

United Philanthropy Forum

Financial Statements

December 31, 2019 and 2018

(with Independent Auditors' Report)

TABLE OF CONTENTS

Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3-4
Statements of Functional Expenses	5-6
Statements of Cash Flows.....	7
Notes to the Financial Statements.....	8-13

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United Philanthropy Forum
Washington, D.C.

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, 2019 and 2018, 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, 2019 and 2018, 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.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
May 8, 2020

United Philanthropy Forum
Statements of Financial Position
December 31, 2019 and 2018

Assets	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$ 515,240	559,810
Contributions, grants and other receivables, current portion	970,163	526,584
Prepaid assets	<u>25,458</u>	<u>50,575</u>
	<u>1,510,861</u>	<u>1,136,969</u>
Property and equipment:		
Furniture and equipment	48,302	31,891
Knowledge Management System	<u>789,706</u>	<u>693,218</u>
	838,008	725,109
Less accumulated depreciation	<u>684,460</u>	<u>582,605</u>
	<u>153,548</u>	<u>142,504</u>
Other assets:		
Contributions, grants and other receivables, net of current portion	546,146	292,560
Deposits	<u>14,010</u>	<u>14,010</u>
	<u>560,156</u>	<u>306,570</u>
	\$ <u><u>2,224,565</u></u>	<u><u>1,586,043</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 97,354	130,718
Deferred revenue	<u>250,798</u>	<u>204,658</u>
	<u>348,152</u>	<u>335,376</u>
Net assets:		
Without donor restriction	78,796	496,580
With donor restriction	<u>1,797,617</u>	<u>754,087</u>
	<u>1,876,413</u>	<u>1,250,667</u>
	\$ <u><u>2,224,565</u></u>	<u><u>1,586,043</u></u>

See accompanying notes to the financial statements.

United Philanthropy Forum
Statement of Activities
Year Ended December 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues and support:			
Grants and contributions	\$ 89,415	1,776,575	1,865,990
User fees	612,556	-	612,556
Membership dues	567,507	-	567,507
Meetings	330,244	-	330,244
Interest income	938	-	938
Miscellaneous	<u>14,309</u>	<u>-</u>	<u>14,309</u>
	1,614,969	1,776,575	3,391,544
Net assets released from restrictions	<u>733,045</u>	<u>(733,045)</u>	<u>-</u>
Total revenues and support	<u>2,348,014</u>	<u>1,043,530</u>	<u>3,391,544</u>
Expenses:			
Program services:			
Knowledge services	839,773	-	839,773
Programs, communications and services	<u>934,665</u>	<u>-</u>	<u>934,665</u>
	<u>1,774,438</u>	<u>-</u>	<u>1,774,438</u>
Support services:			
Administrative	914,463	-	914,463
Fundraising	<u>76,897</u>	<u>-</u>	<u>76,897</u>
	<u>991,360</u>	<u>-</u>	<u>991,360</u>
Total expenses	<u>2,765,798</u>	<u>-</u>	<u>2,765,798</u>
Change in net assets	(417,784)	1,043,530	625,746
Net assets - beginning of year	<u>496,580</u>	<u>754,087</u>	<u>1,250,667</u>
Net assets - end of year	<u>\$ 78,796</u>	<u>1,797,617</u>	<u>1,876,413</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
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 services	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:			
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 Functional Expenses
Year Ended December 31, 2019

	<u>Program Services</u>			<u>Support Services</u>			
	Knowledge Services	Program, Communications and Services	Total	Administration	Fundraising	Total	Total
Personnel	\$ 313,387	438,990	752,377	346,386	31,975	378,361	1,130,738
Professional fees and contractors	397,443	273,110	670,553	134,549	25,603	160,152	830,705
Occupancy	11,698	112,602	124,300	326,527	11,062	337,589	461,889
Travel, programs and meetings	25,046	35,085	60,131	26,978	2,555	29,533	89,664
Depreciation and amortization	28,789	40,327	69,116	31,008	2,937	33,945	103,061
Office and administrative expenses	63,410	34,551	97,961	49,015	2,765	51,780	149,741
	\$ <u>839,773</u>	<u>934,665</u>	<u>1,774,438</u>	<u>914,463</u>	<u>76,897</u>	<u>991,360</u>	<u>2,765,798</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 Services	Partnerships and Planning	Total	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
 Statements of Cash Flows
 Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 625,746	375,805
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	103,061	129,713
Effects of changes in operating assets and liabilities:		
Contributions, grants and other receivables	(697,165)	(651,120)
Prepaid assets	25,117	(28,183)
Deposits	-	(7,441)
Accounts payable and accrued liabilities	(33,364)	(2,112)
Deferred revenue	46,140	76,623
Net cash flows from operating activities	69,535	(106,715)
Cash flows from investing activities:		
Purchase of property and equipment	(114,105)	(74,733)
Change in cash and cash equivalents	(44,570)	(181,448)
Cash and cash equivalents - beginning of year	559,810	741,258
Cash and cash equivalents - end of year	\$ 515,240	559,810

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Nature of operations

The Forum is a not-for-profit organization incorporated in the District of Columbia. The Forum's mission is to lead, strengthen and inform a national network of organizations that advance philanthropy's impact for the common good.

Basis of accounting

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

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of new accounting standards

During 2019, the Forum adopted ASU 2014-09, *Revenue from Contracts with Customers*. The ASU, as updated, represents a comprehensive overhaul of substantially all previous revenue recognition guidance within U.S. GAAP. Additionally, the ASU requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Forum adopted the new standard effective January 1, 2019, the first day of the Forum's fiscal year using the modified retrospective approach.

As part of the adoption of the ASU, the Forum elected the following transition practical expedients: (i) to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and (ii) to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients. Management has analyzed the provisions of the ASU and have concluded that no changes are necessary to conform with the new standard.

In addition, during 2019, the Forum adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard provides guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction and whether a contribution is considered conditional. The presentation of the Forum's financial statements has not been changed as a result of the standard.

Basis of presentation

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

- Net assets without donor restriction: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Forum. These net assets may be used at the discretion of the Forum's management and Board of Directors.
- Net assets with donor restriction: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will likely be met by actions of the Forum or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Forum had no donor restricted funds to be maintained in perpetuity at December 31, 2019 or 2018.

Cash and cash equivalents

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

Contributions, grants and other receivables

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

Property and depreciation

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

Grants and contributions

Donor-restricted contributions are reported as increases in net assets with donor restriction. Contributions received through grants are recorded in the grants and contributions line on the statements of activities. All contributions and grants are due in less than two years at December 31, 2019 and 2018.

Revenue recognition

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

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

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

Expense allocation

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

Advertising expenses

The Forum uses non-direct response advertising. Advertising costs are expensed as incurred. Advertising expenses incurred during the year ended December 31, 2019 was \$3,411. There were no advertising expenses incurred during the year ended December 31, 2018.

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 May 8, 2020, the date on which the financial statements were available to be issued.

2. CONTRIBUTIONS, GRANTS AND OTHER RECEIVABLES:

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

		<u>2019</u>	<u>2018</u>
Receivables due in less than one year	\$	970,163	526,584
Receivables due in one to five years		<u>546,146</u>	<u>300,000</u>
		1,516,309	826,584
Less discount to present value		<u>-</u>	<u>(7,440)</u>
	\$	<u><u>1,516,309</u></u>	<u><u>819,144</u></u>

There was no discount rate at December 31, 2019. 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 (1.76% at December 31, 2019) 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, 2019 or 2018.

4. NET ASSETS WITH DONOR RESTRICTION:

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

		2019	2018
Restricted for future periods	\$	250,000	420,000
Rural Equity program		1,251,575	-
Racial Equity program		239,265	334,087
Census 2020		56,777	-
	\$	1,797,617	754,087

During the years ended December 31, 2019 and 2018, net assets were released from donor restrictions due to the passage of time or the fulfillment of donor-imposed restrictions as follows:

		2019	2018
Time restrictions	\$	370,000	75,000
Purpose restrictions		363,045	357,533

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, which extends the lease terms through May 2026. Total lease expense was \$89,970 and \$92,116 for the years ended December 31, 2019 and 2018, respectively. At December 31, 2019, future minimum lease payments are as follows:

<u>Year Ending December 31:</u>	
2020	\$ 120,338
2021	92,735
2022	127,047
2023	130,541
2024	134,131
Thereafter	196,822
	\$ 801,614

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 \$53,451 and \$38,015 during 2019 and 2018, 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, 2019, the Forum received approximately 37% of its total annual revenues and support from one source. During the year ended December 31, 2018, the Forum received approximately 30% of its total annual revenues and support from one source. At December 31, 2019 and 2018, approximately 90% and 84% of the Forum's contributions, grants and other receivables were due from two sources, respectively.

8. RELATED-PARTY TRANSACTIONS:

At December 31, 2019, \$680 of the Forum's contributions, grants and other receivables were due from related parties. There were no contributions, grants and other receivables due from related parties at December 31, 2018.

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

The Forum maintains its cash and cash equivalent balances at a few financial institutions that are insured by the Federal Deposit Insurance Corporation on balances up to \$250,000 as of December 31, 2019 and 2018. The Forum has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents.

10. LIQUIDITY DISCLOSURES:

The Forum is substantially supported by contributions and grants, some of which come with donor restriction. 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>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 515,240	559,810
Contributions, grants and other receivables	<u>1,516,309</u>	<u>819,144</u>
Financial assets at year-end	2,031,549	1,378,954
Less those unavailable for general expenditures:		
Restricted by donor due to time or purpose	<u>1,797,617</u>	<u>754,087</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>233,932</u></u>	<u><u>624,867</u></u>

11. SUBSEQUENT EVENT:

Subsequent to the date of the financial statements, an outbreak of a novel strain of coronavirus (COVID-19) has caused economic uncertainties for many industries. The extent of the impact of COVID-19 on the Forum's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak. Impact on donors, customers, employees and vendors are difficult to predict at this time.

