

Forum of Regional Associations of Grantmakers

Financial Statements

December 31, 2016 and 2015

(with Independent Auditors' Report)



TABLE OF CONTENTS

Independent Auditors' Report	1-2
2016 Accomplishments	3-4
Financial Statements:	
Statements of Financial Position.....	5
Statements of Activities.....	6-7
Statements of Functional Expenses	8-9
Statements of Cash Flows	10
Notes to the Financial Statements	11-14

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, 2016 and 2015, 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.

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, 2016 and 2015, 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.

Other Matters

2016 Accomplishments

Management has elected to include information regarding the Forum of Regional Associations of Grantmakers accomplishments in 2016, which is not required as part of the basic financial statements. We did not audit this information and express no opinion on it.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
July 6, 2017

Forum of Regional Associations of Grantmakers 2016 Accomplishments

2016 was a year of exciting transformation for the Forum of Regional Associations of Grantmakers (the Forum). We focused a great deal of our work in 2016 on implementing a new vision to be the place where philanthropy's infrastructure comes together. We are creating a new kind of philanthropic network that brings together regional philanthropy-serving organizations' (PSOs) deep regional roots and connections with national PSOs' deep content knowledge and reach. Through our expanded network, we intend to lead change and improve practice in philanthropy in a deeper and broader way than any other organization can.

In July 2016, the Forum's Board of Directors officially approved the expansion of the Forum's membership to include national PSOs, starting in January 2017, guided by recommendations of a Vision Design Group. During the last half of 2016, Forum staff worked to put the proper systems and member services in place to welcome national PSOs to the Forum's membership. The Forum team also continued to engage in multiple outreach efforts to spread the word about the Forum's new vision among funders and to engage with our national PSO partners and deepen our relationships with them.

A milestone for implementing the Forum's new vision was our 2016 Annual Conference, which was held on July 18-20 in Indianapolis. The conference put into action the potential power of the Forum's new vision, marking the first time an event had brought together the staff and CEOs of all regional and national PSOs to focus on their unique role in serving, informing and advancing the philanthropic sector. It was the Forum's largest-ever conference, with more than 190 participants, including 60 attendees from 40 different national PSOs. The 2016 conference attendance was 30% higher than in 2015 and doubled the attendance from two years ago. The conference received high marks, with 72% of participants giving the conference an overall rating of "excellent" and everyone else rating it "good." Sponsorship revenue for the Forum's 2016 conference was more than double the 2015 conference sponsorship levels.

Additional Forum highlights for the year ending December 31, 2016 include:

- **Foundations on the Hill:** The Forum hosted the 2016 Foundations on the Hill on April 12-13, in partnership with the Council on Foundations and the Alliance for Charitable Reform. 160 philanthropic leaders met with 200 Congressional offices as part of the event, to inform and educate Congress about philanthropy, create visibility for foundations on Capitol Hill, and advocate on issues affecting foundations and philanthropy.
- **Joint Policy Institute:** More than 100 CEOs, staff and member volunteers of regional philanthropy associations and state nonprofit associations gathered on August 29-31 for the first-ever Joint Policy Institute, hosted by the Forum in partnership with the National Council of Nonprofits. Institute participants strategized with their state and regional counterparts regarding policy issues of importance to both philanthropy and nonprofits.
- **Census 2020:** The Forum launched a two-year project to engage and activate regional funders in ensuring a fair and accurate census count in 2020, supported by The Joyce Foundation. This is one of two Forum grant-funded projects started in 2016 that seek to use the power of the Forum network to advance an important issue for the field. The project involves regrantsing funds to some Forum members to engage in deep work on the issue, while also sharing the learnings and resources created through the initiative with our entire network through new resources and programming and an ongoing evaluation.

- **Foundation Openness:** The Forum launched a two-year Foundation Openness Project, supported by the Fund for Shared Insight, to improve foundation openness through regional initiatives and nationwide learning. This is the second of two Forum grant-funded projects started in 2016 that seek to use the power of the Forum network to advance an important issue for the field.
- **Community Foundation Services:** The Forum launched a new set of services that Forum members can offer to their community foundation members as a benefit of membership in their organization. These services generate a small amount of additional revenue for the Forum and, more importantly, allow the Forum to expand the services that our members can offer to their foundation members at minimal cost to the Forum.

Forum of Regional Associations of Grantmakers
 Statements of Financial Position
 December 31, 2016 and 2015

Assets	<u>2016</u>	<u>2015</u>
Current assets:		
Cash	\$ 960,132	666,167
Accounts receivable	30,029	28,066
Grants receivable	425,000	165,000
Prepaid assets	<u>14,017</u>	<u>2,000</u>
	<u>1,429,178</u>	<u>861,233</u>
Property and equipment:		
Furniture and equipment	34,048	5,506
Knowledge Management System	<u>730,856</u>	<u>616,683</u>
	764,904	622,189
Less accumulated depreciation	<u>490,341</u>	<u>345,193</u>
	<u>274,563</u>	<u>276,996</u>
Other assets-		
Grants receivable, net of current portion	50,000	-
Deposits	<u>6,569</u>	<u>2,350</u>
	<u>56,569</u>	<u>2,350</u>
	<u>\$ 1,760,310</u>	<u>1,140,579</u>
Liabilities and Net Assets (Deficit)		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 101,329	124,878
Deferred revenue	<u>98,721</u>	<u>19,053</u>
	<u>200,050</u>	<u>143,931</u>
Net assets:		
Unrestricted	592,812	489,652
Temporarily restricted	<u>967,448</u>	<u>506,996</u>
	<u>1,560,260</u>	<u>996,648</u>
	<u>\$ 1,760,310</u>	<u>1,140,579</u>

See accompanying notes to the financial statements.

Forum of Regional Associations of Grantmakers
Statement of Activities
Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and support:			
Grants and contributions	\$ 462,350	1,030,000	1,492,350
User fees	358,723	-	358,723
Membership dues	332,371	-	332,371
Meetings	130,429	-	130,429
Interest income	2,516	-	2,516
Miscellaneous	<u>3,834</u>	<u>-</u>	<u>3,834</u>
	1,290,223	1,030,000	2,320,223
Net assets released from restriction	<u>569,548</u>	<u>(569,548)</u>	<u>-</u>
Total revenues and support	<u>1,859,771</u>	<u>460,452</u>	<u>2,320,223</u>
Expenses:			
Program services:			
Knowledge services	768,738	-	768,738
Programs, communications and events	422,693	-	422,693
Infrastructure partnerships and business planning	143,141	-	143,141
Special projects	<u>83,152</u>	<u>-</u>	<u>83,152</u>
	<u>1,417,724</u>	<u>-</u>	<u>1,417,724</u>
Support services:			
Administration	316,321	-	316,321
Fundraising	<u>22,566</u>	<u>-</u>	<u>22,566</u>
	<u>338,887</u>	<u>-</u>	<u>338,887</u>
Total expenses	<u>1,756,611</u>	<u>-</u>	<u>1,756,611</u>
Change in net assets	103,160	460,452	563,612
Net assets - beginning of year	<u>489,652</u>	<u>506,996</u>	<u>996,648</u>
Net assets - end of year	\$ <u>592,812</u>	<u>967,448</u>	<u>1,560,260</u>

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 (deficit) 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 Functional Expenses
Year Ended December 31, 2016

	Program Services					Support Services			Total Expenses
	Knowledge Services	Program, Communications and Events	Infrastructure Partnerships and Business Planning	Special Projects	Total	Administration	Fundraising	Total	
Grants	\$ 50,000	-	-	60,000	110,000	-	-	-	110,000
Personnel	259,850	217,672	32,277	7,191	516,990	184,115	18,065	202,180	719,170
Professional fees/contractors	211,103	34,342	74,559	-	320,004	66,525	-	66,525	386,529
Program and meetings	43,207	91,706	6,595	15,352	156,860	10,615	-	10,615	167,475
Occupancy	22,110	18,521	2,746	-	43,377	15,666	1,537	17,203	60,580
Travel and related expenses	9,681	33,740	23,003	609	67,033	12,555	747	13,302	80,335
Depreciation and amortization	140,898	-	-	-	140,898	4,251	-	4,251	145,149
Office and administrative expenses	<u>31,889</u>	<u>26,712</u>	<u>3,961</u>	<u>-</u>	<u>62,562</u>	<u>22,594</u>	<u>2,217</u>	<u>24,811</u>	<u>87,373</u>
	\$ <u>768,738</u>	<u>422,693</u>	<u>143,141</u>	<u>83,152</u>	<u>1,417,724</u>	<u>316,321</u>	<u>22,566</u>	<u>338,887</u>	<u>1,756,611</u>

See accompanying notes to the financial statements.

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

	<u>Program Services</u>				<u>Support Services</u>			<u>Total Expenses</u>
	<u>Knowledge Services</u>	<u>Program, Communications and Events</u>	<u>Infrastructure Partnerships and Business Planning</u>	<u>Total</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>	
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
 Statements of Cash Flows
 Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 563,612	1,063,666
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	145,149	105,391
Effects of changes in operating assets and liabilities:		
Accounts receivable	(1,963)	(7,120)
Grants receivable	(310,000)	(140,000)
Prepaid assets	(12,017)	350
Deposits	(4,219)	-
Accounts payable and accrued liabilities	(23,549)	(12,398)
Deferred revenue	<u>79,668</u>	<u>(109,093)</u>
Net cash provided by operating activities	<u>436,681</u>	<u>900,796</u>
Cash flows from investing activities -		
Purchase of property and equipment	<u>(142,716)</u>	<u>(221,298)</u>
Cash flows from financing activities -		
Payments on line of credit	<u>-</u>	<u>(74,809)</u>
Change in cash	293,965	604,689
Cash - beginning of year	<u>666,167</u>	<u>61,478</u>
Cash - end of year	\$ <u>960,132</u>	<u>666,167</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 statements of activities as net assets released from restriction. There were no permanently restricted net assets as of December 31, 2016 and 2015.

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.

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 July 6, 2017, 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 a LIBOR rate plus 2.8% per annum. The line is secured by substantially all assets of the Forum. There was no outstanding balance on the line of credit at December 31, 2016 and 2015.

3. GRANTS RECEIVABLE:

Grants receivable at December 31, 2016 and 2015 consisted of the following:

		<u>2016</u>		<u>2015</u>
Less than one year	\$	425,000		165,000
One to five years		<u>50,000</u>		<u>-</u>
	\$	<u>475,000</u>		<u>165,000</u>

4. NET ASSETS:

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

	2016	2015
Time restrictions	\$ 825,000	450,000
Census 2020	22,031	-
Foundation openness	120,417	-
Strategy and planning	-	56,996
	\$ 967,448	506,996

During the years ended December 31, 2016 and 2015, net assets were released from donor restrictions due to the passage of time or the fulfillment of donor-imposed restrictions as follows:

	2016	2015
Time restrictions	\$ 250,000	500,000
Purpose restrictions	319,548	91,504
	\$ 569,548	591,504

5. OPERATING LEASES:

In April 2016, the Forum signed a non-cancelable operating lease for office space in Washington, D.C. which expires in 2021. Total lease expenses were \$60,581 for the year ended December 31, 2016. At December 31, 2016, future minimum lease payments are as follows:

Year Ending December 31:

2017	\$	80,267
2018		82,474
2019		84,742
2020		87,073
2021		59,376
	\$	393,932

6. 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 expense (benefit) of \$30,587 and \$(9,849) during 2016 and 2015, respectively.

7. CONCENTRATIONS:

Concentrations discussed in this note were limited to significant concentrations exceeding 10% of total grants and contributions. During the year ended December 31, 2016, the Forum received approximately 86% its grants and contributions from five sources. During December 31, 2015, the Forum received approximately 90% of its grants and contributions from four sources.