

**NATIONAL CENTER FOR
FAMILY PHILANTHROPY, INC.**

AUDITED FINANCIAL STATEMENTS

For the years ended December 31, 2017 and 2016



NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
National Center for Family Philanthropy, Inc.
Washington, DC

We have audited the accompanying financial statements of the National Center for Family Philanthropy, Inc., (a nonprofit organization) which comprise the statements of financial position as of December 31, 2017 and 2016, 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.

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 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 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 the internal control relevant to the National Center for Family Philanthropy, Inc.'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 National Center for Family Philanthropy, Inc.'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 the National Center for Family Philanthropy, Inc. as of December 31, 2017 and 2016, 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.

UHY LLP

Columbia, Maryland
April 12, 2018

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Assets						
Current assets						
Cash and cash equivalents	\$ 1,075,851	\$ 247,244	\$ 1,323,095	\$ 643,953	\$ 208,189	\$ 852,142
Accounts receivable	40,000	-	40,000	9,500	-	9,500
Pledges receivable	-	177,500	177,500	-	657,935	657,935
Prepaid expenses	27,237	-	27,237	51,134	-	51,134
Inventory and other assets	145,108	-	145,108	38,858	-	38,858
Total current assets	1,288,196	424,744	1,712,940	743,445	866,124	1,609,569
Non-current assets						
Property and equipment, net	364,957	-	364,957	397,060	-	397,060
Security deposit	14,888	-	14,888	14,888	-	14,888
Total non-current assets	379,845	-	379,845	411,948	-	411,948
Total assets	\$ 1,668,041	\$ 424,744	\$ 2,092,785	\$ 1,155,393	\$ 866,124	\$ 2,021,517
Liabilities and net assets						
Current liabilities						
Accounts payable	\$ 58,372	\$ -	\$ 58,372	\$ 25,253	\$ -	\$ 25,253
Accrued payroll and benefits	38,430	-	38,430	38,157	-	38,157
Deferred revenue	95,833	-	95,833	60,250	-	60,250
Capital lease obligation	1,457	-	1,457	3,640	-	3,640
Total current liabilities	194,092	-	194,092	127,300	-	127,300
Long-term liabilities						
Capital lease obligation, net of current portion	-	-	-	1,169	-	1,169
Deferred rent credits and improvement allowance	320,598	-	320,598	331,697	-	331,697
Total long-term liabilities	320,598	-	320,598	332,866	-	332,866
Total liabilities	514,690	-	514,690	460,166	-	460,166
Net assets						
Unrestricted net assets:						
Undesignated net assets	1,070,080	-	1,070,080	611,956	-	611,956
Board designated - President's Leadership Fund	83,271	-	83,271	83,271	-	83,271
Total unrestricted net assets	1,153,351	-	1,153,351	695,227	-	695,227
Temporarily restricted	-	424,744	424,744	-	866,124	866,124
Total net assets	1,153,351	424,744	1,578,095	695,227	866,124	1,561,351
Total liabilities and net assets	\$ 1,668,041	\$ 424,744	\$ 2,092,785	\$ 1,155,393	\$ 866,124	\$ 2,021,517

See notes to the financial statements.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
STATEMENTS OF ACTIVITIES
For the years ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Totals
Revenue and support						
Grants and contributions	\$ 866,568	\$ 251,666	\$ 1,118,234	\$ 1,356,575	\$ 821,230	\$ 2,177,805
20th Anniversary contributions	597,500	-	597,500	380,000	-	380,000
Registrations and sponsorships	605,481	-	605,481	173,595	-	173,595
Honorarium	38,250	-	38,250	38,250	-	38,250
Knowledge Center subscriptions and sales of publications	231,870	-	231,870	172,315	-	172,315
Reimbursements	5,903	-	5,903	18,144	-	18,144
Interest and investment income	2,068	-	2,068	414	-	414
Releases from restrictions	693,046	(693,046)	-	327,404	(327,404)	-
Total revenue and support	3,040,686	(441,380)	2,599,306	2,466,697	493,826	2,960,523
Expenses						
Program services						
Education and events	1,146,594	-	1,146,594	639,091	-	639,091
Marketing, network, and outreach	456,950	-	456,950	378,042	-	378,042
Program delivery and support	129,381	-	129,381	123,375	-	123,375
20th anniversary programs	319,713	-	319,713	253,805	-	253,805
Total program services	2,052,638	-	2,052,638	1,394,313	-	1,394,313
Administration	337,756	-	337,756	307,668	-	307,668
Fundraising	192,168	-	192,168	190,676	-	190,676
Total expenses	2,582,562	-	2,582,562	1,892,657	-	1,892,657
Change in Net Assets	458,124	(441,380)	16,744	574,040	493,826	1,067,866
Net Assets, Beginning	695,227	866,124	1,561,351	121,187	372,298	493,485
Net Assets, Ending	\$ 1,153,351	\$ 424,744	\$ 1,578,095	\$ 695,227	\$ 866,124	\$ 1,561,351

See notes to the financial statements.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2017

	Education and Events	Marketing, Network and Outreach	Program Delivery and Support	20th Anniversary Programs	Total Programs	Administration	Fundraising	Total
Personnel costs:								
Salaries	\$ 363,488	\$ 195,316	\$ 74,104	\$ 123,646	\$ 756,554	\$ 135,160	\$ 117,442	\$ 1,009,156
Employee benefits	62,628	33,652	12,768	21,304	130,352	23,287	20,235	173,874
Payroll taxes	25,560	13,735	5,211	8,695	53,201	9,504	8,258	70,963
Total personnel costs	451,676	242,703	92,083	153,645	940,107	167,951	145,935	1,253,993
Accounting and payroll services	-	-	-	-	-	64,334	-	64,334
Bank service charges	11,733	6,305	2,392	3,991	24,421	4,363	3,791	32,575
Consultants	123,845	50,000	10,000	101,283	285,128	276	-	285,404
Cost of publications/ obsolete inventory	39,530	-	-	-	39,530	326	-	39,856
Depreciation and amortization	27,501	14,777	5,607	9,355	57,240	10,226	8,886	76,352
Dues and subscriptions	-	9,350	-	-	9,350	580	-	9,930
Equipment and repairs	1,033	555	211	351	2,150	383	334	2,867
Food and beverage	145,258	1,781	213	1,412	148,664	6,158	71	154,893
Insurance	764	411	156	260	1,591	284	247	2,122
Interest expense	-	-	-	-	-	532	-	532
Internet and technology	13,702	6,038	2,291	3,823	25,854	29,386	3,631	58,871
Marketing, media, and outreach	1,472	40,829	-	14,980	57,281	-	-	57,281
Meetings, education, and conferences	220,994	6,060	28	-	227,082	-	118	227,200
Office expense	7,951	4,273	1,621	2,705	16,550	3,346	2,569	22,465
Postage and delivery	399	87	-	24	510	4,569	-	5,079
Printing and reproduction	6,424	7,546	-	-	13,970	-	-	13,970
Rent	56,464	30,341	11,511	19,207	117,523	22,617	18,243	158,383
Telephone	9,682	5,202	1,974	3,293	20,151	3,600	3,129	26,880
Travel	28,166	30,692	1,294	5,384	65,536	18,825	5,214	89,575
	<u>\$ 1,146,594</u>	<u>\$ 456,950</u>	<u>\$ 129,381</u>	<u>\$ 319,713</u>	<u>\$ 2,052,638</u>	<u>\$ 337,756</u>	<u>\$ 192,168</u>	<u>\$ 2,582,562</u>

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2016

	Education and Events	Marketing, Network and Outreach	Program Delivery and Support	20th Anniversary Programs	Total Programs	Administration	Fundraising	Total
Personnel costs:								
Salaries	\$ 335,176	\$ 176,217	\$ 57,225	\$ 119,900	\$ 688,518	\$ 108,093	\$ 111,725	\$ 908,336
Employee benefits	54,747	28,783	9,347	19,584	112,461	17,655	18,249	148,365
Payroll taxes	22,870	12,024	3,905	8,181	46,980	7,376	7,623	61,979
Total personnel costs	412,793	217,024	70,477	147,665	847,959	133,124	137,597	1,118,680
Accounting and payroll services	-	-	-	-	-	63,767	-	63,767
Bank service charges	4,528	2,380	773	1,620	9,301	1,460	1,509	12,270
Consultants	20,006	60,671	11,968	47,350	139,995	12,467	-	152,462
Cost of publications/ obsolete inventory	1,072	-	11,220	-	12,292	75	-	12,367
Board and committee meetings	-	-	-	-	-	5,488	-	5,488
Depreciation and amortization	24,713	12,993	4,218	8,840	50,764	7,970	8,238	66,972
Dues and subscriptions	-	2,500	-	-	2,500	1,295	-	3,795
Equipment and repairs	871	458	149	311	1,789	281	290	2,360
Food and beverage	10,286	5,806	36	1,163	17,291	6,892	1,313	25,496
Insurance	1,736	913	296	621	3,566	560	579	4,705
Interest expense	-	-	-	-	-	748	-	748
Internet and technology	19,742	10,379	3,371	7,060	40,552	6,367	6,581	53,500
Marketing, media, and outreach	23,518	-	1,180	828	25,526	141	-	25,667
Meetings, education, and conferences	21,635	12,031	-	-	33,666	104	-	33,770
Miscellaneous and moving costs	-	-	-	-	-	35,262	-	35,262
Office expense	7,288	3,832	1,244	2,608	14,972	2,633	2,430	20,035
Postage and delivery	466	-	32	-	498	3,150	-	3,648
Printing and reproduction	367	2,099	1,313	1,000	4,779	-	-	4,779
Legal fees	-	-	-	-	-	413	-	413
Rent	58,049	30,519	9,911	20,767	119,246	18,719	19,350	157,315
Telephone	9,417	4,951	1,608	3,369	19,345	3,037	3,139	25,521
Travel	22,604	11,486	5,579	10,603	50,272	3,715	9,650	63,637
	<u>\$ 639,091</u>	<u>\$ 378,042</u>	<u>\$ 123,375</u>	<u>\$ 253,805</u>	<u>\$ 1,394,313</u>	<u>\$ 307,668</u>	<u>\$ 190,676</u>	<u>\$ 1,892,657</u>

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 16,744	\$ 1,067,866
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	76,352	66,972
Inventory allowance	-	9,100
Decrease (increase) in assets:		
Accounts receivable	(30,500)	30,000
Pledges receivable	480,435	(637,935)
Prepaid expenses	23,897	(22,969)
Inventory and other assets	(106,250)	1,898
Increase (decrease) in liabilities:		
Accounts payable and accrued payroll and benefits	33,119	(99,920)
Accrued payroll and benefits	273	1,642
Deferred revenue	35,583	(24,862)
Deferred rent credits	(11,099)	52,547
	<u>518,554</u>	<u>444,339</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(44,249)	(47,188)
Cash Flows from Financial Activities		
Principal payments on capital lease obligation	(3,352)	(2,899)
Net Increase in Cash and Cash Equivalents	<u>470,953</u>	<u>394,252</u>
Cash and Cash Equivalents, Beginning	<u>852,142</u>	<u>457,890</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,323,095</u>	<u>\$ 852,142</u>
Supplemental Information		
Cash paid for interest expense	<u>\$ 532</u>	<u>\$ 748</u>

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2017 and 2016

NOTE 1 - DESCRIPTION OF ORGANIZATION AND NATURE OF OPERATIONS

The National Center for Family Philanthropy, Inc. (NCFP) is a nonprofit organization which was incorporated in the State of Delaware in 1997. NCFP is the only nonprofit resource dedicated exclusively to families who give and those that work with them. NCFP's mission is to promote philanthropic values, vision, and excellence across generations of donors and donor families. NCFP's primary sources of revenue are grants and contributions, registration fees and sponsorships for the conference and educational events, and sales of publications. These resources are used to fulfill NCFP's mission by focusing their efforts on the following:

Education and Events – NCFP provides research, expertise, and learning opportunities to inspire its national network of giving families at every step of the way on their philanthropic journey. Families learn how to transform their values into effective giving to achieve a positive and enduring impact on the communities they serve. NCFP conducts research and education on trends and issues affecting the field of family philanthropy and provides guidance to philanthropic organizations on issues related to developing and sustaining charitable works.

Marketing, networking and outreach – NCFP hosts seminars, webinars, workshops, and conferences which provide a forum for organizations to meet and discuss issues common to different philanthropic organizations. NCFP also engages in a broad range of marketing activities, including outreach on social media.

Program delivery and support – NCFP publishes books, papers, and other materials about a broad range of philanthropic issues. Family foundations, regional associations of grant makers, community foundations, philanthropic advisors, and others can subscribe to NCFP's resources through its online Knowledge Center.

20th Anniversary Programs – Throughout 2017 and 2018, NCFP is celebrating 20 years of promoting and supporting ethical and effective family philanthropy. The featured event was the 20th Anniversary National Forum on Family Philanthropy, held in Washington, D.C. in October 2017. In September 2018, NCFP will host its Anniversary Symposium in San Francisco, California to close out the anniversary celebration.

Supporting services include the following functional categories:

Administration – Activities include program oversight, business management, general record-keeping, budgeting, and related administrative activities.

Fundraising – NCFP solicits contributions from individuals, foundations, and corporations, among others. NCFP also maintains donor mailing lists for communications purposes. Fundraising activities also include development and management of various activities involved with soliciting contributions.

Basis of Accounting - The financial statements of NCFP have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2017 and 2016

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - NCFP presents its financial statements in conformity with the accounting standards codification topic relating to Financial Statements of Not-for-Profit Organizations, issued by the Financial Accounting Standards Board. Accordingly, the net assets of NCFP are reported in each of the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class.

Under these provisions, net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of NCFP and changes therein are classified and reported as follows:

Unrestricted net assets - Unrestricted net assets represent resources over which the Board of Directors has discretionary control and are used to carry out operations of NCFP in accordance with its bylaws. Board designated net assets include amounts for the President's Leadership Fund.

Temporarily restricted net assets - Temporarily restricted net assets include pledges of future contributions or amounts which have been received and are associated with donor-imposed restrictions which permit the organization to use up or expend the donated assets as specified, and are satisfied either by the passage of time or by actions of NCFP.

Permanently restricted net assets - Net assets from contributions subject to donor-imposed stipulations, which are permanent in nature prohibiting expenditure of the assets pledged or donated. Typically, the income earned on invested balances of permanently restricted net assets is reported as part of temporarily restricted net assets unless the donor specifically limits the use of such income. There are no permanently restricted net assets for the years presented.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Direct costs associated with specific programs are recorded as program expenses while overhead expenses are allocated based on salaries charged to the various programs.

Reclassifications - Certain prior year balances have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Cash and Cash Equivalents - For purposes of reporting cash flows, NCFP considers savings accounts, money market accounts, and highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2017 and 2016

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable – Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. Accounts receivable are due under normal trade terms requiring payment within 30 days of the invoice date. NCFP provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts and other circumstances, which may affect the ability of the members and customers to meet their obligations. It is NCFP's policy to charge off uncollectible account receivables when management determines the receivable will not be collected. There is no allowance for doubtful accounts as of December 31, 2017 or 2016, as all amounts are deemed collectible within one year.

Pledges Receivable - Pledges receivable represent unconditional promises to give which have been made by donors but not yet received by NCFP. Pledges which will not be collected within one year are discounted to their present value using an estimated rate of return which could be earned if such contributions had been made in the current year. There is no allowance for doubtful accounts as of December 31, 2017 or 2016, as all amounts are deemed collectible within one year.

Inventory - Inventory consists of books published by NCFP. Inventory is stated at the lower of cost basis or the market or replacement cost in 2016. In 2017, the inventory is stated at the lower of cost using the first-in, first-out method or the net realizable value based on the selling price. As of both December 31, 2017 and 2016, management has estimated an allowance totaling \$9,100 for the valuation of slow moving inventory.

Property and Equipment - Property and equipment is recorded at cost and consists of technology equipment and website, furniture and fixtures, and leasehold improvements. NCFP capitalizes all property and equipment with a useful life greater than one year and a cost basis of \$500 or more. Depreciation of technology equipment and website, and furniture and fixtures is computed over an estimated useful life of 3 to 5 years on a straight-line basis. Amortization of the equipment under capital lease is included in depreciation expense. Leasehold improvements are amortized at the lesser of the useful life of the asset or the remaining term of the lease agreement. Repairs and maintenance are expensed when incurred.

Deferred Rent Credits and Improvements Allowance - Deferred rent has been recorded to reflect the difference between required annual rent payments and the straight-line average rent cost over the term of the lease. The allowance for leasehold improvements of \$279,150 is amortized over the life of the lease agreement and the amortization is recorded as a reduction to rent expense.

Revenue Recognition - NCFP receives grants and contributions from corporations, foundations, and other organizations to support various program services. Unconditional grants and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or absence of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as releases from restrictions. Conditional grants and contributions are not recorded until the conditions have been met.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2017 and 2016

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

NCFP recognizes knowledge center subscription revenue when earned on a calendar year basis. Payments received in advance are recorded as deferred revenue in the year they are received. Publications sales are recognized as unrestricted revenue when the items are sold. Registration fees and sponsorships are recorded as unrestricted revenue in the year the event is held. Honorarium, reimbursements, and interest income are recorded as revenue when earned.

Income Taxes - NCFP is exempt from Federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation. However, income from certain activities not directly related to NCFP's tax-exempt purpose is subject to taxation as unrelated business income. For the years ended December 31, 2017 and 2016, NCFP did not have any taxable net income. Accordingly, no provision has been made for income taxes.

NCFP is no longer subject to income tax examinations from the U.S. federal, state or local tax authorities for years ending before December 31, 2014.

Accounting for Uncertain Tax Provisions - NCFP has adopted the accounting standard for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this policy, NCFP may recognize the tax benefit from an uncertain tax position only if it is more likely-than-not that the tax position would be sustained on examination by taxing authorities, based on the technical merits of the position. Management evaluated NCFP's tax positions and concluded that NCFP has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Technology equipment and website	\$ 122,552	\$ 84,329
Copier under capital lease	13,527	13,527
Furniture and fixtures	78,802	78,276
Leasehold improvements	<u>338,034</u>	<u>332,534</u>
Total property and equipment	552,915	508,666
Less, Accumulated depreciation and amortization	<u>(187,958)</u>	<u>(111,606)</u>
Net value of property and equipment	<u>\$ 364,957</u>	<u>\$ 397,060</u>

Depreciation and amortization expense totaled \$76,352 and \$66,972 for the years ended December 31, 2017 and 2016, respectively.

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2017 and 2016

NOTE 4 – TECHNOLOGY EQUIPMENT UNDER CAPITAL LEASE

In February 2013, NCFP entered into a five year agreement to lease a copier. The asset and liability under the capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The copier is amortized over a five year useful life. Amortization of the copier is included in depreciation expense. For the year ended December 31, 2017, the present value of minimum lease payments totaled \$1,457, which is comprised of the capital lease payments due in 2018 totaling \$1,479, net of \$22 for interest.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	Year Ended December 31, 2017			
	Balance 12/31/16	Additions	Releases	Balance 12/31/17
Time restriction:				
Pledges receivable	\$ 290,000	\$ 100,000	\$ (290,000)	\$ 100,000
Purpose restriction:				
Revolving reserve	150,000	-	-	150,000
Transparency	259,392	-	(208,268)	51,124
Family Foundation				
Leadership	150,000	-	(150,000)	-
2017 National Forum	10,000	-	(10,000)	-
Community Foundation Initiative	6,732	-	(6,732)	-
Pride of Place	-	51,666	-	51,666
Racial Equity, Diversity, and Inclusion (REDI)	-	100,000	(28,046)	71,954
Totals	<u>\$ 866,124</u>	<u>\$ 251,666</u>	<u>\$ (693,046)</u>	<u>\$ 424,744</u>

NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2017 and 2016

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS (Continued)

	Year Ended December 31, 2016			
	Balance 12/31/15	Additions	Releases	Balance 12/31/16
Time restriction:				
Pledges receivable	\$ 20,000	\$ 310,000	\$ (40,000)	\$ 290,000
Purpose restriction:				
Revolving reserve	150,000	-	-	150,000
Transparency	-	304,980	(45,588)	259,392
Family Foundation				
Leadership	-	150,000	-	150,000
2017 National Forum	-	10,000	-	10,000
CEO Initiative	42,908	-	(42,908)	-
Engaging the next generation	50,000	-	(50,000)	-
Community Foundation Initiative	109,390	-	(102,658)	6,732
Splendid Legacy	-	35,000	(35,000)	-
Trustee education	-	11,250	(11,250)	-
Totals	<u>\$ 372,298</u>	<u>\$ 821,230</u>	<u>\$ (327,404)</u>	<u>\$ 866,124</u>

NOTE 6 - RETIREMENT PLAN

NCFP has established a pension plan, qualified under Internal Revenue Code 403(b), for the benefit of its employees. Contributions to the pension plan for the years ended December 31, 2017 and 2016 totaled \$40,237 and \$20,575, respectively, which are included in employee benefits in the schedule of functional expenses.

NOTE 7 - OPERATING LEASES

In December 2015, NCFP signed a lease agreement which ends on December 31, 2025. The lease requires monthly payments of \$14,888, an annual escalation each year, and a pro rata share of operating expenses and real estate taxes. The lease agreement specifies a rent abatement of ten months over a six year period and a leasehold improvements allowance of \$279,150. NCFP also has a month-to-month lease agreement for storage space with adjustable rates dependent on amount of space needed.

For the years ended December 31, 2017 and 2016, rent expense for office and storage space totaled \$158,383 and \$157,315, respectively.

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NOTE 7 - OPERATING LEASES (Continued)

Future minimum rental payments for the office lease are as follows:

For the year ended December 31,	<u>Amount</u>
2018	\$ 172,059
2019	176,358
2020	180,759
2021	185,263
2022	207,166
Thereafter	<u>653,099</u>
Total	<u>\$ 1,574,704</u>

NOTE 8 - CONCENTRATION OF CREDIT RISK

NCFP maintains cash in several accounts. Each account is insured by the Federal Deposit Insurance Corporation (FDIC). The accounts maintained by NCFP may, at times, exceed federally insured limits. NCFP seeks to maximize its interest income while limiting its exposure and reducing amounts in excess of the FDIC limit. Management does not consider this a significant concentration of credit risk.

NOTE 9 - EVALUATION OF SUBSEQUENT EVENTS

NCFP has evaluated subsequent events through April 12, 2108, the date which the financial statements were available to be issued. There were no events which require additional disclosures.