

PHILANTHROPY NETWORK GREATER PHILADELPHIA

FINANCIAL STATEMENTS

**YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED DECEMBER 31, 2015)**

**PHILANTHROPY NETWORK GREATER PHILADELPHIA
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Philanthropy Network Greater Philadelphia
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of Philanthropy Network Greater Philadelphia (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 Philanthropy Network Greater Philadelphia as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, management has elected to early adopt Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respects to that matter.

Report on Summarized Comparative Information

We have previously audited Philanthropy Network Greater Philadelphia's 2015 financial statements, and our report dated May 26, 2016, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
May 25, 2017

PHILANTHROPY NETWORK GREATER PHILADELPHIA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2015)

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 532,943	\$ 544,397
Dues and Grants Receivable	350	1,332
Prepaid Expenses	11,142	10,318
Total Current Assets	544,435	556,047
PROPERTY AND EQUIPMENT, NET	30,327	14,969
Total Assets	\$ 574,762	\$ 571,016
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 2,051	\$ 1,639
Accrued Expenses	15,188	23,397
Total Current Liabilities	17,239	25,036
DEFERRED RENT	8,141	9,108
Total Liabilities	25,380	34,144
NET ASSETS		
Without Donor Restrictions:		
Board Designated Operating Reserve	273,471	232,379
Undesignated	69,323	81,482
Total Without Donor Restrictions	342,794	313,861
With Donor Restrictions	206,588	223,011
Total Net Assets	549,382	536,872
Total Liabilities and Net Assets	\$ 574,762	\$ 571,016

See accompanying Notes to Financial Statements.

PHILANTHROPY NETWORK GREATER PHILADELPHIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)

	2016			2015
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES				
Member Dues	\$ 437,620	\$ 60,400	\$ 498,020	\$ 491,350
Fees and Other Income	147,463	-	147,463	129,937
Grants	15,800	300,225	316,025	230,210
In-Kind Contributions	32,000	-	32,000	-
Interest	470	-	470	510
Net assets released from restrictions:				
Satisfaction of program restrictions	311,355	(311,355)	-	-
Satisfaction of equipment acquisition restrictions	19,838	(19,838)	-	-
Expiration of time restrictions	45,855	(45,855)	-	-
Net Assets Released from Restrictions	<u>377,048</u>	<u>(377,048)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,010,401</u>	<u>(16,423)</u>	<u>993,978</u>	<u>852,007</u>
EXPENSES				
Program Services				
Educational Programs	128,499	-	128,499	192,117
Community Outreach and Recruitment	138,710	-	138,710	184,913
Communication and Member Services	131,321	-	131,321	180,047
Convergence Grant Food Funders Group	16,694	-	16,694	1,750
Social Impact Fund	-	-	-	10,000
Strategic Planning	72,919	-	72,919	-
Repositioning Initiative	183,313	-	183,313	62,230
Sparkling Solutions	47,948	-	47,948	362
Diversity, Equity and Inclusion Work	13,354	-	13,354	-
Total Program Services	<u>732,758</u>	<u>-</u>	<u>732,758</u>	<u>631,419</u>
Supporting Services				
Management and General	<u>248,710</u>	<u>-</u>	<u>248,710</u>	<u>162,702</u>
Total Expenses	<u>981,468</u>	<u>-</u>	<u>981,468</u>	<u>794,121</u>
CHANGE IN NET ASSETS	28,933	(16,423)	12,510	57,886
Net Assets - Beginning of Year	<u>313,861</u>	<u>223,011</u>	<u>536,872</u>	<u>478,986</u>
NET ASSETS - END OF YEAR	<u>\$ 342,794</u>	<u>\$ 206,588</u>	<u>\$ 549,382</u>	<u>\$ 536,872</u>

See accompanying Notes to Financial Statements.

PHILANTHROPY NETWORK GREATER PHILADELPHIA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)

	Educational Programs	Community Outreach and Recruitment	Communication and Member Services	Convergence Grant Food Funders Group	Strategic Planning	Repositioning Initiative	Sparkling Solutions	Diversity, Equity & Inclusion Work	Total Program Services	Management and General	2016 Total	2015 Total
Salaries	\$ 77,453	\$ 41,757	\$ 82,168	\$ 834	\$ 37,259	\$ 16,683	\$ 26,796	\$ 8,082	\$ 291,032	\$ 112,681	\$ 403,713	\$ 388,532
Payroll Taxes	5,887	3,174	6,245	63	1,312	1,268	2,037	614	20,600	10,085	30,685	30,186
Employee Benefits	12,508	6,743	13,269	135	2,787	2,694	4,327	1,305	43,768	21,426	65,194	52,770
Total Personnel	95,848	51,674	101,682	1,032	41,358	20,645	33,160	10,001	355,400	144,192	499,592	471,488
Accounting, Audit and Legal Fees	-	-	-	-	-	-	-	-	-	21,840	21,840	18,210
Other Consulting Fees	808	1,901	1,192	-	24,700	157,970	4,055	650	191,276	2,074	193,350	113,592
Copy and Printing Fees	2,516	1,356	2,669	32	561	542	2,991	262	10,929	4,309	15,238	8,237
Equipment Lease	1,429	770	1,516	15	318	308	494	149	4,999	2,447	7,446	6,507
Insurance	895	483	950	10	200	192	310	93	3,133	1,534	4,667	4,655
In-Kind Donations	-	-	-	-	-	-	-	-	-	32,000	32,000	-
Meeting Expenses	3,464	51,819	333	14,055	-	-	-	427	70,098	427	70,525	52,169
Miscellaneous	1,129	608	1,198	12	252	243	390	117	3,949	1,933	5,882	7,079
Office Supplies	1,099	592	1,166	12	245	237	380	115	3,846	1,883	5,729	5,810
On Line Services	4,623	4,176	2,685	-	-	-	-	-	11,484	6,413	17,897	10,141
Postage and Delivery	82	44	87	1	18	18	28	9	287	141	428	432
Program Services	1,163	14,799	675	-	-	-	-	-	16,637	1,612	18,249	16,771
Rent	10,393	5,603	11,026	112	2,316	2,239	3,596	1,085	36,370	17,804	54,174	51,399
Staff and Other Professional Development	622	2,368	1,522	-	2,000	-	1,069	-	7,581	2,567	10,148	4,711
Dues and Subscriptions	2,014	1,086	2,137	22	449	434	697	210	7,049	3,451	10,500	10,294
Telephone	419	226	445	5	93	90	145	44	1,467	718	2,185	2,524
Travel and Accommodations	162	217	94	1,367	-	-	-	-	1,840	225	2,065	2,028
Website and Information Technology	973	525	1,032	10	217	210	336	102	3,405	1,667	5,072	3,527
Total Before Depreciation	127,639	138,247	130,409	16,685	72,727	183,128	47,651	13,264	729,750	247,237	976,987	789,574
Depreciation	860	463	912	9	192	185	297	90	3,008	1,473	4,481	4,547
Total Functional Expenses	\$ 128,499	\$ 138,710	\$ 131,321	\$ 16,694	\$ 72,919	\$ 183,313	\$ 47,948	\$ 13,354	\$ 732,758	\$ 248,710	\$ 981,468	\$ 794,121

See accompanying Notes to Financial Statements.

PHILANTHROPY NETWORK GREATER PHILADELPHIA
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 12,510	\$ 57,886
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	4,481	4,547
(Increase) Decrease in Assets:		
Dues and Grants Receivable	982	(1,332)
Prepaid Expenses	(824)	11,225
Increase (Decrease) in Liabilities:		
Accounts Payable	412	(2,213)
Accrued Expenses	(8,209)	10,363
Deferred Rent	(967)	287
Net Cash Provided by Operating Activities	8,385	80,763
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(19,839)	(3,885)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,454)	76,878
 Cash and Cash Equivalents - Beginning of Year	544,397	467,519
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 532,943	\$ 544,397

See accompanying Notes to Financial Statements.

PHILANTHROPY NETWORK GREATER PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Philanthropy Network Greater Philadelphia (the Network) was incorporated on July 27, 1988 under the laws of the Commonwealth of Pennsylvania. The Network is an association of grantmakers in Greater Philadelphia and surrounding areas that works actively to help philanthropy strengthen and improve the health and vitality of our communities. The Network seeks to increase the impact and effectiveness of philanthropy by serving as a forum for learning and networking; a resource on information for and about the region's grantmakers; and a voice to encourage and advocate for philanthropy. Revenue is derived primarily from members' dues, fees and grants.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. The Network reports contributions as net assets with or without donor restrictions depending upon the existence and/or nature of any donor stipulations that limit their use. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions: Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors. The Board of Directors has designated funds to be maintained as an operating reserve. The operating reserve represents four months of expenses as reflected in the annual operating budget.

With Donor Restrictions: Net assets with program, equipment acquisition and expiration of time restrictions represent net assets subject to donor-imposed stipulations that will be met by actions of the Network and/or the passage of time. When the stipulated time restriction ends, or the purpose of the restriction is accomplished, these assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Net assets to be held in perpetuity are subject to donor-imposed stipulations that are required to be maintained permanently by the Network. Generally, the donors of these assets permit the Network to use all or part of the income earned on any related investment for general or specific purposes. There are no net assets to be held in perpetuity at year end.

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 the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PHILANTHROPY NETWORK GREATER PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Network considers all cash and other highly liquid instruments with initial maturities of three months or less to be cash equivalents. The balances are insured by the Federal Insurance Deposit Corporation (FDIC) up to certain limits. At times, cash in the bank may exceed FDIC limits.

Property and Equipment and Depreciation

Expenditures for property and equipment in excess of \$1,000 are capitalized at cost and depreciated on a straight-line basis over their estimated useful lives ranging from five to seven years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Grants and Member Dues

Grants, including unconditional promises to give, are recognized as revenue in the period received. Grants that are restricted by the donor are reported as increases in net assets with donor restrictions depending upon the nature of the restrictions.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Approximately 85% and of the Network's grants revenue in 2016 was provided by contributions from three foundations.

Member dues follow contribution accounting as dues represent a nonreciprocal transfer by the members to support the overall goals and objectives of the Network. Therefore, payment of dues in advance for a subsequent period are treated as an increase in net assets with donor restrictions and released into unrestricted revenue when the year commences.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributable to one or more program or supporting functions of the Network. All categories of expenses that are not directly related are allocated to one or more program and supporting functions based on the estimates of time and effort involved.

PHILANTHROPY NETWORK GREATER PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Network has been granted exemption from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Network is also exempt from state income taxes as determined by the Commonwealth of Pennsylvania. Accordingly, no provision for federal and state income tax is included in the accompanying financial statements. The Network follows the income tax standard for uncertain tax positions. Under that guidance, the Network may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The Network believes it has no uncertain tax positions for the year ended December 31, 2016.

The Network's informational tax returns are subject to review and examination by federal and state authorities. The Network is not aware of any activities that would jeopardize its tax-exempt status.

Adoption of Accounting Principle

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires organizations to address key qualitative and quantitative matters relating to net assets, expenses, and liquidity and availability of resources. The adoption did not impact the Network's financial position as of December 31, 2016 or the changes in its net assets or cash flows for the year then ended.

Prior Year Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Network's financial statements for the year ended December 31, 2015, from which the summarized information was derived. Certain amounts in the prior year financial statements were reclassified to conform to the current year presentation.

Subsequent Events

In preparing these financial statements, the Network has evaluated the events and transactions for potential recognition or disclosure through May 25, 2017, the date the financial statements were available to be issued.

**PHILANTHROPY NETWORK GREATER PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 2 LIQUIDITY

As of December 31, 2016, the Network has \$533,293 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of \$532,943 of cash and cash equivalents and \$350 of dues and grants receivable. The dues and grants receivable are to be collected within one year. The Network maintains a four-month operating reserve of \$273, 471. The Network has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Network has \$206,588 of net assets subject to donor restrictions as of December 31, 2016.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2016 consisted of the following:

Property and Equipment	\$ 59,317
Less: Accumulated Depreciation	<u>28,990</u>
Total Property and Equipment	<u><u>\$ 30,327</u></u>

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are detailed as follows:

Subject to expenditure for specific purpose:	
Educational Programs	\$ 1,620
Convergence Partnership Grant	7,325
Strategic Planning	49,143
Repositioning Initiative	70,824
Diversity, Equity and Inclusion	11,211
Web Platform Upgrade	<u>6,065</u>
	146,188
Subject to passage of time:	
2017 Member Dues Received in 2016	<u>60,400</u>
Total net assets with donor restrictions	<u><u>\$ 206,588</u></u>

**PHILANTHROPY NETWORK GREATER PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time, as follows:

	2016
Purpose restrictions accomplished:	
Communication & Member Services expenses	\$ 1,096
Convergence Partnership Grant expenses	16,694
Strategic Planning expenses	72,857
Repositioning Initiative expenses	177,971
Sparkling Solutions expenses	41,310
Diversity, Equity and Inclusion expenses	1,427
	311,355
Web Platform Upgrade equipment acquired and placed in service:	19,838
Time restrictions expired:	
Release of 2016 Member Dues Received in 2015	45,855
	45,855
Total restrictions released	\$ 377,048

NOTE 5 OPERATING LEASES

The Network has an operating lease for office space through July 31, 2019. In connection with this lease, the Network subleases office space on a month-to-month basis which may be terminated with 30 days' notice. Rent expense for the year ended December 31, 2016 was \$54,174 (net of sublease income of \$3,300).

Future minimum lease payments under the noncancellable operating lease as of December 31, 2016, are as follows:

Year Ending December 31,

2017	\$ 53,127
2018	54,379
2019	32,148
Total	\$ 139,654

PHILANTHROPY NETWORK GREATER PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 6 RETIREMENT PLAN

The Network maintains an Employer-Sponsored 403(b) Tax-Sheltered Annuity Plan. Employees are eligible to participate in the plan through elected salary reduction contributions upon employment. However, with respect to employer contributions, an employee is eligible upon completing one year of service. The Network matches 50% of employee contributions to the plan up to 2% of the employees' annual compensation. Additionally, the Network may make a discretionary contribution to plan participants. In 2016, the Network made a discretionary contribution of 3% of the annual salary of eligible employees. Employer contributions to the 403(b) plan vest 33 1/3% per year over three years. Employer contributions to the plan for the year ended December 31, 2016 were \$17,231.