

**Grantmakers of
Western Pennsylvania**

Financial Statements

Years Ended December 31, 2018 and 2017
with Independent Auditor's Report

MaherDuessel

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GRANTMAKERS OF WESTERN PENNSYLVANIA

YEARS ENDED DECEMBER 31, 2018 AND 2017

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Independent Auditor's Report

Members Grantmakers of Western Pennsylvania

We have audited the accompanying financial statements of Grantmakers of Western Pennsylvania (Grantmakers), a nonprofit organization, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, the statement of functional expenses for the year ended December 31, 2018, 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.

Auditor's 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 of 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 auditor's 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 Grantmakers as of December 31, 2018 and 2017, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, Grantmakers adopted ASU 2016-14, *“Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.”* Our opinion is not modified with respect to this matter.

Mahe Duessel

Pittsburgh, Pennsylvania
August 9, 2019

GRANTMAKERS OF WESTERN PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Assets		
<hr/>		
Current assets:		
Cash and cash equivalents	\$ 1,596,800	\$ 1,090,265
Program reimbursement receivable	10,469	4,014
Grants receivable	153,125	636,160
Other assets	<u>1,757</u>	<u>1,000</u>
Total current assets	1,762,151	1,731,439
Grants receivable, net of current portion	<u>-</u>	<u>218,215</u>
Total Assets	<u>\$ 1,762,151</u>	<u>\$ 1,949,654</u>
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Liabilities and Net Assets		
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Current Liabilities:		
Accounts payable and accrued liabilities	\$ 40,590	\$ 38,675
Deferred membership dues	<u>12,682</u>	<u>52,881</u>
Total Current Liabilities	<u>53,272</u>	<u>91,556</u>
Net Assets:		
<hr/>		
Without donor restrictions:		
Undesignated	283,623	279,722
Board-designated	<u>322,190</u>	<u>321,681</u>
Total without donor restrictions	605,813	601,403
With donor restrictions	<u>1,103,066</u>	<u>1,256,695</u>
Total Net Assets	<u>1,708,879</u>	<u>1,858,098</u>
Total Liabilities and Net Assets	<u>\$ 1,762,151</u>	<u>\$ 1,949,654</u>

See accompanying notes to financial statements.

GRANTMAKERS OF WESTERN PENNSYLVANIA

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Net Assets Without Donor Restrictions:		
Revenues:		
Membership dues	\$ 393,953	\$ 375,939
Program fees	-	12,748
Online advertising (Kidsburgh)	22,275	13,520
Fees - other	8,984	3,629
Interest income	<u>2,979</u>	<u>686</u>
Total revenues	428,191	406,522
Net assets released from donor restrictions	<u>1,328,879</u>	<u>1,097,990</u>
Total revenues without donor restrictions	<u>1,757,070</u>	<u>1,504,512</u>
Expenses:		
GWP program services	1,612,157	1,264,257
Administration	131,576	146,754
Development	<u>8,927</u>	<u>5,634</u>
Total expenses	<u>1,752,660</u>	<u>1,416,645</u>
Change in Net Assets Without Donor Restrictions	<u>4,410</u>	<u>87,867</u>
Net Assets With Donor Restrictions:		
Grants	1,175,250	1,764,125
Net assets released from donor restrictions	<u>(1,328,879)</u>	<u>(1,097,990)</u>
Change in Net Assets With Donor Restrictions	<u>(153,629)</u>	<u>666,135</u>
Change in Net Assets	<u>(149,219)</u>	<u>754,002</u>
Net Assets:		
Beginning of year	<u>1,858,098</u>	<u>1,104,096</u>
End of year	<u>\$ 1,708,879</u>	<u>\$ 1,858,098</u>

See accompanying notes to financial statements.

GRANTMAKERS OF WESTERN PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

(With Comparative Totals for Year Ended December 31, 2017)

	2018							2017	
	GWP Core Program Services	Remake Learning	Kidsburgh	Census 2020 Philanthropic Fund	Total GWP Program Services	Administration	Development	Total GWP Expenses	Total GWP Expenses
Salaries and benefits	\$ 202,770	\$ 21,047	\$ 3,300	\$ 788	\$ 227,905	\$ 106,972	\$ 8,927	\$ 343,804	\$ 284,734
Network meetings and conferences	36,633	55,464	-	-	92,097	-	-	92,097	95,459
Project management	-	372,459	22,500	-	394,959	-	-	394,959	292,359
Research/evaluations	-	-	-	-	-	-	-	-	22,350
Communications/marketing	-	260,391	70,915	-	331,306	-	-	331,306	255,493
Special projects	-	205,575	-	-	205,575	-	-	205,575	200,978
Content distribution	-	-	174,182	-	174,182	-	-	174,182	108,517
Delegation sponsorships	-	56,608	-	-	56,608	-	-	56,608	11,703
Travel	3,722	23,061	-	-	26,783	1,652	-	28,435	28,420
Metrics and data reports	-	14,024	-	-	14,024	-	-	14,024	22,354
Occupancy	11,973	13,360	-	-	25,333	5,317	-	30,650	19,893
Miscellaneous	1,910	5,533	-	-	7,443	846	-	8,289	14,709
Information technology	19,835	2,908	-	-	22,743	8,807	-	31,550	22,909
General member service	14,968	-	-	-	14,968	-	-	14,968	14,908
Staff development	1,764	-	-	-	1,764	784	-	2,548	1,909
Professional fees	-	4,904	725	568	6,197	2,830	-	9,027	6,400
Dues and subscriptions	3,624	-	-	-	3,624	1,609	-	5,233	6,146
Office expenses	3,742	-	-	-	3,742	1,661	-	5,403	3,247
Policy engagement	1,222	-	-	-	1,222	-	-	1,222	2,359
Insurance	-	1,346	269	67	1,682	1,098	-	2,780	1,798
Total Expenses	\$ 302,163	\$ 1,036,680	\$ 271,891	\$ 1,423	\$ 1,612,157	\$ 131,576	\$ 8,927	\$ 1,752,660	\$ 1,416,645

See accompanying notes to financial statements.

GRANTMAKERS OF WESTERN PENNSYLVANIA

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (149,219)	\$ 754,002
Change in:		
Program reimbursement receivable	(6,455)	1,097
Grants receivable	701,250	(636,400)
Other assets	(757)	(1,000)
Accounts payable and accrued liabilities	1,915	15,445
Deferred membership dues	(40,199)	19,279
	<u>506,535</u>	<u>152,423</u>
Net cash provided by (used in) operating activities	<u>506,535</u>	<u>152,423</u>
Net Increase (Decrease) in Cash and Cash Equivalents	506,535	152,423
Cash and Cash Equivalents:		
Beginning of year	<u>1,090,265</u>	<u>937,842</u>
End of year	<u><u>\$ 1,596,800</u></u>	<u><u>\$ 1,090,265</u></u>

See accompanying notes to financial statements.

GRANTMAKERS OF WESTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

1. Organization

Grantmakers of Western Pennsylvania (Grantmakers) was incorporated under the Nonprofit Corporation Law of the Commonwealth of Pennsylvania on February 25, 1985.

Grantmakers is a nonprofit professional membership association of grantmaking organizations composed of various foundations, corporations and charitable trusts of all sizes and purposes. Grantmakers is principally funded through dues and grants from members. Grantmakers:

- i. Encourages membership enrollment and active participation of all grantmaking organizations throughout Western Pennsylvania and beyond, in order to maximize the opportunity for exchange of information and collaboration on common interests.
- ii. Assists members to identify community needs, working with them to develop information about these needs, and providing a forum for discussion of potential solutions. The community of interest is not limited to the City of Pittsburgh or Allegheny County, but extends to Western Pennsylvania and beyond.
- iii. Nurtures the professional development of its diverse membership by serving as a resource to improve the effectiveness of its members' operations and decisions.
- iv. As a member service, Grantmakers periodically provides grants administration and/or operates co-funded programs at the request of one or more members. Current examples are Remake Learning activities, Kidsburgh, and the Census 2020 Philanthropic Fund.
- v. Presents information regarding philanthropy to the community at large.

2. Summary of Significant Accounting Policies

A summary of significant accounting policies consistently applied by management in the preparation of the financial statements follows:

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recorded when earned and expenses are recognized when the liabilities are incurred.

GRANTMAKERS OF WESTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. The net assets of Grantmakers are classified and reported as follows:

Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. The Board of Directors (Board) has designated certain accumulated funds as reserves (See Note 3).

With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of Grantmakers and/or the passage of time. Also included in this category are net assets subject to donor-imposed stipulations that require resources be maintained permanently but permits the organization to use up or expend part or all of the income derived from the donated assets. Grantmakers currently has no net assets with donor restrictions that are to be maintained in perpetuity as of December 31, 2018 and 2017.

Statement of Functional Expenses Comparative Information

The statement of functional expenses includes prior year summarized comparative information by natural expense classification but not by functional category. Prior year functional expense totals are presented on the statements of activities.

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 amount of assets and liabilities and disclosures 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 may differ from those estimates.

Membership Dues

Income from membership dues is recognized over the periods to which the dues relate. Memberships are on a calendar year basis, January 1 to December 31, and are based on members' total grant payouts. Membership dues received in advance are reported as deferred revenue.

GRANTMAKERS OF WESTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Grants

Grants to Grantmakers are reported at stated value at the date notified. The grants are reported as without donor restrictions if no donor stipulations are specified and with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from donor restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, Grantmakers considers all investments with a purchased maturity of three months or less to be cash equivalents. Grantmakers maintains cash and cash equivalents at financial institutions, which may at times exceed federally insured limits.

Grants Receivable

Grants receivable represents amounts awarded by donors that have not been received. Management has determined that no allowance was considered necessary.

As of December 31, 2018 and 2017, Grantmakers had grants receivable as follows:

	<u>2018</u>	<u>2017</u>
Due within one year	\$ 153,125	\$ 636,160
Due within two years	-	<u>218,215</u>
Total	<u>\$ 153,125</u>	<u>\$ 854,375</u>

Due to the short-term nature of the expected collections, the net realizable value is considered a reasonable estimate of the fair value. Grants receivable that are expected to be collected in future years have not been discounted, as the discount is deemed to be immaterial to the financial statements.

Fixed Assets

Fixed assets are recorded at cost or, if donated, the estimated fair value at the date received. Depreciation is calculated on the straight-line method over the asset's estimated

GRANTMAKERS OF WESTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

useful life. A capitalization level of \$3,000 has been adopted by Grantmakers. Fixed assets as of December 31, 2018 and 2017 are fully depreciated and consist of leasehold improvements with an original cost of \$10,881 and equipment of \$19,315.

Income Tax

Grantmakers is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986 (IRC), except on net income derived from unrelated business activities, and has been classified as an organization that is not a private foundation under Sections 509(a)(1) and 170(b)(1)(A)(vi) of the IRC. Income earned from website advertising activities is subject to tax on unrelated business income. Further, Grantmakers annually files a Form 990 and a Form 990-T.

Donated Services

Donated services (in-kind contributions) for the years ended December 31, 2018 and 2017 do not meet the criteria for inclusion in the accompanying financial statements. Grantmakers receives donation of services of immeasurable benefit to the organization from many individuals.

Functional Expenses

The costs of providing the program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the cost centers benefited based upon actual staff hours. The expenses that are allocated include fees for professional services, information technology, occupancy, insurance, and office expenses.

Liquidity and Availability

The primary sources of funding for Grantmakers are grants and membership dues. Grantmakers structures its financial assets to be available as general expenditures, liabilities, and other obligations become due. Revenue and expense reports are prepared and reviewed on a regular basis to assist in monitoring liquidity. In accordance with Grantmakers' investment policy, certain amounts are invested in money market funds to provide immediate liquidity and, to the extent that there are remaining funds which can be invested for a longer term, such funds may be invested in Treasury bills or notes, or certificates of deposit, at such interest rates and in such durations as will provide the most

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YEARS ENDED DECEMBER 31, 2018 AND 2017

attractive market returns and meet the anticipated future cash needs of Grantmakers. There are no such longer-term investments as of December 31, 2018 and 2017.

The following table reflects Grantmakers' financial assets as of December 31, 2018 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor-imposed restrictions, contractual restrictions or internal Board designations. In the event the need arises to utilize the Board-designated funds for liquidity purposes, the reserves could be drawn upon through Board resolution.

Cash and cash equivalents	\$ 1,596,800
Program reimbursement receivables	10,469
Grants receivable	<u>153,125</u>
Total financial assets	<u>1,760,394</u>
Less: those unavailable for general expenditures within one year due to:	
Restricted by donor with time or purpose restrictions	(1,103,066)
Board-designated for future operations	<u>(322,190)</u>
Financial assets available to meet cash needs for general expenses within one year	<u><u>\$ 335,138</u></u>

Adopted Accounting Standard

For the year ended December 31, 2018, Grantmakers adopted ASU 2016-14, "Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities," which aims to improve how a nonprofit organization classifies its net assets and provides information in its financial statements and notes about its financial performance, cash flow, and liquidity. Beginning net assets for 2017 that were previously reported as unrestricted have been reflected as net assets without donor restrictions. Beginning net assets for 2017 that were previously reported as temporarily restricted have been reflected as net assets with donor restrictions.

Pending Accounting Standards Updates (ASU)

The Financial Accounting Standards Board (FASB) has issued amendments of the FASB Accounting Standards Codification that will become effective in future years as shown

GRANTMAKERS OF WESTERN PENNSYLVANIA

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below. Management has not yet determined the impact of these statements on Grantmakers' financial statements:

ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606)*," is effective for Grantmakers' financial statements for the year ending December 31, 2019 (as amended by ASU 2015-14). This amendment provides guidance for revenue recognition related to contracts with the transfer of promised goods or services to customers and related disclosures.

ASU 2016-02, "*Leases (Topic 842)*," is effective for Grantmakers' financial statements for the year ending December 31, 2020. This amendment will require lessees to recognize assets and liabilities on the statements of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

ASU 2018-08, "*Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*," is effective for transactions in which the entity serves as the resource provider to annual periods beginning after December 15, 2019 and for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018. This ASU clarifies and improves current guidance about whether a transfer of assets—or the reduction, settlement, or cancellation of liabilities—is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

GRANTMAKERS OF WESTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

3. Net Assets

The Board has designated certain accumulated funds as reserves. These reserves are classified as net assets without donor restrictions. The Board retains control over the related assets and may, at its discretion, subsequently use them for other purposes. Total reserves were \$322,190 and \$321,681 for the years ended December 31, 2018 and 2017, respectively.

Net assets with donor restrictions at December 31, 2018 and 2017 consist of:

	2018	2017
	<u> </u>	<u> </u>
Remake Learning Council	\$ 156,577	\$ 430,548
PLACES Fellow	13,294	13,294
STEM ecosystem	-	2,204
Remake Learning Days 2017	-	18,487
Remake Learning Days 2018	26,028	136,211
Remake Learning Days 2019	120,773	95,000
Remake Learning Days Across America	455,917	-
Other Remake Learning	77,874	167,733
Remake Learning Youth Voice	33,357	-
Kidsburgh	162,721	393,218
Kidcast	23,275	-
Census 2020 Philanthropic Fund	33,250	-
	<u> </u>	<u> </u>
Total	<u>\$ 1,103,066</u>	<u>\$ 1,256,695</u>

GRANTMAKERS OF WESTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

4. Net Assets Released from Donor Restrictions

During fiscal years 2018 and 2017, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	2018	2017
Remake Learning Council	\$ 466,428	\$ 323,169
PLACES Fellow	-	4,609
STEM Ecosystem	2,204	23,945
Remake Learning Days 2016	-	30,080
Remake Learning Days 2017	18,487	308,688
Remake Learning Days 2018	296,183	12,789
Remake Learning Days 2019	14,227	5,000
Remake Learning Days Across America	146,333	-
Other Remake Learning	94,902	140,674
Remake Learning Youth Voice	16,643	-
Member Engagement	1,000	875
Kidsburgh	252,997	248,161
Kidcast	17,725	-
Census 2020 Philanthropic Fund	1,750	-
Total	<u>\$ 1,328,879</u>	<u>\$ 1,097,990</u>

5. Lease Commitments

In October 2015, Grantmakers renewed its lease for office space that provides for fixed annual rent payments of approximately \$16,000 through June 30, 2021. Rental payments totaled approximately \$16,000 in 2018 and 2017.

The remaining annual rent payments are due as follows:

2019	\$ 16,680
2020	16,996
2021	<u>8,577</u>
Total	<u>\$ 42,253</u>

GRANTMAKERS OF WESTERN PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

6. Concentrations

In 2018, Grantmakers received approximately 17% of grant revenue and 77% of accounts receivable recorded from one grantor. In 2017, Grantmakers received approximately 69% of grant revenue and 97% of accounts receivable from one grantor.

7. Employee Benefit Plan

Grantmakers has a noncontributory, defined contribution plan (Plan) covering all employees commencing after the employee completes three months of service. Grantmakers contributes 10% of eligible employee gross wages to the Plan. Total expense was approximately \$25,000 and \$22,000 for 2018 and 2017, respectively.