

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

AUDITED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018



# 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, 2019 and 2018, 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, 2019 and 2018, 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  
May 15, 2020

**NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,767,255	\$ 834,701
Accounts receivable	69,500	70,500
Pledges and grants receivable	282,500	220,000
Prepaid expenses	24,904	60,893
Inventory and other assets, net	<u>92,649</u>	<u>130,616</u>
Total current assets	<u>2,236,808</u>	<u>1,316,710</u>
Non-current assets		
Pledges and grants receivable, net of current portion	370,000	300,000
Property and equipment, net	386,092	470,918
Security deposit	<u>14,888</u>	<u>14,888</u>
Total non-current assets	<u>770,980</u>	<u>785,806</u>
Total assets	<u>\$ 3,007,788</u>	<u>\$ 2,102,516</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 37,802	\$ 19,126
Accrued payroll and benefits	49,186	49,598
Deferred revenue	158,675	132,083
Capital lease obligation	<u>3,860</u>	<u>4,584</u>
Total current liabilities	<u>249,523</u>	<u>205,391</u>
Long-term liabilities		
Capital lease obligation, net of current portion	9,958	12,869
Deferred rent credits and improvement allowance	<u>285,708</u>	<u>305,303</u>
Total long-term liabilities	<u>295,666</u>	<u>318,172</u>
Total liabilities	<u>545,189</u>	<u>523,563</u>
Net assets		
Without donor restrictions:		
Undesignated net assets	1,163,781	692,872
Board designated - President's Leadership Fund	<u>96,318</u>	<u>83,271</u>
Total net assets without donor restrictions	<u>1,260,099</u>	<u>776,143</u>
With donor restrictions	<u>1,202,500</u>	<u>802,810</u>
Total net assets	<u>2,462,599</u>	<u>1,578,953</u>
Total liabilities and net assets	<u>\$ 3,007,788</u>	<u>\$ 2,102,516</u>

**NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.**  
**STATEMENTS OF ACTIVITIES**

For the years ended December 31, 2019 and 2018

	2019		2018	
	Without Donor Restriction	With Donor Restriction	Without Donor Restriction	With Donor Restriction
<b>Revenue and support</b>				
Grants and contributions	\$ 1,877,370	\$ 852,500	\$ 1,112,619	\$ 756,927
20th Anniversary contributions	-	-	127,456	-
Registrations and sponsorships	913,370	-	302,880	-
Knowledge Center subscriptions and sales of publications	256,743	-	234,818	-
Honorarium and reimbursements	89,776	-	111,802	-
Interest and investment income	1,557	-	724	-
Releases from restrictions	452,810	(452,810)	378,861	(378,861)
Total revenue and support	3,591,626	399,690	2,269,160	378,066
<b>Expenses</b>				
Program services				
Education and events	972,317	-	1,022,275	-
Marketing, network, and outreach	552,351	-	544,535	-
Program delivery and support	165,786	-	176,487	-
Special events and 20th anniversary programs	724,831	-	308,432	-
Total program services	2,415,285	-	2,051,729	-
Administration	439,694	-	395,925	-
Fundraising	252,691	-	198,714	-
Total expenses	3,107,670	-	2,646,368	-
<b>Change in Net Assets</b>	483,956	399,690	(377,208)	378,066
<b>Net Assets, Beginning</b>	776,143	802,810	1,153,351	424,744
<b>Net Assets, Ending</b>	\$ 1,260,099	\$ 1,202,500	\$ 776,143	\$ 802,810

See notes to the financial statements.

**NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended December 31, 2019

	Education and Events	Marketing, Network and Outreach	Program Delivery and Support	Special Event Programs	Total Programs	Administration	Fundraising	Total
Personnel costs:								
Salaries	\$ 445,972	\$ 305,319	\$ 100,737	\$ 127,632	\$ 979,660	\$ 137,762	\$ 156,162	\$ 1,273,584
Employee benefits	78,288	53,597	17,684	22,405	171,974	24,184	27,414	223,572
Payroll taxes	32,498	22,249	7,341	9,301	71,389	10,038	11,380	92,807
Total personnel costs	556,758	381,165	125,762	159,338	1,223,023	171,984	194,956	1,589,963
Accounting and payroll services	-	-	-	-	-	68,542	-	68,542
Bank service charges	18,354	12,566	4,146	5,253	40,319	5,669	6,427	52,415
Consultants	193,955	14,864	2,236	58,240	269,295	104,189	-	373,484
Cost of publications/ obsolete inventory	38,378	384	-	5,608	44,370	-	-	44,370
Depreciation and amortization	30,178	20,661	6,817	8,637	66,293	9,322	10,567	86,182
Dues and subscriptions	-	1,113	-	-	1,113	11,941	-	13,054
Food and beverage	2,970	14,485	-	297,409	314,864	10,212	-	325,076
Insurance	2,258	1,546	510	646	4,960	697	791	6,448
Interest expense	-	-	-	-	-	948	-	948
Internet and technology	41,515	28,421	9,377	11,881	91,194	12,824	14,537	118,555
Legal	-	-	-	-	-	1,400	-	1,400
Marketing, media, and outreach	-	400	-	15,166	15,566	-	-	15,566
Meetings, education, and conferences	5,847	4,539	-	97,464	107,850	4,282	-	112,132
Office expense	10,742	7,354	2,426	3,074	23,596	3,320	3,761	30,677
Postage and delivery	39	-	-	2,704	2,743	2,663	-	5,406
Printing and reproduction	2,980	801	-	6,640	10,421	994	-	11,415
Rent	55,835	38,226	12,612	15,979	122,652	17,248	19,551	159,451
Telephone	6,000	4,108	1,355	1,717	13,180	1,854	2,101	17,135
Travel	6,508	21,718	545	35,075	63,846	11,605	-	75,451
	\$ 972,317	\$ 552,351	\$ 165,786	\$ 724,831	\$ 2,415,285	\$ 439,694	\$ 252,691	\$ 3,107,670

See notes to the financial statements.

**NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended December 31, 2018

	Education and Events	Marketing, Network and Outreach	Program Delivery and Support	20th Anniversary Programs	Total Programs	Administration	Fundraising	Total
Personnel costs:								
Salaries	\$ 427,375	\$ 212,004	\$ 92,813	\$ 111,283	\$ 843,475	\$ 156,332	\$ 128,355	\$ 1,128,162
Employee benefits	71,219	35,329	15,466	18,545	140,559	26,052	21,389	188,000
Payroll taxes	29,463	14,616	6,398	7,672	58,149	10,778	8,848	77,775
Total personnel costs	528,057	261,949	114,677	137,500	1,042,183	193,162	158,592	1,393,937
Accounting and payroll services	-	-	-	-	-	67,077	-	67,077
Bank service charges	7,251	3,597	1,575	1,888	14,311	2,653	2,178	19,142
Consultants	133,212	89,265	16,947	91,236	330,660	18,167	-	348,827
Cost of publications/ obsolete inventory	3,555	-	13	-	3,568	-	-	3,568
Depreciation and amortization	30,246	15,004	6,568	7,876	59,694	11,064	9,083	79,841
Dues and subscriptions	-	733	-	-	733	3,880	-	4,613
Equipment and repairs	265	131	57	69	522	97	79	698
Food and beverage	112,821	5,194	292	2,565	120,872	15,980	-	136,852
Insurance	793	393	172	207	1,565	291	238	2,094
Interest expense	-	-	-	-	-	1,204	-	1,204
Internet and technology	17,131	7,628	6,758	3,873	35,390	28,468	4,466	68,324
Marketing, media, and outreach	15,605	57,060	3,750	26,489	102,904	1,300	-	104,204
Meetings, education, and conferences	39,116	1,718	111	300	41,245	3	-	41,248
Office expense	10,334	5,126	2,244	2,690	20,394	4,266	3,104	27,764
Postage and delivery	932	-	-	-	932	2,984	-	3,916
Printing and reproduction	13,480	-	3,000	-	16,480	-	-	16,480
Rent	61,391	30,454	13,332	15,985	121,162	23,305	18,438	162,905
Telephone	8,443	4,188	1,833	2,198	16,662	3,088	2,536	22,286
Travel	39,643	62,095	5,158	15,556	122,452	18,936	-	141,388
	\$ 1,022,275	\$ 544,535	\$ 176,487	\$ 308,432	\$ 2,051,729	\$ 395,925	\$ 198,714	\$ 2,646,368



**NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities</b>		
Grants and contributions received	\$ 2,597,370	\$ 1,654,502
Registrations and sponsorships	939,962	339,130
Knowledge Center subscriptions and sales of publications	257,743	204,318
Honorarium and reimbursements	89,776	111,802
Interest and dividends	1,557	724
Payments for salaries, benefits, and payroll taxes	(1,590,375)	(1,382,769)
Payments to vendors	(1,341,608)	(1,245,078)
Cash paid for inventory	(5,992)	(13)
Interest paid	(948)	(1,204)
	<u>947,485</u>	<u>(318,588)</u>
Net cash provided (used) by operating activities	947,485	(318,588)
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(11,296)	(165,139)
<b>Cash Flows from Financial Activities</b>		
Principal payments on capital lease obligation	(3,635)	(4,667)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	932,554	(488,394)
<b>Cash and Cash Equivalents, Beginning</b>	<u>834,701</u>	<u>1,323,095</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 1,767,255</u>	<u>\$ 834,701</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 883,646	\$ 858
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	86,182	79,841
Inventory allowance	(9,100)	-
Loss on disposal of property and equipment	9,940	-
Decrease (increase) in assets:		
Accounts receivable	1,000	(30,500)
Pledges receivable	(132,500)	(342,500)
Prepaid expenses	35,989	(33,656)
Inventory and other assets	47,067	14,492
Increase (decrease) in liabilities:		
Accounts payable	18,676	(39,246)
Accrued payroll and benefits	(412)	11,168
Deferred revenue	26,592	36,250
Deferred rent credits	(19,595)	(15,295)
	<u>\$ 947,485</u>	<u>\$ (318,588)</u>
Net cash provided (used) by operating activities	\$ 947,485	\$ (318,588)

**Supplemental Information**

During the year ended December 31, 2019, NCFP disposed of property and equipment with a cost basis of \$82,645 and accumulated depreciation of \$72,705. During the year ended December 31, 2018, NCFP disposed of fully depreciated property and equipment of \$13,527 and acquired new equipment of \$20,663 which was financed through a capital lease.

**NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended December 31, 2019 and 2018

**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 national resource organization 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 conferences and educational events, and sales of publications. These resources are used to fulfill NCFP's mission by focusing their efforts on the following programs:

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. In October 2019, NCFP hosted its flagship conference, the National Forum on Family Philanthropy. This event brought nearly 500 leaders in the field to Chicago for a three-day event.

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.

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.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting** - The financial statements of NCFP have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP), whereby revenue is recognized when earned and expenses are recognized when incurred.

**NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended December 31, 2019 and 2018

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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, 2019 or 2018, as all amounts are deemed collectible within one year.

**Pledges and Grants Receivable** - Pledges and grants receivable represent unconditional promises to give and are recorded at the earlier of the date received or the date of receipt of a donor's non-contingent promise or pledge. Unconditional promises to give that are expected to be collected in one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. For the years ended December 31, 2019 and 2018, there is no discount for future cash flows recorded as the amounts are not considered significant. There is no allowance for doubtful accounts as of December 31, 2019 and 2018 based on management's evaluation of the collectability of pledges and grants receivable.

**Inventory** - Inventory consists of books published by NCFP. 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 December 31, 2019 and 2018, management has estimated an allowance totaling \$0 and \$9,100, respectively, for the valuation of slow moving inventory.

**Property and Equipment** - Property and equipment is recorded at cost and consists of equipment, 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 equipment, website, and furniture and fixtures is computed over an estimated useful life of 3 to 5 years on a straight-line basis. Leasehold improvements are amortized at the lesser of the useful life of the asset or the remaining term of the lease agreement. Construction in progress is not depreciated until the asset is fully completed and placed into service. Repairs and maintenance are expensed when incurred.

**Deferred Rent Credits and Improvement 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.

**NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended December 31, 2019 and 2018

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Assets**

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

Net assets without donor restriction - Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. The Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net assets with donor restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. NCFP reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

See Note 6 for more information on the composition of net assets with donor restrictions.

**Grants and Contributions** - NCFP receives grants and contributions from corporations, foundations, and other organizations to support various program services. NCFP recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues without donor restrictions. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. There were no conditional promises to give for the years ended December 31, 2019 and 2018.

**Other Revenue Recognition** - 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 revenue without donor restrictions when the event takes place. Honorarium, reimbursements, and interest income are recorded as revenue when earned.

**Functional Allocation of Expenses** - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended December 31, 2019 and 2018

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The financial statements report expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated on the basis of estimates of time and effort except for direct costs associated with specific programs, which are recorded as expenses for the program benefited.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Tax Exempt Status** - NCFP is exempt from federal and state income taxes (except taxes on unrelated business income) under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as an organization that is not a private foundation. No provision for income tax is required for the years ended December 31, 2019 and 2018 as NCFP had no taxable income from unrelated business activities. The income tax positions taken by NCFP for any years open under the various statutes of limitations are that NCFP continues to be exempt from income taxes and that they have properly reported unrelated business income that is subject to income taxes. NCFP believes that there are no tax positions taken or expected to be taken that would significantly increase unrecognized tax liabilities within 12 months of the reporting date. None of NCFP's federal or state income tax returns are currently under examination.

**New Accounting Pronouncements Adopted** - NCFP has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the NCFP's financial reporting. NCFP has also adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

**Accounting Pronouncements Not Yet Adopted** - In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, a new accounting pronouncement for leases. This guidance significantly changes the accounting for a lessee. Under previous guidance, the lessee did not have to record an operating lease on the statements of financial position. Under the new guidance, a lessee must record both a liability for the lease payments and an asset for the right to use the leased property during the lease term. The new accounting pronouncement also adds comprehensive qualitative and quantitative disclosures for lease arrangements. The disclosure requirements include information about management's significant judgments in its accounting for a leasing arrangement. Adoption of this accounting standard is required for the year ended December 31, 2021 and is expected to result in additions to NCFP's assets and liabilities for leases of office space to the statements of financial position and additions to the existing lease disclosures in the notes to the financial statements.

**NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended December 31, 2019 and 2018

**NOTE 3 - PLEDGES AND GRANTS RECEIVABLE**

As of December 31, 2019 and 2018, pledges receivable included the following:

	<u>2019</u>	<u>2018</u>
Due in less than 1 year	\$ 282,500	\$ 220,000
Due in 1 – 5 years	<u>370,000</u>	<u>300,000</u>
Total	<u>\$ 652,500</u>	<u>\$ 520,000</u>

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 48,896	\$ 42,344
Website	166,766	82,645
Copier under capital lease	20,663	20,663
Furniture and fixtures	79,482	78,802
Leasehold improvements	<u>338,034</u>	<u>338,034</u>
Total depreciable property and equipment	653,841	562,488
Less, Accumulated depreciation and amortization	(267,749)	(254,272)
Construction in progress - website	-	<u>162,702</u>
Net value of property and equipment	<u>\$ 386,092</u>	<u>\$ 470,918</u>

Depreciation and amortization expense totaled \$86,182 and \$79,841 for the years ended December 31, 2019 and 2018, respectively.

**NOTE 5 - LINE OF CREDIT**

As of December 31, 2019, NCFP had an unsecured bank line of credit with a limit of \$100,000 and an interest rate of 6.75% plus the bank's prime rate. There were no amounts outstanding as of December 31, 2019.

Subsequent to year end, on January 28, 2020, NCFP obtained a Business Access Line of Credit Note for \$300,000 with the base interest based on the prime rate in effect on the first day of the month.

**NATIONAL CENTER FOR FAMILY PHILANTHROPY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended December 31, 2019 and 2018

**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following activities during the year ended December 31, 2019:

	December 31, 2019			Balance 12/31/19
	Balance 1/1/19	Additions	Releases	
Time restrictions	\$ 400,000	\$ 652,500	\$ (300,000)	\$ 752,500
Purpose restrictions:				
Revolving reserve	150,000	-	-	150,000
Pride of Place	10,106	-	(10,106)	-
Generations Together	5,104	-	(5,104)	-
Program delivery and support	-	150,000	(50,000)	100,000
Senior Fellow Initiative	-	25,000	-	25,000
Trustee Education Initiative	-	25,000	-	25,000
Question of Perpetuity	237,600	-	(87,600)	150,000
Total	<u>\$ 802,810</u>	<u>\$ 852,500</u>	<u>\$ (452,810)</u>	<u>\$ 1,202,500</u>

Net assets with donor restrictions consist of the following activities during the year ended December 31, 2018:

	December 31, 2018			Balance 12/31/18
	Balance 1/1/18	Additions	Releases	
Time restrictions	\$ 100,000	\$ 400,000	\$ (100,000)	\$ 400,000
Purpose restrictions:				
Revolving reserve	150,000	-	-	150,000
Pride of Place	51,666	50,000	(91,560)	10,106
Transparency	51,124	-	(51,124)	-
Racial Equity, Diversity, and Inclusion (REDI)	71,954	-	(71,954)	-
Generations Together	-	6,927	(1,823)	5,104
Question of Perpetuity	-	300,000	(62,400)	237,600
Total	<u>\$ 424,744</u>	<u>\$ 756,927</u>	<u>\$ (378,861)</u>	<u>\$ 802,810</u>

**NOTE 7 - RETIREMENT PLAN**

NCFP has established a pension plan, qualified under Internal Revenue Code 403(b), for the benefit of its eligible employees. Contributions to the pension plan for the years ended December 31, 2019 and 2018 totaled \$53,454 and \$40,514, respectively, which are included in employee benefits in the schedule of functional expenses.

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**NOTE 8 - 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, 2019 and 2018, rent expense for office and storage space totaled \$159,451 and \$162,905, respectively.

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

For the year ended December 31,	<u>Amount</u>
2020	\$ 180,759
2021	185,263
2022	207,166
2023	212,340
2024	217,662
Thereafter	<u>223,097</u>
Total	<u>\$ 1,226,287</u>

**NOTE 9 - EQUIPMENT UNDER CAPITAL LEASE**

In 2018, NCFP entered into a new 63-month agreement to lease a copier, which expires April 2023. As of December 31, 2019, the capitalized cost of \$20,663 and the accumulated depreciation is \$7,922. The asset and liability under the capital lease are presented at the lower of the present value of the minimum lease payments or the fair value of the asset in the accompanying statements of financial position. The copier is depreciated over the life of the lease. Minimum future lease payments for the copier under the capital lease are as follows:

For the year ended December 31,	<u>Amount</u>
2020	\$ 4,584
2021	4,584
2022	4,584
2023	<u>1,528</u>
Net minimum lease payments	15,280
Amount representing interest	<u>(1,462)</u>
Present value of net minimum lease payments	<u>\$ 13,818</u>



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**NOTE 10 - 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 11 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

NCFP's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 1,767,255
Accounts receivable	69,500
Pledges and grants receivable, due within one year	<u>282,500</u>
Total financial assets available	2,119,255
Less, amounts unavailable due to:	
Restrictions by donors for specified purposes	(200,000)
Less, amounts unavailable without the Board's approval:	
President's Leadership Fund	<u>(96,318)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 1,822,937</u>

NCFP maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, NCFP has a line of credit of \$300,000 available. In addition, NCFP has Board Designated net assets of \$96,318 that, while NCFP does not intend to spend the funds for purposes other than those identified, the amounts could be made available for current operations, if necessary.

**NOTE 12 - EVALUATION OF SUBSEQUENT EVENTS**

NCFP has evaluated subsequent events through May 15, 2020, the date which the financial statements were available to be issued and has reported a change to the line of credit in Note 5. In addition, NCFP received an additional loan on April 17, 2020 for \$254,635 from a local bank under the U.S. Small Business Administration Paycheck Protection Program with an interest rate of 1% and due in two years. The loan may be eligible for forgiveness pursuant to the Paycheck Protection Program.

On March 11, 2020, the World Health Organization declared a novel strain of coronavirus disease ("COVID-19") a pandemic. The extent of COVID-19's effect on NCFP's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on NCFP's finances. However, if the pandemic continues to evolve into a severe worldwide health crisis, the disease could have a material effect on NCFP's activities, results of operations, financial condition and cash flow.