

United Philanthropy Forum

Financial Statements

December 31, 2017 and 2016

(with Independent Auditors' Report)



CLARK SCHAEFER HACKETT
CPAS & ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United Philanthropy Forum

Report on the Financial Statements

We have audited the accompanying financial statements of United Philanthropy Forum (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, 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 United Philanthropy Forum as of December 31, 2017 and 2016, 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.

Other Matters

2017 Accomplishments

Management has elected to include information regarding United Philanthropy Forum's accomplishments in 2017, 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
June 13, 2018

United Philanthropy Forum 2017 Accomplishments

2017 was a year of significant growth and continued transformation for United Philanthropy Forum. On January 1, following two years of collaborative and iterative planning and visioning, the Forum opened our membership to national philanthropy-serving organizations (PSOs) for the first time. The initial response exceeded our expectations. We welcomed 32 new members in 2017- reaching 160% of our goal and nearly doubling the Forum's membership. Our new members include 13 issue-focused national PSOs, nine practice-focused national PSOs, four identity-focused national PSOs, three national PSOs focused on a funder type, and three regional PSOs. The early positive response to our expanded membership model showed clearly that there is a need and interest for creating the new kind of philanthropic network that we have envisioned. It was also a sign of a lot of hard work paying dividends.

As a reflection of our changing organization, in July 2017, the Forum unveiled our new name and identity to our membership during our Annual Meeting and then more broadly to our colleagues. We've changed our name and identity to reflect the new organization that we've become. We're creating a more **united** philanthropy field, bringing together regional and national PSOs in a single network. We're working together better and smarter to advance, inform and support philanthropy. We're a place to gather, discuss, interact and lead on critical issues — a Forum.

Among the many Forum highlights for the year ending December 31, 2017 are the following additional accomplishments:

- **Presenting a record-setting annual conference:** The Forum presented our largest-ever annual conference on July 17-19, attracting more than 250 participants—more than 30% above last year's record—and raising conference sponsorship revenue that was 135% above last year's record levels. Overall, 98% of conference registrants rated the conference as either "excellent" or "good," with 52% rating it "excellent" and 46% rating it "good." The conference content was focused on two major themes: advancing racial equity, diversity and inclusion in philanthropy, and the role for PSOs in this work, and partnership and collaboration in our network and our field.
- **Advancing racial equity in philanthropy:** The Forum continued to increase our strategic commitment to racial equity in 2017, striving to be the leading connector, convener and collaborative partner for PSOs on advancing racial equity, diversity and inclusion in philanthropy. In October we convened our Racial Equity Working Group for its first in-depth, in-person convening. Serving as an advisory group for the Forum's staff and board, the Racial Equity Working Group identified a number of specific priorities for the Forum's work on racial equity in 2018 and provided guidance for a racial equity scan of PSOs to be conducted early in 2018.
- **Providing new ways for PSOs to learn together with peers:** We launched new Peer Communities in 2017 to offer year-long opportunities for our members to connect and learn with their PSO peers who have similar job responsibilities through listserv discussions, regular round-robin calls and an in-person convening during our Annual Conference. We started the year with six Peer Communities for CEOs, communications, membership, programs, public policy, and finance & administration, and at the end of 2017 we launched a new group for emerging practitioners.
- **Helping our members address foundation openness:** The Forum's foundation openness project got into full swing in 2017, thanks to a grant from the Fund for Shared Insight. The Forum awarded first-year grants to five regional PSOs to support Regional Cohorts, which are small groups of foundation leaders doing a deep dive on foundation openness over a two-year period.

The Forum also awarded grants to support 11 one-time Regional Dialogues on foundation openness across eight regional PSOs.

- **Convening philanthropy leaders for “Foundations on the Hill”:** The power of philanthropy to speak with a strong, collective voice was on full display during the 2017 Foundations on the Hill (FOTH) on March 20-22 in Washington, DC, presented by the Forum in partnership with the Council on Foundations and the Alliance for Charitable Reform. This was the first year where the Forum managed all operational aspects of FOTH. More than 300 philanthropy leaders from 28 states gathered for the three-day event, which was one of the largest gatherings in FOTH’s 14-year history and the largest in the past nine years.
- **Advocating for philanthropy on tax reform legislation:** Throughout 2017 the Forum was actively engaged on tax reform legislation in Congress and its impact on the charitable sector, with a particular focus on the universal charitable deduction and the Johnson Amendment. Forum staff stayed in touch with the latest activity on Capitol Hill, working closely with our national policy partners and the Charitable Giving Coalition, and issued frequent updates, alerts and calls to action to our members. We provided resources and guidance to help our members advocate on the issues themselves and engage their members. The Forum also issued several public statements and commentary on the tax legislation.
- **Advocating for a fair and accurate 2020 census count:** The Forum worked throughout 2017 to help our members engage their philanthropy members in ensuring a fair and accurate 2020 census count, both in terms of advocacy and funding support. Thanks to grant support from the Joyce Foundation, the Forum convened and supported funder cohorts organized by regional PSO members in five states; co-hosted several webinars for funders on the importance of the census; presented sessions on the census at the Forum’s Annual Conference and PolicyWorks Institute; and maintained a 2020 census resource page on our website, where we shared resources to help funders understand the importance of the census to the communities and populations that they fund.
- **Providing first-ever compensation, benefits and key metrics data on PSOs:** In early September, the Forum released our first-ever 2017 Compensation & Benefits for Philanthropy-Serving Organizations report, which provides comprehensive data and analyses on the employment practices of regional and national PSOs, and our first-ever 2017 Key Metrics for Philanthropy-Serving Organizations report, which provides comprehensive benchmarking data and analyses on the governance, finances, membership, services and programs, and operations of regional and national PSOs. Both reports give PSOs data, information and knowledge to help them learn from their peers and benchmark themselves against similar organizations, and also provides funders with key data and trends about a critical component of the philanthropy field.
- **Helping PSOs share technology expertise and costs:** 2017 saw a continued growth in the number of PSO members joining the Forum’s collective technology platform, which provides state-of-the-art website technology and an integrated membership database. Two regional PSOs launched their platforms in 2017 and three other regional PSOs announced plans to join the full platform in 2018. In addition, Mission Investors Exchange became the Forum’s first national PSO member to launch on the platform. MIE was one of three national PSO pilots for the Forum in 2017. Based on the outcomes of these pilots, the Forum will be opening up our platform to all of our national PSO members in 2018.

United Philanthropy Forum
Statements of Financial Position
December 31, 2017 and 2016

Assets	<u>2017</u>	<u>2016</u>
Current assets:		
Cash	\$ 741,258	960,132
Accounts receivable	63,024	30,029
Grants receivable	105,000	425,000
Prepaid assets	<u>22,392</u>	<u>14,017</u>
	<u>931,674</u>	<u>1,429,178</u>
Property and equipment:		
Furniture and equipment	36,192	34,048
Knowledge Management System	<u>806,480</u>	<u>730,856</u>
	842,672	764,904
Less accumulated depreciation	<u>645,188</u>	<u>490,341</u>
	<u>197,484</u>	<u>274,563</u>
Other assets:		
Grants receivable, net of current portion	-	50,000
Deposits	<u>6,569</u>	<u>6,569</u>
	<u>6,569</u>	<u>56,569</u>
	<u>\$ 1,135,727</u>	<u>1,760,310</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 132,830	101,329
Deferred revenue	<u>128,035</u>	<u>98,721</u>
	<u>260,865</u>	<u>200,050</u>
Net assets:		
Unrestricted	558,242	592,812
Temporarily restricted	<u>316,620</u>	<u>967,448</u>
	<u>874,862</u>	<u>1,560,260</u>
	<u>\$ 1,135,727</u>	<u>1,760,310</u>

See accompanying notes to the financial statements.

United Philanthropy Forum
Statement of Activities
Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and support:			
Grants and contributions	\$ 370,885	201,815	572,700
User fees	435,503	-	435,503
Membership dues	426,071	-	426,071
Meetings	306,035	-	306,035
Interest income	603	-	603
Miscellaneous	<u>2,652</u>	<u>-</u>	<u>2,652</u>
	1,541,749	201,815	1,743,564
Net assets released from restriction	<u>852,643</u>	<u>(852,643)</u>	<u>-</u>
Total revenues and support	<u>2,394,392</u>	<u>(650,828)</u>	<u>1,743,564</u>
Expenses:			
Program services:			
Knowledge services	840,570	-	840,570
Programs, communications and events	846,283	-	846,283
Infrastructure partnerships and business planning	<u>148,353</u>	<u>-</u>	<u>148,353</u>
	<u>1,835,206</u>	<u>-</u>	<u>1,835,206</u>
Support services:			
Administration	568,332	-	568,332
Fundraising	<u>25,424</u>	<u>-</u>	<u>25,424</u>
	<u>593,756</u>	<u>-</u>	<u>593,756</u>
Total expenses	<u>2,428,962</u>	<u>-</u>	<u>2,428,962</u>
Change in net assets	(34,570)	(650,828)	(685,398)
Net assets - beginning of year	<u>592,812</u>	<u>967,448</u>	<u>1,560,260</u>
Net assets - end of year	\$ <u><u>558,242</u></u>	<u><u>316,620</u></u>	<u><u>874,862</u></u>

See accompanying notes to the financial statements.

United Philanthropy Forum
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><u>592,812</u></u>	<u><u>967,448</u></u>	<u><u>1,560,260</u></u>

See accompanying notes to the financial statements.

United Philanthropy Forum
Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services				Support Services			Total Expenses
	Knowledge Services	Program, Communications and Events	Infrastructure Partnerships and Business Planning	Total	Administration	Fundraising	Total	
Grants	\$ -	122,000	-	122,000	-	-	-	122,000
Personnel	242,710	255,436	37,317	535,463	421,294	20,701	441,995	977,458
Professional fees and contractors	290,971	155,335	75,248	521,554	45,165	160	45,325	566,879
Occupancy	29,073	24,338	3,609	57,020	20,798	2,020	22,818	79,838
Travel, programs and meetings	64,983	276,759	23,561	365,303	33,170	2,471	35,641	400,944
Depreciation and amortization	148,291	-	-	148,291	6,556	-	6,556	154,847
Office expenses	<u>64,542</u>	<u>12,415</u>	<u>8,618</u>	<u>85,575</u>	<u>41,349</u>	<u>72</u>	<u>41,421</u>	<u>126,996</u>
	<u>\$ 840,570</u>	<u>846,283</u>	<u>148,353</u>	<u>1,835,206</u>	<u>568,332</u>	<u>25,424</u>	<u>593,756</u>	<u>2,428,962</u>

See accompanying notes to the financial statements.

United Philanthropy Forum
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 and contractors	211,103	34,342	74,559	-	320,004	66,525	-	66,525	386,529
Occupancy	22,110	18,521	2,746	-	43,377	15,666	1,537	17,203	60,580
Travel, programs and meetings	52,888	125,446	29,598	15,961	223,893	23,170	747	23,917	247,810
Depreciation and amortization	140,898	-	-	-	140,898	4,251	-	4,251	145,149
Office expenses	31,889	26,712	3,961	-	62,562	22,594	2,217	24,811	87,373
	<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.

United Philanthropy Forum
Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ (685,398)	563,612
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	154,847	145,149
Effects of changes in operating assets and liabilities:		
Accounts receivable	(32,995)	(1,963)
Grants receivable	370,000	(310,000)
Prepaid assets	(8,375)	(12,017)
Deposits	-	(4,219)
Accounts payable and accrued liabilities	31,501	(23,549)
Deferred revenue	<u>29,314</u>	<u>79,668</u>
Net cash (used) provided by operating activities	<u>(141,106)</u>	<u>436,681</u>
Cash flows from investing activities -		
Purchase of property and equipment	<u>(77,768)</u>	<u>(142,716)</u>
Change in cash	(218,874)	293,965
Cash - beginning of year	<u>960,132</u>	<u>666,167</u>
Cash - end of year	\$ <u>741,258</u>	<u>960,132</u>

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), formerly the Forum of Regional Associations of Grantmakers, 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 leads, strengthens and informs a national network of organizations that advance philanthropy's impact for the common good.

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.

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, 2017 and 2016.

Grants and contributions

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 the change in net assets.

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. 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)(3).

Reclassifications

Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 presentation.

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 13, 2018, 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 LIBOR (1.6% at December 31, 2017) 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, 2017 or 2016.

3. GRANTS RECEIVABLE:

Grants receivable at December 31 consisted of the following:

		<u>2017</u>	<u>2016</u>
Less than one year	\$	105,000	425,000
One to five years		<u> -</u>	<u>50,000</u>
	\$	<u>105,000</u>	<u>475,000</u>

4. NET ASSETS:

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

	2017	2016
Time restrictions	\$ 75,000	825,000
Census 2020	141,722	22,031
Foundation openness	99,898	120,417
	\$ 316,620	967,448

During the years ended December 31, 2017 and 2016, net assets were released from donor restrictions due to the passage of time or the fulfillment of donor-imposed restrictions as follows:

	2017	2016
Time restrictions	\$ 500,000	250,000
Purpose restrictions	352,643	319,548
	\$ 852,643	569,548

5. OPERATING LEASE:

In April 2016, the Forum signed a non-cancelable operating lease for office space in Washington, D.C. which expires in 2021. Total lease expense was \$79,838 and \$60,580 for the years ended December 31, 2017 and 2016, respectively. At December 31, 2017, future minimum lease payments are as follows:

Year Ending December 31:

2018	\$	82,474
2019		84,742
2020		87,073
2021		52,808
	\$	307,097

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 of \$36,782 and \$30,587 during 2017 and 2016, 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, 2017, the Forum received approximately 79% of its grants and contributions from four sources. At December 31, 2017, approximately 62% of the Forum's accounts and grants receivables were due from two sources. During December 31, 2016, the Forum received approximately 86% of its grants and contributions from five sources.

8. CONCENTRATION OF RISK IN EXCESS OF FEDERALLY INSURED LIMITS:

The Forum maintains a various bank accounts at a financial institution that is insured by the Federal Deposit Insurance Corporation on balances up to \$250,000 as of December 31, 2017 and 2016. At December 31, 2017 and 2016, the Forum had cash balances in excess of the federally insurance limit of \$503,028 and \$708,940, respectively. Management regularly monitors the credit risk of the Forum and believes the Forum is not exposed to any significant credit risk.