

United Philanthropy Forum

Financial Statements

December 31, 2020 and 2019

with Independent Auditors' Report

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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, 2020 and 2019, 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, 2020 and 2019, 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
July 1, 2021

United Philanthropy Forum
Statements of Financial Position
December 31, 2020 and 2019

Assets	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 1,220,562	515,240
Certificate of deposit	250,627	-
Contributions, grants and other receivables, current portion	1,079,512	970,163
Prepaid assets	<u>20,777</u>	<u>25,458</u>
	<u>2,571,478</u>	<u>1,510,861</u>
Property and equipment:		
Furniture and equipment	51,972	48,302
Knowledge Management System	<u>1,183,696</u>	<u>789,706</u>
	1,235,668	838,008
Less accumulated depreciation	<u>766,491</u>	<u>684,460</u>
	<u>469,177</u>	<u>153,548</u>
Other assets:		
Contributions, grants and other receivables, net of current portion	135,000	546,146
Deposits	<u>14,010</u>	<u>14,010</u>
	<u>149,010</u>	<u>560,156</u>
	<u>\$ 3,189,665</u>	<u>2,224,565</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 144,056	97,354
Deferred revenue	<u>177,190</u>	<u>250,798</u>
	<u>321,246</u>	<u>348,152</u>
Long-term liabilities:		
Paycheck Protection Program loan	<u>170,000</u>	<u>-</u>
Net assets:		
Without donor restriction	513,680	78,796
With donor restriction	<u>2,184,739</u>	<u>1,797,617</u>
	<u>2,698,419</u>	<u>1,876,413</u>
	<u>\$ 3,189,665</u>	<u>2,224,565</u>

See accompanying notes to the financial statements.

United Philanthropy Forum
Statement of Activities
Year Ended December 31, 2020

	Without Donor Restriction	With Donor Restriction	Total
Revenues and support:			
Grants and contributions	\$ 310,425	11,132,917	11,443,342
User fees	944,661	-	944,661
Membership dues	651,908	-	651,908
Meetings	205,790	-	205,790
Interest income	2,889	-	2,889
Miscellaneous	11,217	-	11,217
	<u>2,126,890</u>	<u>11,132,917</u>	<u>13,259,807</u>
Net assets released from restrictions	<u>10,745,795</u>	<u>(10,745,795)</u>	<u>-</u>
	<u>12,872,685</u>	<u>387,122</u>	<u>13,259,807</u>
Total revenues and support			
Expenses:			
Program services:			
Knowledge services	847,124	-	847,124
Programs, communications and services	10,789,785	-	10,789,785
	<u>11,636,909</u>	<u>-</u>	<u>11,636,909</u>
Support services:			
Administrative	638,709	-	638,709
Fundraising	162,183	-	162,183
	<u>800,892</u>	<u>-</u>	<u>800,892</u>
Total expenses	<u>12,437,801</u>	<u>-</u>	<u>12,437,801</u>
Change in net assets	434,884	387,122	822,006
Net assets - beginning of year	<u>78,796</u>	<u>1,797,617</u>	<u>1,876,413</u>
Net assets - end of year	\$ <u>513,680</u>	<u>2,184,739</u>	<u>2,698,419</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
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	14,309	-	14,309
	<u>1,614,969</u>	<u>1,776,575</u>	<u>3,391,544</u>
Net assets released from restrictions	733,045	(733,045)	-
	<u>2,348,014</u>	<u>1,043,530</u>	<u>3,391,544</u>
Total revenues and support			
Expenses:			
Program services:			
Knowledge services	839,773	-	839,773
Programs, communications and services	934,665	-	934,665
	<u>1,774,438</u>	<u>-</u>	<u>1,774,438</u>
Support services:			
Administrative	914,463	-	914,463
Fundraising	76,897	-	76,897
	<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 Functional Expenses
Year Ended December 31, 2020

	Program Services			Support Services			
	Knowledge	Program, Communications and Services	Total	Administration	Fundraising	Total	Total
	Services						
Grants	\$ -	9,395,140	9,395,140	-	-	-	9,395,140
Personnel	405,082	553,833	958,915	392,349	33,108	425,457	1,384,372
Professional fees and contractors	327,383	609,275	936,658	129,065	52,232	181,297	1,117,955
Occupancy	36,627	50,244	86,871	33,360	2,994	36,354	123,225
Travel, programs and meetings	158	114,762	114,920	17,140	61,294	78,434	193,354
Depreciation and amortization	24,340	33,388	57,728	22,314	1,989	24,303	82,031
Office and administrative expenses	53,534	33,143	86,677	44,481	10,566	55,047	141,724
	<u>\$ 847,124</u>	<u>10,789,785</u>	<u>11,636,909</u>	<u>638,709</u>	<u>162,183</u>	<u>800,892</u>	<u>12,437,801</u>

See accompanying notes to the financial statements.

United Philanthropy Forum
Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services			Support Services			
	Knowledge	Program, Communications and Services	Total	Administration	Fundraising	Total	Total
	Services						
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	25,046	35,085	60,131	26,978	2,555	29,533	89,664
Travel, programs and meetings	11,698	112,602	124,300	326,527	11,062	337,589	461,889
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
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 822,006	625,746
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	82,031	103,061
Effects of changes in operating assets and liabilities:		
Contributions, grants and other receivables	301,797	(697,165)
Prepaid assets	4,681	25,117
Accounts payable and accrued liabilities	46,702	(33,364)
Deferred revenue	<u>(73,608)</u>	<u>46,140</u>
Net cash flows from operating activities	<u>1,183,609</u>	<u>69,535</u>
Cash flows from investing activities:		
Purchase of certificate of deposit	(250,627)	-
Purchase of property and equipment	<u>(397,660)</u>	<u>(114,105)</u>
Net cash flows from investing activities	<u>(648,287)</u>	<u>(114,105)</u>
Cash flows from financing activities:		
Net borrowings on Paycheck Protection Program loan	<u>170,000</u>	<u>-</u>
Change in cash and cash equivalents	705,322	(44,570)
Cash and cash equivalents - beginning of year	<u>515,240</u>	<u>559,810</u>
Cash and cash equivalents - end of year	\$ <u><u>1,220,562</u></u>	<u><u>515,240</u></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) 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.

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, 2020 or 2019.

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.

Certificate of deposit

The certificate of deposit is shown at the original amount deposited plus accrued interest.

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

Revenues from contributions are recognized when a donor's unconditional commitment is received. 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, 2020 and 2019.

Revenue recognition

The Forum's primary revenue and support is obtained from grants and contributions, user fees, membership dues, and meeting fees. 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 years ended December 31, 2020 and 2019 were \$589 and \$3,411, respectively.

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 July 1, 2021, 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>2020</u>	<u>2019</u>
Receivables due in less than one year	\$ 1,079,512	970,163
Receivables due in one to five years	<u>135,000</u>	<u>546,146</u>
	\$ <u>1,214,512</u>	<u>1,516,309</u>

There was no discount rate used at December 31, 2020 or 2019.

3. NET ASSETS WITH DONOR RESTRICTION:

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

	<u>2020</u>	<u>2019</u>
Restricted for future periods	\$ 475,000	250,000
Rural Equity program	1,199,788	1,251,575
Racial Equity program	-	239,265
Census	58,738	56,777
COVID-19 response fund	<u>451,213</u>	<u>-</u>
	\$ <u>2,184,739</u>	<u>1,797,617</u>

During the years ended December 31, 2020 and 2019, net assets were released from donor restrictions due to the passage of time or the fulfillment of donor-imposed restrictions as follows:

	<u>2020</u>	<u>2019</u>
Time restrictions	\$ 510,000	370,000
Purpose restrictions	<u>10,235,795</u>	<u>363,045</u>
	\$ <u>10,745,795</u>	<u>733,045</u>

4. LINE OF CREDIT:

The Forum had a \$100,000 bank line of credit through June 23, 2020. Amounts borrowed under this agreement bore interest at LIBOR plus 2.8% per annum. The line was secured by substantially all assets of the Forum. There was no outstanding balance on the line of credit at December 31, 2019.

5. PAYCHECK PROTECTION PROGRAM LOAN:

The Forum received a Paycheck Protection Program (PPP) loan as part of the Coronavirus Aid, Relief, and Economic Security Act for \$170,000 in May 2020. Under the terms of the loan, all or a portion of the loan may be forgiven in accordance with the program requirements. Repayments of unforgiven principal and interest at 1% begin in the tenth month following the date of the loan, in equal installments over fourteen months. The Forum is currently in the process of applying for full forgiveness of the PPP loan and management believes the criteria for forgiveness have been met. The Forum has elected to present the PPP loan as of and for the year ended December 31, 2020 as traditional borrowing on the statements of financial position and statements of cash flows. The Forum will recognize forgiveness of the PPP loan when the final approval of forgiveness is received from the U.S. Small Business Administration.

6. OPERATING LEASE:

The Forum has a non-cancelable operating lease for office space in Washington, D.C. through May 2026. Total lease expense was \$123,223 and \$89,665 for the years ended December 31, 2020 and 2019, respectively. At December 31, 2020, future minimum lease payments are as follows:

Year Ending December 31:

2021	\$ 92,735
2022	127,047
2023	130,541
2024	134,131
2025	137,820
Thereafter	<u>59,003</u>
	<u>\$ 681,277</u>

7. TAX-DEFERRED ANNUITY PLAN:

The Forum has a 403(b) tax-deferred annuity plan (the Plan), which covers substantially all employees. The Plan provides for voluntary employee contributions, and employer contributions equal to 5% of the participants' gross annual compensation. An employee is eligible to participate in the Plan immediately upon hire and is eligible to receive an employer contribution after completing three months of service and attaining age 21. Employer contributions to the Plan totaled \$58,090 and \$53,451 during 2020 and 2019, respectively.

8. REVENUE CONCENTRATION:

Concentrations discussed in this note were limited to significant concentrations exceeding 10% of total grants and contributions. During the year ended December 31, 2020, the Forum received approximately 80% of its total annual revenues and support from one source. During the year ended December 31, 2019, the Forum received approximately 37% of its total annual revenues and support from one source. At December 31, 2020 and 2019, approximately 78% and 90% of the Forum's contributions, grants and other receivables were due from two sources, respectively.

9. RELATED-PARTY TRANSACTIONS:

There were no significant contributions, grants and other receivables due from related parties at December 31, 2020. At December 31, 2019, \$680 of the Forum's contributions, grants and other receivables were due from related parties.

10. 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, 2020 and 2019. 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.

11. 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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,220,562	515,240
Certificate of deposit	250,627	-
Contributions, grants and other receivables	<u>1,214,512</u>	<u>1,516,309</u>
Financial assets at year-end	2,685,701	2,031,549
Less those unavailable for general expenditures:		
Restricted by donor due to time or purpose	<u>2,184,739</u>	<u>1,797,617</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>500,962</u></u>	<u><u>233,932</u></u>

12. RISKS AND UNCERTAINTIES:

An outbreak of a novel strain of coronavirus (COVID-19) has disrupted supply chains and affected production and sales across a range of 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 of the customers, employees, and vendors cannot be predicted, and the extent to which COVID-19 may impact the Forum's financial condition or results of the operations is uncertain at this time.

