

Philanthropy Ohio

Financial Statements

December 31, 2018 and 2017

(with Independent Auditors' Report)

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Philanthropy Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of Philanthropy Ohio (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Philanthropy Ohio as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
May 24, 2019

Philanthropy Ohio
 Statements of Financial Position
 December 31, 2018 and 2017

Assets	2018	2017
Current assets:		
Cash and cash equivalents	\$ 376,762	150,320
Cash held on behalf of others	-	51,431
Investments	935,428	1,105,440
Contributions receivable, current portion	354,136	218,365
Prepaid expenses	19,962	12,924
	1,686,288	1,538,480
Property and equipment:		
Leasehold improvements	147,315	147,315
Furniture, fixtures and equipment	163,540	163,540
Software	60,713	47,706
	371,568	358,561
Less accumulated depreciation	253,021	232,386
	118,547	126,175
Other assets:		
Contributions receivable, less current portion	50,000	-
	\$ 1,854,835	1,664,655
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 221,610	195,147
Cash held on behalf of others	-	51,431
Deferred revenue	200,063	290,205
	421,673	536,783
Net Assets:		
Without donor restriction	693,125	678,835
With donor restriction	740,037	449,037
	1,433,162	1,127,872
	\$ 1,854,835	1,664,655

See accompanying notes to the financial statements.

Philanthropy Ohio
Statement of Activities
Year Ended December 31, 2018

	Without Donor Restriction	With Donor Restriction	Total
Revenues and support:			
Membership dues	\$ 785,985	-	785,985
Grants/contributions	183,614	105,750	289,364
Conference fees and support	209,161	-	209,161
Workshop and educational fees and support	55,884	-	55,884
Special project support	40,217	818,152	858,369
Net investment loss	(1,247)	-	(1,247)
Miscellaneous	2,887	-	2,887
	<u>1,276,501</u>	<u>923,902</u>	<u>2,200,403</u>
Net assets released from restriction	632,902	(632,902)	-
	<u>1,909,403</u>	<u>291,000</u>	<u>2,200,403</u>
Expenses:			
Program services:			
Education	746,734	-	746,734
Knowledge management	241,393	-	241,393
Special projects	449,814	-	449,814
Public policy and external relations	88,195	-	88,195
	<u>1,526,136</u>	<u>-</u>	<u>1,526,136</u>
Support services:			
Resource development	137,610	-	137,610
Management and general	231,367	-	231,367
	<u>368,977</u>	<u>-</u>	<u>368,977</u>
	<u>1,895,113</u>	<u>-</u>	<u>1,895,113</u>
Change in net assets	14,290	291,000	305,290
Net assets - beginning of year	<u>678,835</u>	<u>449,037</u>	<u>1,127,872</u>
Net assets - end of year	\$ <u>693,125</u>	<u>740,037</u>	<u>1,433,162</u>

See accompanying notes to the financial statements.

Philanthropy Ohio
Statement of Activities
Year Ended December 31, 2017

	Without Donor <u>Restriction</u>	With Donor <u>Restriction</u>	<u>Total</u>
Revenues and support:			
Membership dues	\$ 777,933	-	777,933
Grants/contributions	265,963	75,000	340,963
Contributions - from individuals	500	-	500
Conference fees and support	223,790	-	223,790
Workshop and educational fees and support	20,945	-	20,945
Special project support	28,526	562,500	591,026
Net investment income	9,907	-	9,907
Miscellaneous	<u>1,810</u>	<u>-</u>	<u>1,810</u>
	1,329,374	637,500	1,966,874
Net assets released from restriction	<u>561,394</u>	<u>(561,394)</u>	<u>-</u>
	<u>1,890,768</u>	<u>76,106</u>	<u>1,966,874</u>
Expenses:			
Program services:			
Education	676,254	-	676,254
Knowledge management	241,111	-	241,111
Special projects	449,444	-	449,444
Public policy and external relations	<u>88,200</u>	<u>-</u>	<u>88,200</u>
	<u>1,455,009</u>	<u>-</u>	<u>1,455,009</u>
Support services:			
Resource development	133,041	-	133,041
Management and general	<u>218,701</u>	<u>-</u>	<u>218,701</u>
	<u>351,742</u>	<u>-</u>	<u>351,742</u>
	<u>1,806,751</u>	<u>-</u>	<u>1,806,751</u>
Change in net assets	84,017	76,106	160,123
Net assets - beginning of year	<u>594,818</u>	<u>372,931</u>	<u>967,749</u>
Net assets - end of year	\$ <u><u>678,835</u></u>	<u><u>449,037</u></u>	<u><u>1,127,872</u></u>

See accompanying notes to the financial statements.

Philanthropy Ohio
Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services				
	Education: Conference, Workshops and Events	Knowledge Management: Publications, Research and Services	Special Projects	Public Policy and External Relations	Total
Salaries	\$ 348,901	123,013	134,370	56,916	663,200
Payroll taxes and employee benefits	103,577	36,556	40,615	16,914	197,662
	452,478	159,569	174,985	73,830	860,862
Consulting services	-	11,975	214,773	-	226,748
Rent	36,495	13,041	14,888	5,709	70,133
Conference facilities	180,444	-	12,872	-	193,316
Computer software and peripherals	13,976	16,901	5,062	1,941	37,880
Travel and meetings	13,318	4,759	10,840	2,083	31,000
Memberships	15,790	15,790	-	-	31,580
Professional development	8,091	2,856	3,119	1,321	15,387
Professional fees	987	353	403	154	1,897
Telephone	5,932	2,120	2,420	928	11,400
Copier services	539	193	220	84	1,036
Miscellaneous	6,351	492	561	215	7,619
Printing and graphic design	-	8,935	2,789	-	11,724
Postage	1,708	610	1,458	267	4,043
Office supplies	2,599	929	2,148	407	6,083
Depreciation and amortization	8,026	2,870	3,276	1,256	15,428
	\$ 746,734	241,393	449,814	88,195	1,526,136

See accompanying notes to the financial statements.

Philanthropy Ohio
Statement of Functional Expenses (continued)
Year Ended December 31, 2018

Support Services					
		Resource Development	Management and General	Total	Total
Salaries	\$	87,197	127,943	215,140	878,340
Payroll taxes and employee benefits		25,913	38,021	63,934	261,596
		113,110	165,964	279,074	1,139,936
Consulting services		-	11,975	11,975	238,723
Rent		9,836	13,830	23,666	93,799
Conference facilities		-	-	-	193,316
Computer software and peripherals		3,344	4,702	8,046	45,926
Travel and meetings		3,590	5,047	8,637	39,637
Memberships		-	-	-	31,580
Professional development		2,024	2,970	4,994	20,381
Professional fees		266	19,231	19,497	21,394
Telephone		1,599	2,248	3,847	15,247
Copier services		145	204	349	1,385
Miscellaneous		371	521	892	8,511
Printing and graphic design		-	-	-	11,724
Postage		460	647	1,107	5,150
Office supplies		701	985	1,686	7,769
Depreciation and amortization		2,164	3,043	5,207	20,635
	\$	137,610	231,367	368,977	1,895,113

See accompanying notes to the financial statements.

Philanthropy Ohio
Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services				
	Education: Conference, Workshops and Events	Knowledge Management: Publications, Research and	Special Projects	Public Policy and External Relations	Total
Salaries	\$ 340,124	121,351	125,624	57,257	644,356
Payroll taxes and employee benefits	<u>100,589</u>	<u>35,889</u>	<u>37,152</u>	<u>16,933</u>	<u>190,563</u>
	440,713	157,240	162,776	74,190	834,919
Consulting services	-	4,413	238,449	-	242,862
Rent	29,179	10,545	11,584	4,616	55,924
Conference facilities	124,814	-	8,874	-	133,688
Computer software and peripherals	12,882	19,885	4,388	1,749	38,904
Travel and meetings	11,848	4,282	9,252	1,874	27,256
Memberships	14,982	14,982	-	-	29,964
Professional development	8,972	3,201	3,314	1,510	16,997
Professional fees	1,408	509	559	223	2,699
Telephone	6,855	2,477	2,721	1,085	13,138
Copier services	1,974	713	784	312	3,783
Miscellaneous	7,251	471	519	209	8,450
Printing and graphic design	-	16,835	-	-	16,835
Postage	2,229	806	885	353	4,273
Office supplies	4,307	1,557	1,829	681	8,374
Depreciation and amortization	<u>8,840</u>	<u>3,195</u>	<u>3,510</u>	<u>1,398</u>	<u>16,943</u>
	\$ <u>676,254</u>	<u>241,111</u>	<u>449,444</u>	<u>88,200</u>	<u>1,455,009</u>

See accompanying notes to the financial statements.

Philanthropy Ohio
Statement of Functional Expenses (continued)
Year Ended December 31, 2017

	Support Services			
	Resource Development	Management and General	Total	Total
Salaries	\$ 84,604	125,624	210,228	854,584
Payroll taxes and employee benefits	<u>25,021</u>	<u>37,152</u>	<u>62,173</u>	<u>252,736</u>
	109,625	162,776	272,401	1,107,320
Consulting services	-	4,413	4,413	247,275
Rent	7,824	11,051	18,875	74,799
Conference facilities	-	-	-	133,688
Computer software and peripherals	2,964	4,186	7,150	46,054
Travel and meetings	3,177	4,487	7,664	34,920
Memberships	-	-	-	29,964
Professional development	2,232	3,314	5,546	22,543
Professional fees	378	18,810	19,188	21,887
Telephone	1,838	2,596	4,434	17,572
Copier services	529	748	1,277	5,060
Miscellaneous	350	121	471	8,921
Printing and graphic design	-	-	-	16,835
Postage	598	844	1,442	5,715
Office supplies	1,155	1,631	2,786	11,160
Depreciation and amortization	<u>2,371</u>	<u>3,724</u>	<u>6,095</u>	<u>23,038</u>
	<u>\$ 133,041</u>	<u>218,701</u>	<u>351,742</u>	<u>1,806,751</u>

See accompanying notes to the financial statements.

Philanthropy Ohio
 Statements of Cash Flows
 Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 305,290	160,123
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Unrealized loss on investments	35,214	3,036
Depreciation and amortization	20,635	23,038
Effects of changes in operating assets and liabilities:		
Contributions receivables	(185,771)	79,964
Prepaid expenses	(7,038)	3,963
Accounts payable and accrued liabilities	26,463	35,220
Cash held on behalf of others	(51,431)	4,221
Deferred revenue	(90,142)	114,412
Net cash flows from operating activities	53,220	423,977
Cash flows from investing activities:		
Purchase of investments	(974,209)	(300,000)
Proceeds from sale of investments	1,142,974	-
Reinvested dividends	(33,967)	(12,943)
Purchase of property and equipment	(13,007)	-
Net cash flows from investing activities	121,791	(312,943)
Change in cash and cash equivalents	175,011	111,034
Cash and cash equivalents - beginning of year	201,751	90,717
Cash and cash equivalents - end of year	\$ 376,762	201,751
Cash and cash equivalents are represented by:		
Cash and cash equivalents	\$ 376,762	150,320
Cash held on behalf of others	-	51,431
	\$ 376,762	201,751

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Nature of operations

Philanthropy Ohio is an association of foundations, corporate giving programs, individuals and organizations actively involved in philanthropy in Ohio. Its mission is to lead and equip Ohio philanthropy to be effective, powerful change agents in our communities.

Basis of accounting

The financial statements of the Organization have been prepared in accordance with generally accepted accounting principles, and, accordingly, reflect all significant receivables, payables, and other assets and liabilities.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of new accounting standard

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

Basis of presentation

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

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and governing board.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will likely be met by actions of the Organization 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 Organization had no donor restricted funds to be maintained in perpetuity at December 31, 2018 or 2017.

Contributions

All donor-restricted contributions are reported as increases in net assets with donor restriction, depending on the nature of the restrictions. Contributions received through grants are recorded in the grants/contributions line on the statements of activities. All contributions are due in less than two years at December 31, 2018 or 2017.

Membership dues

The Organization generally recognizes membership dues revenue ratably throughout the membership period. Amounts received in advance of the membership period are recorded as deferred revenue until the time they are earned.

Cash and cash equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments and certificates of deposit with an original maturity of three months or less to be cash equivalents.

Investments

The Organization records investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the statements of activities.

Risk and uncertainties

The Organization invests in various securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

Cash held on behalf of others

Cash held on behalf of others are funds entrusted to the Organization for the purpose of receiving, holding and disbursing such funds upon the authority of the depositor. Amounts received but not yet disbursed are not the property of the Organization but are held for the benefit of others and reported as assets and liabilities.

Contributions receivable

Contributions receivable consist primarily of contributions due within one year. Provisions are made for estimated uncollectible grants and other receivables. The Organization's estimate of the allowance is based on historical collection experience and a review of current status of receivables and judgment. There is no provision for uncollectible grants and other receivables deemed necessary as of December 31, 2018 and 2017. Decisions to charge-off receivables are based on management's judgment after consideration of facts and circumstances surrounding potential uncollectible accounts.

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 Organization. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Property and equipment

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. Expenditures that materially increase values or extend useful lives are capitalized. 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 statements of activities.

Income taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), except for income derived from unrelated business activities, as defined in the Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an Organization that is not a private foundation under Section 509(a)(1).

Subsequent events

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

2. FAIR VALUE MEASUREMENTS:

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.
- Level 2 inputs (other than quoted prices included within Level 1) are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following tables present the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2018 and 2017:

December 31, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments, at fair value:				
Mutual funds:				
Large value	\$ 140,094	-	-	140,094
Mid-cap value	73,451	-	-	73,451
Large growth	188,270	-	-	188,270
Small growth	<u>72,441</u>	<u>-</u>	<u>-</u>	<u>72,441</u>
	474,256	-	-	474,256
Bond funds	<u>461,172</u>	<u>-</u>	<u>-</u>	<u>461,172</u>
	<u>\$ 935,428</u>	<u>-</u>	<u>-</u>	<u>935,428</u>

December 31, 2017

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments, at fair value:				
Bond funds	<u>\$ 1,105,440</u>	<u>-</u>	<u>-</u>	<u>1,105,440</u>

Investment income (loss) is summarized as follows for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Reinvested dividends	\$ 33,967	12,943
Unrealized loss	<u>(35,214)</u>	<u>(3,036)</u>
	<u>\$ (1,247)</u>	<u>9,907</u>

3. NET ASSETS:

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

	<u>2018</u>	<u>2017</u>
Restricted for future periods	\$ 105,750	75,000
Education initiative	608,594	334,093
Health care reform	<u>25,693</u>	<u>39,944</u>
	<u>\$ 740,037</u>	<u>449,037</u>

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

		<u>2018</u>	<u>2017</u>
Time restrictions	\$	75,000	81,007
Purpose restrictions		<u>557,902</u>	<u>480,387</u>
	\$	<u>632,902</u>	<u>561,394</u>

4. RETIREMENT PLAN:

The Organization has a defined contribution plan (the Plan), which covers essentially all employees. The Plan provides for a safe harbor non-elective contribution of 3% of the employees' annual basic compensation and an employer matching contribution of up to 2% of the employees' annual basic compensation. In addition, the employer may make a discretionary profit sharing contribution annually. The employer discretionary profit sharing contribution was 3% during 2018 and 2017. The Organization recognized pension expense of \$69,433 and \$63,929 during the years ended December 31, 2018 and 2017, respectively.

5. OPERATING LEASES:

The Organization has non-cancelable operating leases for office space and telephone equipment in Cleveland and Columbus which expire at various dates through 2026. Total lease payments were \$93,799 and \$74,799 for the years ended December 31, 2018 and 2017, respectively. At December 31, 2018, future minimum lease payments are as follows:

Year Ending December 31:

2019	\$	73,582
2020		68,425
2021		68,701
2022		70,360
2023		72,051
2024 and thereafter		<u>180,234</u>
	\$	<u>533,353</u>

6. CONCENTRATIONS:

Concentrations discussed in this note were limited to significant concentrations at or exceeding 10%. During the year ended December 31, 2018, the Organization received approximately 60% of its annual contributions from two sources, and approximately 85% of its other receivables were due from three sources. During the year ended December 31, 2017, the Organization received approximately 58% of its annual contributions from three sources, and approximately 77% of its other receivables were due from three sources.

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

The Organization maintains a checking account at a financial institution that is insured by the Federal Deposit Insurance Corporation on balances up to \$250,000 as of December 31, 2018 and 2017. At December 31, 2018 and 2017, respectively, the Organization had no cash balances in excess of the federally insured limit.

The Organization maintains an investment balance with one financial institution. This balance is insured by the Securities Investor Protection Corporation (SIPC) on balances up to \$500,000 per institution, with additional coverage in excess of SIPC limits provided through an insurance policy with Lloyd's of London.

8. LIQUIDITY DISCLOSURES:

The Organization is substantially supported by contributions, 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 Organization 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 Organization'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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Financial assets:		
Cash and cash equivalents	\$ 376,762	150,320
Cash held on behalf of others	-	51,431
Investments	935,428	1,105,440
Other receivables	<u>354,136</u>	<u>218,365</u>
Financial assets available at year-end	1,666,326	1,525,556
Less those unavailable for general expenditures within one year due to:		
Restricted by donor with time or purpose restriction	740,037	449,037
Cash held on behalf of others	<u>-</u>	<u>51,431</u>
	<u>\$ 926,289</u>	<u>1,025,088</u>