

United Philanthropy Forum

Financial Statements

December 31, 2018 and 2017

(with Independent Auditors' Report)

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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, 2018 and 2017, 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 audits 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, 2018 and 2017, 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

2018 Accomplishments

Management has elected to include information regarding United Philanthropy Forum's accomplishments in 2018, 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 24, 2019

United Philanthropy Forum 2018 Accomplishments

2018 was another notable year of transformation for the Forum, as we once again received confirmation from many sources that the Forum is doing work that is needed in the philanthropy field and that we are making a difference. Below is a summary of the Forum's key accomplishments for the year ending December 31, 2018:

Building a New Kind of Network for Philanthropy

In 2018 the Forum continued to execute a new vision, begun in 2017, to transform our network by connecting a diverse group of regional and national philanthropy-serving organizations (PSOs) to lead change and increase impact in philanthropy. In January 2017, we opened our membership to include national PSOs, primarily national issue-focused, identity-focused and practice-focused philanthropy affinity groups, associations and networks. The Forum is now the primary place to catalyze, encourage and facilitate partnerships and collaborations between and among all PSOs. Some 2018 highlights:

- **Forum membership increased more than 18% in 2018** and more than 130% over the past two years, growing from 33 regional PSO members to 77 regional and national PSO members. We welcomed 12 new members in 2018.
- **100%** membership renewal rate in 2018.
- **86%** of Forum members indicated a high (52%) or moderate (34%) level of value in the opportunities to partner and collaborate with national PSOs through the Forum.
- **83%** of Forum members indicate a high (57%) or moderate (26%) level of value in the opportunities to partner and collaborate with regional PSOs through the Forum.
- **73%** of CEOs or senior leaders of 15 national PSOs said in interviews that what they valued the most so far about their Forum membership was the opportunity for more and better partnerships with regional PSOs.

The transformed Forum network is helping PSOs to be more efficient with their resources and more effective with their work to lead, inform and support philanthropy—which leads directly to better funding decisions and results. A recent study by the William and Flora Hewlett Foundation showed that funder networks, like the Forum's PSO members, are the top source of practice knowledge that contribute to foundations changing their practice to be more effective in their philanthropy. As the Forum helps PSOs get better at their work, PSOs help funders get better at their work and communities are the ultimate beneficiaries.

Advancing Racial Equity, Diversity & Inclusion in Philanthropy

Advancing racial equity, diversity and inclusion in philanthropy is a strategic priority for the Forum. We strive to be a leading connector, convener and collaborative partner for all regional and national PSOs on advancing racial equity, diversity and inclusion (REDI) in the field. We help our members address REDI in their own organizations and help them work with their philanthropy members on these critical issues for the sector. The Forum's efforts to strengthen our members' capacity to advance racial equity in philanthropy will result in more funders being better equipped to bring a racial equity lens to their work with their grantees, many of whom work to improve the lives of low-income people of color facing persistent inequities in every factor of health and well-being.

Some 2018 highlights:

- **80%** of Forum members agree (50%) or strongly agree (30%) that the Forum offers effective and relevant resources to help their organizations advance racial equity, diversity and inclusion.
- The Forum's 2018 Annual Conference featured **11 plenary and concurrent sessions focused on aspects of racial equity, diversity and inclusion**, including nearly all of the conference keynote speakers.
- In early July 2018, the Forum released our **first-ever racial equity scan report**: "Advancing Racial Equity in Philanthropy: A Scan of Philanthropy-Serving Organizations." The report revealed PSOs' current work, future needs and greatest challenges in advancing racial equity.
- We released two of a planned series of three **videos on racial equity**—"Racial Equity Is..." and "Racial Equity and Forum Members' Work"—to share highlights of the nearly 40 interviews that we conducted with 2018 annual conference attendees and presenters about different aspects of racial equity. Our goal with these videos is to spark continued thinking and conversations that will lead to action in our field to reduce inequities based on race and ethnicity.
- We collected and reported out **data on the racial and ethnic diversity of PSOs' boards and staffs**, culled from the Forum's 2018 Key Metrics and Compensation & Benefits research reports.

The Forum is just getting started in our long-term racial equity work, but we are deeply committed to engaging effectively with our network to help philanthropy be as effective as possible in reducing and eliminating all inequities based on race and ethnicity.

Strengthening Our Network's Capacity to Engage in Public Policy

The Forum works with our members in a deep and ongoing way to strengthen their capacity to engage in public policy and advocacy work and to help them engage their foundation members in this work, primarily through our PolicyWorks for Philanthropy initiative. We provide our regional PSO members (and now increasingly our national PSO members) with a wide range of support, including regular policy updates and alerts, ongoing opportunities for peer learning and sharing, policy-focused webinars, an annual PolicyWorks Institute, an annual policy capacity assessment and profile, and much more. Data collected for our 2018 PolicyWorks for Philanthropy evaluation report showed dramatic growth in the capacity of regional PSOs to engage in public policy since the start of our PolicyWorks initiative in 2009:

- **84%** of regional PSOs allocate at least some staff time to focus on policy work, up from 45% in 2009.
- **87%** of regional PSOs facilitate relationship-building between their foundation members and local or state policymakers, up from 43% in 2009.
- **71%** of regional PSOs provide resources and tools to help their foundation members engage effectively with policymakers, an increase from 35% in 2009.

The Forum's regional PSO members have indicated that the Forum has played a significant role in helping to advance their policy and government relations work. For example, 83% of regional PSOs said they improved their understanding of current trends related to policy issues in the last year and 96% of these PSOs reported that Forum activities and resources contributed to this change.

In other 2018 policy highlights, the Forum organized and presented the 2018 Foundations on the Hill (FOTH) event, which brought more than 240 philanthropy leaders representing 32 states to Washington, DC on March 12-14. FOTH participants engaged in more than 200 meetings with federal legislators and their staffs over two days, including meetings with 14 members of the House Ways and Means Committee and 14 members of the Senate Finance Committee. The Forum managed all logistics, messaging and programming for FOTH.

Engaging Philanthropy in the 2020 Census

The Forum has been working since 2016 to engage philanthropy in ensuring a more thorough and accurate census count in 2020. The work got started after the Forum received a two-year, \$220,000 grant from The Joyce Foundation to engage regional funders in the census. The Forum's 2020 census project has had three main objectives: 1. Educate PSOs on the importance of the 2020 census and the role for their grantmaking members; 2. Mobilize funders to advocate for policy improvements for the 2020 census; 3. Increase funding support for the 2020 census.

Through this initiative, the Forum has provided mini-grants to regional PSOs in five states to engage funder cohorts in the 2020 census. The Forum also developed and provided tools, information and other resources that our entire network of regional and national PSOs have used to engage their members in the census, advocate with local and state governments to provide adequate funding for census outreach and education, and support other efforts to ensure a fair and accurate census count. We have worked closely with the Funders' Committee for Civic Participation, a Forum member, on our census efforts.

In 2018, the Forum received \$90,000 in funding from the Funders Census Initiative to provide mini-grants to many of our members to allow them to host sessions at their conferences and convenings throughout the year. These events were focused on the need for philanthropy to engage in funding and support for Complete Count Committees, staffing the census efforts, and training and mobilization for Get Out The Count (GOTC) efforts—all of which will support a fair and accurate census.

Since the start of this initiative, we have seen a significant growth in philanthropy's engagement in the 2020 census within our network. As one sign of this growth, 71% of the Forum's regional PSO members said they engaged more in 2020 census activities over the past year, and 96% of these members said the Forum contributed to this change.

In addition, there is both quantitative and qualitative evidence that the Forum's leadership and the engagement of our members around the census has helped to exponentially increase philanthropic and government investment in the 2020 census. As one example, California state allocations increased from \$27 million to \$97 million for 2020 census outreach following the active engagement of the state's philanthropy sector on the issue, led by Philanthropy California, which got started in its census work through its engagement with the Forum. This is just one example of how the Forum leveraged a philanthropic investment of \$310,000 to result in more than \$100 million of additional government and philanthropic support for a fair and accurate census count in 2020.

Supporting Our Members' Professional Development

As a membership organization dedicated to supporting our members' work, the Forum offers a wide range of services to our members. We create relevant and on-trend program and conference content to ensure skill-building opportunities for all PSO staff; we foster, nurture and support peer-to-peer exchange and learning to build the capacity of everyone in the Forum network; and we provide regular newsletters, alerts, resources and more. Our member services include seven Peer Communities focused on different areas of work (membership, programs, communications, etc.); regular professional development webinars; numerous active listservs to facilitate information sharing; and an annual conference that has become our signature annual event. The Forum's 2018 Annual Conference attracted more than 325 participants—making it the Forum's largest-ever conference.

Our members indicated a fairly high level of satisfaction with our services in a 2018 membership survey:

- **93%** of Forum members place a high (63%) or moderate (30%) level of value on the knowledge they get from the Forum for their professional development and skill-building.
- **93%** of Forum members are satisfied (62%) or very satisfied (31%) with the skill-building opportunities provided by the Forum's Peer Communities.
- **88%** of Forum members are satisfied (65%) or very satisfied (23%) with the Forum's skill-building webinars.

Engaging Philanthropy in Foundation Openness

In 2018, the Forum concluded a two-year effort to engage foundations in building openness and transparency, made possible with support from the Fund for Shared Insight. We worked with a group of regional PSO members to address three key components of foundation openness: 1. Learning from failure, 2. Using feedback to guide strategy; 3. Engaging nonprofits to catalyze more openness. The Forum developed two tracks of engagement: one-time dialogues on openness aimed at broad-based participation among funders (as well as nonprofits in some programs); and cohorts of foundation leaders, or foundation and nonprofit leaders, who collectively went deeper into the openness exploration through a series of engagements over two years. Eight regional PSOs engaged their foundation members in 13 regional dialogues on one or more of the foundation openness topics, and five other regional PSOs engaged a longer-term cohort. An evaluation of the effort yielded some significant early learnings on how foundations can get better at sharing what they're learning with foundation colleagues and grantees, and how they can use these learnings to improve their work.

Informing Our Members' Work

The Forum provides data and information to inform our members' work, such as with two of our 2018 research reports: *Key Metrics for Philanthropy-Serving Organizations*, which provided comprehensive benchmarking data and analyses on PSOs' finances, membership, services and programs, operations and governance; and *Compensation & Benefits for Philanthropy-Serving Organizations*, which looked at PSOs' employment practices. Forum members have told us that they've used the reports to inform their strategies and decisions in numerous ways, such as to determine if a PSOs' board was sufficiently diverse; to assess if certain staff positions were being compensated appropriately; to inform a decision on a possible dues restructuring; and in many other ways. **84%** of Forum members indicated a high (49%) or moderate (35%) level of usefulness of the Forum's research in 2018.

Providing Members With A Cost-Effective Shared Technology Platform

The Forum manages a unique state-of-the art shared technology platform—known as the Knowledge Management (KM) Collaborative—that offers our members a constituent relationship management solution, powered by Salesforce, that is integrated with a sophisticated website content management system, powered by Drupal. Members can participate on the platform for a fraction of what it would cost to develop a similar platform on their own. To date, 30 Forum members are part of the KM Collaborative—including six PSOs that joined the partnership in 2018. These 30 PSOs work closely together in a thriving peer support and learning community. Striking the balance between common and individual, the KM Collaborative provides the benefit of capitalizing on the collective benefits while maintaining each organization's own identity. **100%** of KM Partners agree or strongly agree that the Forum staff is knowledgeable, courteous, and treats them as valued members.

United Philanthropy Forum
Statements of Financial Position
December 31, 2018 and 2017

Assets	<u>2018</u>	<u>2017</u>
Current assets:		
Cash	\$ 559,810	741,258
Contributions and grants receivable	526,584	168,024
Prepaid assets	<u>50,575</u>	<u>22,392</u>
	<u>1,136,969</u>	<u>931,674</u>
Property and equipment:		
Furniture and equipment	31,891	36,192
Knowledge Management System	<u>693,218</u>	<u>806,480</u>
	725,109	842,672
Less accumulated depreciation	<u>582,605</u>	<u>645,188</u>
	<u>142,504</u>	<u>197,484</u>
Other assets:		
Contributions and grants receivable, net of current portion	292,560	-
Deposits	<u>14,010</u>	<u>6,569</u>
	<u>306,570</u>	<u>6,569</u>
	<u>\$ 1,586,043</u>	<u>1,135,727</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 130,718	132,830
Deferred revenue	<u>204,658</u>	<u>128,035</u>
	<u>335,376</u>	<u>260,865</u>
Net assets:		
Without donor restriction	496,580	558,242
With donor restriction	<u>754,087</u>	<u>316,620</u>
	<u>1,250,667</u>	<u>874,862</u>
	<u>\$ 1,586,043</u>	<u>1,135,727</u>

See accompanying notes to the financial statements.

United Philanthropy Forum
Statement of Activities
Year Ended December 31, 2018

	Without Donor Restriction	With Donor Restriction	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues and support:			
Grants and contributions	\$ 690,286	870,000	1,560,286
User fees	573,192	-	573,192
Membership dues	535,556	-	535,556
Meetings	284,201	-	284,201
Interest income	560	-	560
Miscellaneous	<u>10,537</u>	<u>-</u>	<u>10,537</u>
	2,094,332	870,000	2,964,332
Net assets released from restrictions	<u>432,533</u>	<u>(432,533)</u>	<u>-</u>
	2,526,865	437,467	2,964,332
Total revenues and support	<u>2,526,865</u>	<u>437,467</u>	<u>2,964,332</u>
Expenses:			
Program services:			
Knowledge services	827,291	-	827,291
Programs, communications and events	1,247,041	-	1,247,041
Partnerships and planning	<u>112,203</u>	<u>-</u>	<u>112,203</u>
	2,186,535	-	2,186,535
Support services:			
Office and administrative	379,618	-	379,618
Fundraising	<u>22,374</u>	<u>-</u>	<u>22,374</u>
	401,992	-	401,992
Total expenses	<u>2,588,527</u>	<u>-</u>	<u>2,588,527</u>
Change in net assets	(61,662)	437,467	375,805
Net assets - beginning of year	<u>558,242</u>	<u>316,620</u>	<u>874,862</u>
Net assets - end of year	\$ <u>496,580</u>	<u>754,087</u>	<u>1,250,667</u>

See accompanying notes to the financial statements.

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

	Without Donor Restriction	With Donor Restriction	Total
	<u> </u>	<u> </u>	<u> </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 restrictions	<u>852,643</u>	<u>(852,643)</u>	<u>-</u>
	2,394,392	(650,828)	1,743,564
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
Partnerships and planning	<u>148,353</u>	<u>-</u>	<u>148,353</u>
	1,835,206	-	1,835,206
Support services:			
Office and administrative	568,332	-	568,332
Fundraising	<u>25,424</u>	<u>-</u>	<u>25,424</u>
	593,756	-	593,756
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>558,242</u>	<u>316,620</u>	<u>874,862</u>

See accompanying notes to the financial statements.

United Philanthropy Forum
Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services				Support Services			
	Knowledge Services	Program, Communications and Events	Partnerships and Planning	Total	Office and Administration	Fundraising	Total	Total
Grants	\$ -	127,850	-	127,850	-	-	-	127,850
Personnel	312,126	421,626	75,878	809,630	169,560	16,355	185,915	995,545
Professional fees and contractors	316,190	157,753	7,289	481,232	97,970	88	98,058	579,290
Occupancy	29,094	36,843	7,044	72,981	17,611	1,524	19,135	92,116
Travel, programs and meetings	66,808	426,838	7,774	501,420	19,253	1,959	21,212	522,632
Depreciation and amortization	42,797	53,871	10,362	107,030	20,440	2,243	22,683	129,713
Office and administrative expenses	60,276	22,260	3,856	86,392	54,784	205	54,989	141,381
	<u>\$ 827,291</u>	<u>1,247,041</u>	<u>112,203</u>	<u>2,186,535</u>	<u>379,618</u>	<u>22,374</u>	<u>401,992</u>	<u>2,588,527</u>

See accompanying notes to the financial statements.

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

	Program Services				Support Services			
	Knowledge Services	Program, Communications and Events	Partnerships and Planning	Total	Office and Administration	Fundraising	Total	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 and administrative 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
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 375,805	(685,398)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	129,713	154,847
Effects of changes in operating assets and liabilities:		
Contributions and grants receivable	(651,120)	337,005
Prepaid assets	(28,183)	(8,375)
Deposits	(7,441)	-
Accounts payable and accrued liabilities	(2,112)	31,501
Deferred revenue	76,623	29,314
Net cash flows from operating activities	(106,715)	(141,106)
Cash flows from investing activities -		
Purchase of property and equipment	(74,733)	(77,768)
Change in cash	(181,448)	(218,874)
Cash - beginning of year	741,258	960,132
Cash - end of year	\$ 559,810	741,258

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 in accordance with generally accepted accounting principles, and, accordingly, reflect all significant receivables, payables, and other assets and 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.

Adoption of new accounting standard

During 2018, the Forum adopted ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The standard addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about investment return and functional expenses, including allocation methodologies and presentation of a statement of functional expenses as part of the basic financial statements. The Forum has adjusted the presentation of these financial statements accordingly.

Basis of presentation

The financial statements of the Forum have been prepared in accordance with generally accepted accounting principles, which requires the Forum to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions: 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 restrictions: 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, 2018 or 2017.

Grants and contributions

Donor-restricted contributions are reported as increases in net assets with donor restrictions. 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, 2018 and 2017.

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.

Contributions and grants receivable

Contributions and grants receivable 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. 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.

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.

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).

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 24, 2019, the date on which the financial statements were available to be issued.

2. CONTRIBUTIONS AND GRANTS RECEIVABLE:

Contributions and grants receivable at December 31 consisted of the following:

		<u>2018</u>	<u>2017</u>
Less than one year	\$	526,584	168,024
One to five years		<u>300,000</u>	<u>-</u>
		826,584	168,024
Less discount to present value		<u>(7,440)</u>	<u>-</u>
	\$	<u><u>819,144</u></u>	<u><u>168,024</u></u>

The discount rate was 2.48% at December 31, 2018.

3. LINE OF CREDIT:

The Forum has a \$100,000 bank line of credit. Amounts borrowed under this agreement bear interest at LIBOR (2.50% at December 31, 2018) 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, 2018 or 2017.

4. NET ASSETS:

Net assets with donor restriction are restricted for a specific purpose or subsequent years' activities. Net assets with donor restriction at December 31 consisted of the following:

		<u>2018</u>	<u>2017</u>
Restricted for future periods	\$	420,000	75,000
Racial equity program		334,087	-
Census 2020		-	141,722
Foundation openness		<u>-</u>	<u>99,898</u>
	\$	<u><u>754,087</u></u>	<u><u>316,620</u></u>

During the years ended December 31, 2018 and 2017, net assets were released from donor restrictions due to the passage of time or the fulfillment of donor-imposed restrictions as follows:

		<u>2018</u>	<u>2017</u>
Time restrictions	\$	75,000	500,000
Purpose restrictions		<u>357,533</u>	<u>352,643</u>
	\$	<u><u>432,533</u></u>	<u><u>852,643</u></u>

5. OPERATING LEASE:

In April 2016, the Forum signed a non-cancelable operating lease for office space in Washington, D.C. which was set to expire in 2021. Effective November 2018, the Forum amended the operating lease agreement for additional space, which extends the lease terms through 2026. Total lease expense was \$92,116 and \$79,838 for the years ended December 31, 2018 and 2017, respectively. At December 31, 2018, future minimum lease payments are as follows:

Year Ending December 31:	
2019	\$ 103,183
2020	118,996
2021	122,268
2022	125,630
2023	129,085
Thereafter	<u>385,347</u>
	<u>\$ 984,509</u>

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 after one year of service. Employer contributions are equal to 5% of the participants' gross annual compensation. The Forum recognized pension expense of \$38,015 and \$36,782 during 2018 and 2017, 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, 2018, the Forum received approximately 83% of its grants and contributions from three sources. During the year ended December 31, 2017, the Forum received approximately 79% of its grants and contributions from four sources. At December 31, 2018 and 2017, approximately 84% and 62% of the Forum's contributions and grants receivables were due from two sources, respectively.

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

The Forum maintains 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, 2018 and 2017. At December 31, 2018 and 2017, the Forum had cash balances in excess of the federally insurance limit of \$312,253 and \$503,028, respectively. Management regularly monitors the credit risk of the Forum and believes the Forum is not exposed to any significant credit risk.

9. 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>2018</u>	<u>2017</u>
Financial assets:		
Cash	\$ 559,810	741,258
Contributions and grants receivable	<u>526,584</u>	<u>168,024</u>
Financial assets available at year-end	1,086,394	909,282
Less those unavailable for general expenditures within one year due to:		
Restricted by donor with time or purpose restrictions	<u>754,087</u>	<u>316,620</u>
	<u>\$ 332,307</u>	<u>592,662</u>

