

## **CFLEADS**

### **Audited Financial Statements**

**December 31, 2018**

## **Independent Auditor's Report**

To the Board of Directors of  
CFLeads

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of CFLeads, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 organization'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 organization'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.

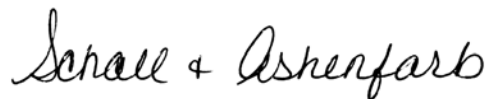
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

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

***Report on Summarized Comparative Information***

We have previously audited CFLeads 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 4, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb  
Certified Public Accountants, LLC

October 22, 2019

**CFLEADS**  
**STATEMENT OF FINANCIAL POSITION**  
**AT DECEMBER 31, 2018**  
(With comparative totals at December 31, 2017)

	<u>12/31/18</u>	<u>12/31/17</u>
<b>Assets</b>		
Cash and cash equivalents	\$1,206,315	\$1,545,778
Pledges receivable	334,640	78,200
Accounts receivable	9,205	15,170
Prepaid expenses and other assets	<u>2,700</u>	<u>17,358</u>
 Total assets	 <u><u>\$1,552,860</u></u>	 <u><u>\$1,656,506</u></u>
 <b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$49,579	\$87,426
Deferred revenue	<u>36,608</u>	<u>3,572</u>
Total liabilities	<u><u>86,187</u></u>	<u><u>90,998</u></u>
Net assets:		
Without donor restrictions	741,588	697,059
With donor restrictions (Note 3)	<u>725,085</u>	<u>868,449</u>
Total net assets	<u><u>1,466,673</u></u>	<u><u>1,565,508</u></u>
 Total liabilities and net assets	 <u><u>\$1,552,860</u></u>	 <u><u>\$1,656,506</u></u>

*The attached notes and auditor's report are an integral part of these financial statements.*

**CFLEADS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(With comparative totals for the year ended December 31, 2017)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 12/31/18</u>	<u>Total 12/31/17</u>
Public support and revenue:				
Contributions	\$525,100	\$550,000	\$1,075,100	\$1,592,873
Government grants		270,500	270,500	174,000
Fees (net of scholarships of \$6,800)	74,788		74,788	146,313
Other income			0	180
Net assets released from restriction (Note 3)	963,864	(963,864)	0	0
Total public support and revenue	<u>1,563,752</u>	<u>(143,364)</u>	<u>1,420,388</u>	<u>1,913,366</u>
Expenses:				
Program services	<u>1,282,178</u>		<u>1,282,178</u>	<u>911,943</u>
Supporting services:				
Management and general	184,667		184,667	169,395
Fundraising	52,378		52,378	12,989
Total supporting services	<u>237,045</u>	<u>0</u>	<u>237,045</u>	<u>182,384</u>
Total expenses	<u>1,519,223</u>	<u>0</u>	<u>1,519,223</u>	<u>1,094,327</u>
Change in net assets	44,529	(143,364)	(98,835)	819,039
Net assets - beginning of year	<u>697,059</u>	<u>868,449</u>	<u>1,565,508</u>	<u>746,469</u>
Net assets - end of year	<u><u>\$741,588</u></u>	<u><u>\$725,085</u></u>	<u><u>\$1,466,673</u></u>	<u><u>\$1,565,508</u></u>

*The attached notes and auditor's report are an integral part of these financial statements.*

**CFLEADS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(With comparative totals for the year ended December 31, 2017)

	Program Services			Supporting Services			Total Expenses 12/31/18	Total Expenses 12/31/17*	
	Share Knowledge	Building Organizational Capacity	Galvanize Action on Issues	Total Program Services	Management and General	Fundraising			Total Supporting Services
Salaries	\$40,277	\$55,251	\$267,973	\$363,501	\$64,876	\$9,531	\$74,407	\$437,908	\$290,791
Payroll taxes and benefits	6,307	13,834	51,476	71,617	20,286	1,986	22,272	93,889	59,621
Professional fees	126,250	45,624	210,256	382,130	88,928	23,751	112,679	494,809	300,707
Occupancy	3,802	3,726	16,676	24,204	2,796		2,796	27,000	0
Meetings, travel and conferences	19,198	63,156	195,529	277,883	3,257	16,515	19,772	297,655	312,945
Sub-grants		120,000		120,000			0	120,000	76,000
Information technology	1,249	2,289	9,562	13,100	3,378		3,378	16,478	15,573
Insurance	619	606	2,712	3,937	455		455	4,392	1,139
Office expenses	672	658	2,946	4,276	494	595	1,089	5,365	6,684
Professional development	268	262	1,174	1,704	197		197	1,901	2,529
Project expenses			19,826	19,826			0	19,826	28,338
<b>Total expenses</b>	<b>\$198,642</b>	<b>\$305,406</b>	<b>\$778,130</b>	<b>\$1,282,178</b>	<b>\$184,667</b>	<b>\$52,378</b>	<b>\$237,045</b>	<b>\$1,519,223</b>	<b>\$1,094,327</b>

\* - Reclassified for comparative purposes

*The attached notes and auditor's report are an integral part of these financial statements.*

**CFLEADS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(With comparative totals for the year ended December 31, 2017)

	<u>12/31/18</u>	<u>12/31/17</u>
Cash flows from operating activities:		
Change in net assets	(\$98,835)	\$819,039
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Changes in assets and liabilities:		
Pledges receivable	(256,440)	(21,950)
Accounts receivable	5,965	(15,170)
Prepaid expenses and other assets	14,658	(17,358)
Accounts payable and accrued expenses	(37,847)	81,818
Deferred revenue	33,036	(14,688)
Total adjustments	<u>(240,628)</u>	<u>12,652</u>
Net cash (used for)/provided by operating activities/ (decrease)/increase in cash	(339,463)	831,691
Cash and cash equivalents - beginning of year	<u>1,545,778</u>	<u>714,087</u>
Cash and cash equivalents - end of year	<u><u>\$1,206,315</u></u>	<u><u>\$1,545,778</u></u>
Supplemental disclosure:		
Taxes and interest paid	<u>\$0</u>	<u>\$0</u>

*The attached notes and auditor's report are an integral part of these financial statements.*

**CFLEADS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**Note 1 - Organization**

CFLeads helps community foundations build strong communities by advancing effective practices, sharing knowledge, and galvanizing action on critical issues of our time.

CFLeads is a national not-for-profit network of community foundations offering conferences, forums, webinars, resources, structured intensive learning opportunities for foundation leaders, and consulting services to the community foundation field. In 2018, CFLeads engaged with more than 750 individuals representing 370 community foundations and their community partners.

CFLeads has been notified by the Internal Revenue Service that it is a not-for-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

**Note 2 - Significant Accounting Policies**

a. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting which is the process of recording revenue and expenses when earned or incurred, rather than when received or paid.

b. Basis of Presentation

Net assets are classified based upon the existence or absence of donor-imposed restrictions as follows:

- *Net Assets Without Donor Restrictions* – represent those resources for which there are no restrictions by donors as to their use. The board of directors has established an operating reserve. See Note 4 for details.
- *Net Assets with Donor Restrictions* – represent those resources, the uses of which have been restricted by donors to specific purposes, the passage of time or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

c. Revenue Recognition

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above, depending on the existence and/or nature of any donor-imposed restriction. When a 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.



All contributions receivable at December 31, 2018 are expected to be received in less than one year.

Fee income is recognized when earned. Scholarships applied are netted with revenue. Fees that have yet to be collected at year end are reflected as a receivable whereby fees collected in advance of being earned are reflected as deferred revenue.

d. Cash and Cash Equivalents

Management considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents, except for cash held with an investment custodian for long-term purposes.

e. Concentration of Credit Risk

Financial instruments that potentially subject CFLeads to concentration of credit risk consist of cash which is placed with financial institutions that management deems to be creditworthy. At year end and at various times throughout the year, balances were in excess of insured amounts. CFLeads did not suffer any losses due to bank failure.

f. Allowance for Doubtful Accounts

Management deems all receivables to be fully collectible and has not established a bad debt reserve. Write-offs will be recorded as expenses in the year they are deemed to be uncollectible.

g. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following expenses were allocated using time and effort as the basis:

- Salaries, payroll taxes and benefits
- Information technology
- Insurance
- Meetings, travel, conferences
- Office expenses
- Professional development
- Dues and subscriptions

h. Management Estimates

The preparation of financial statements in accordance 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. Actual results could differ from those estimates.

- i. Donated Services  
Donated services are recognized in circumstances where the service creates or enhances a non-financial asset or where those services require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind. Board members and other individuals volunteer their time and perform a variety of tasks that assist CFLeads. These services do not meet the criteria outlined above and have not been recorded in the financial statements.
- j. Comparative Financial Information  
The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2017, from which the summarized information was derived.
- k. Accounting for Uncertainty of Income Taxes  
Management does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending December 31, 2015 and later are subject to examination by applicable taxing authorities.
- l. Subsequent Events  
Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through October 22, 2019, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.
- m. New Accounting Pronouncement  
On June 21, 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU which becomes effective for the December 31, 2019 year, with early implementation permitted, provides guidance on whether a receipt from a third-party resource provider should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions.
- FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the December 31, 2019 year, focuses on a principle-based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.
- In addition, FASB issued ASU No. 2016-02, *Leases*. The ASU, which becomes effective for the December 31, 2020 year, requires all leases to be reflected as assets and liabilities on the statement of financial position.
- Management is in the process of evaluating the impact these standards will have on future financial statements.

**Note 3 - Net Assets With Donor Restrictions and Conditions**

The following summarizes the changes in net assets with donor restrictions:

	Balance <u>1/1/18</u>	Restricted <u>Contributions</u>	Released from <u>Restrictions</u>	Balance <u>12/31/18</u>
Program restrictions:				
Share Knowledge	\$73,483	\$0	(\$73,483)	\$0
Building Org. Capacity	80,540	270,500	(250,503)	100,537
Galvanize Action on Issues	<u>696,426</u>	<u>550,000</u>	<u>(621,878)</u>	<u>624,548</u>
Total program restrictions	850,449	820,500	(945,864)	725,085
Time restrictions	<u>18,000</u>	<u>0</u>	<u>(18,000)</u>	<u>0</u>
Total	<u>\$868,449</u>	<u>\$820,500</u>	<u>(\$963,864)</u>	<u>\$725,085</u>

	Balance <u>1/1/17</u>	Restricted <u>Contributions</u>	Released from <u>Restrictions</u>	Balance <u>12/31/17</u>
Program restrictions:				
Share Knowledge	\$0	\$175,000	(\$101,517)	\$73,483
Building Org. Capacity	26,650	192,150	(138,260)	80,540
Galvanize Action on Issues	<u>170,708</u>	<u>1,140,923</u>	<u>(615,205)</u>	<u>696,426</u>
Total program restrictions	197,358	1,508,073	(854,982)	850,449
Time restrictions	<u>0</u>	<u>18,000</u>	<u>0</u>	<u>18,000</u>
Total	<u>\$197,358</u>	<u>\$1,526,073</u>	<u>(\$854,982)</u>	<u>\$868,449</u>

Prior to December 31, 2017, CFLeads also received conditional contributions of \$100,000 for 2018 that had not yet been recorded due to donor-imposed conditions, and were recognized in 2018 when the conditions were met.

**Note 4 - Net Assets Without Donor Restrictions - Board Designated Net Assets**

The board of directors has established an operating reserve as follows:

	<u>12/31/18</u>	<u>12/31/17</u>
Balance at beginning of year	\$303,139	\$253,139
Designations during year	<u>0</u>	<u>50,000</u>
Balance at end of year	<u>\$303,139</u>	<u>\$303,139</u>

**Note 5 - Liquidity**

The following reflects financial assets at year end, reduced by amounts that are not available for general use because of donor-imposed restrictions and Board designations within one year of the balance sheet date. As part of its liquidity management plan, CFLeads operates its programs within a balanced budget and relies on restricted grants and contributions to fund its operations and program activities.

Cash and cash equivalents	\$1,206,315	
Pledges receivable	334,640	
Accounts receivable	<u>9,205</u>	
Total financial assets		\$1,550,160
Less amounts not available to be used within one year:		
Contributions restricted – donor		(725,085)
Board designated operating reserve		<u>(303,139)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$521,936</u>

**Note 6 - Retirement Plans**

CFLeads offers all employees the option of participating in a 401(k)-retirement plan whereby the employee can contribute pre-tax dollars up to statutory limits. All full-time employees over 21 years old are eligible after 6 months of service. CFLeads provides matching contributions at its discretion on an annual basis. Contributions to the plan by CFLeads totaled \$28,341 and \$20,523 during the years ended December 31, 2018 and 2017, respectively.