	445	105,391
Office expenses	15,122	8,050	678	23,850	12,990	41	13,031	36,881
	<u>\$ 501,406</u>	<u>214,871</u>	<u>68,737</u>	<u>785,014</u>	<u>190,150</u>	<u>11,967</u>	<u>202,117</u>	<u>987,131</u>

See accompanying notes to the financial statements.

Forum of Regional Associations of Grantmakers
Statement of Functional Expenses
Year Ended December 31, 2014

	Program Services				Support Services			Total Expenses
	Knowledge Services	Program, Communications and Events	Infrastructure Partnerships and Business Planning	Total	Administration	Fundraising	Total	
Personnel	\$ 144,211	175,754	43,875	363,840	216,686	18,329	235,015	598,855
Professional fees/contractors	380,075	58,940	-	439,015	68,737	-	68,737	507,752
Meetings	32,398	18,908	-	51,306	26,881	-	26,881	78,187
Web hosting	29,615	2,094	99	31,808	-	-	-	31,808
Occupancy	-	-	-	-	25,464	-	25,464	25,464
Travel and related expenses	24,132	12,729	5,328	42,189	7,835	587	8,422	50,611
Depreciation and amortization	43,150	-	-	43,150	444	-	444	43,594
Office expenses	511	2,930	1,310	4,751	7,464	-	7,464	12,215
Telephone	4,778	2,486	514	7,778	2,515	-	2,515	10,293
Printing	2,923	50	-	2,973	-	-	-	2,973
Postage and delivery	9	1,651	1	1,661	32	-	32	1,693
	\$ 661,802	275,542	51,127	988,471	356,058	18,916	374,974	1,363,445

See accompanying notes to the financial statements.

Forum of Regional Associations of Grantmakers
 Statements of Cash Flows
 Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,063,666	(543,618)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	105,391	43,594
Effects of changes in operating assets and liabilities:		
Accounts receivable	(7,120)	40,767
Grants receivable	(140,000)	345,278
Prepaid assets	350	(1,840)
Deposits	-	420
Accounts payable and accrued liabilities	(12,398)	41,453
Deferred revenue	<u>(109,093)</u>	<u>123,688</u>
Net cash provided by operating activities	<u>900,796</u>	<u>49,742</u>
Cash flows from investing activities -		
Purchase of property and equipment	<u>(221,298)</u>	<u>(55,557)</u>
Cash flows from financing activities:		
(Payments on) proceeds from line of credit	<u>(74,809)</u>	<u>49,809</u>
Change in cash	604,689	43,994
Cash - beginning of year	<u>61,478</u>	<u>17,484</u>
Cash - end of year	\$ <u>666,167</u>	<u>61,478</u>

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Nature of operations

The Forum is a nonprofit organization incorporated in the District of Columbia. The Forum is a national network that facilitates effective philanthropy that strengthens communities and improves lives throughout the United States.

Basis of accounting

The financial statements of the Forum have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

The Forum maintains deposits in a financial institution that may exceed federally insured amounts at times. Management regularly monitors the credit risk of the Forum and believes the Forum is not exposed to any significant credit risk.

Net assets

The Forum classifies its net assets as unrestricted, temporarily restricted, or permanently restricted based upon donor restrictions. Net assets are classified as temporarily restricted if donor-imposed stipulations exist that may or will be met, either by actions of the Forum or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. There were no permanently restricted net assets as of December 31, 2015 and 2014.

Grants and contributions

Grants and contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities, as net assets released from restriction.

Membership dues

The Forum generally recognizes membership dues revenue in the year the membership services are provided. Amounts received in advance of the membership period are recorded as deferred revenue until the time they are earned.

Accounts and grants receivable

Grants receivable represent promises to give which have been made by donors but not yet received by the Forum. Accounts and grants receivables approximate fair value. Management considers all amounts to be fully collectible within the next fiscal year. 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. The Knowledge Management System is capitalized and amortized over three years. Expenditures that exceed \$1,000 are capitalized. 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 income.

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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.

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 June 7, 2016, the date on which the financial statements were available to be issued.

2. LINE OF CREDIT:

The Forum has a \$100,000 bank line of credit. Amounts borrowed under this agreement bear interest at the LIBOR rate plus 2.8% per annum. The line is secured by substantially all assets of the Forum.

3. NET ASSETS:

Temporarily restricted net assets at December 31 consisted of the following:

	2015	2014
Time restrictions	\$ 450,000	-
Purpose restrictions	56,996	15,000
	\$ 506,996	15,000

During the years ended December 31, 2015 and 2014, net assets were released from donor restrictions due to the passage of time or the fulfillment of donor-imposed restrictions as follows:

	<u>2015</u>	<u>2014</u>
Time restrictions	\$ 500,000	345,278
Purpose restrictions	<u>91,504</u>	<u>65,000</u>
	<u>\$ 591,504</u>	<u>410,278</u>

4. RETIREMENT PLAN:

The Forum has a defined contribution pension plan (the Plan), which covers substantially all employees. The Plan provides for voluntary employee contributions upon employment. Employer contributions are equal to 5% of the participants' gross annual compensation. Participants are eligible to participate in the plan after one year of service. The Forum recognized pension (benefit) expense of \$(9,849) and \$24,048 during 2015 and 2014, respectively.

5. CONCENTRATIONS:

Concentrations discussed in this note were limited to significant concentrations exceeding 10%. During the year ended December 31, 2015, the Forum received approximately 90% of its grants and contributions from four sources. During the year ended December 31, 2014, the Forum received approximately 70% of its grants and contributions from two sources.