

CONNECTICUT COUNCIL FOR PHILANTHROPY, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

CONNECTICUT COUNCIL FOR PHILANTHROPY, INC.

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DECEMBER 31, 2012 AND 2011

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CARNEY, ROY AND GERROL, P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Connecticut Council for Philanthropy, Inc.
Hartford, Connecticut

We have audited the accompanying financial statements of Connecticut Council for Philanthropy, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012 and 2011, and the related statements of activities 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 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 of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Connecticut Council for Philanthropy, Inc. as of December 31, 2012 and 2011, 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.

Carneg, Roy and Smith, P.C.

Rocky Hill, Connecticut
March 21, 2013

CONNECTICUT COUNCIL FOR PHILANTHROPY, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 333,414	\$ 343,056
Cash - restricted for agency funds payable	117,890	305,826
Contributions receivable	83,162	43,976
Prepaid expenses	<u>3,313</u>	<u>3,358</u>
Total current assets	<u>537,779</u>	<u>696,216</u>
PROPERTY AND EQUIPMENT		
Furniture, fixtures and equipment	51,442	51,442
Leasehold improvements	<u>4,640</u>	<u>4,640</u>
	56,082	56,082
Less: accumulated depreciation	<u>(36,762)</u>	<u>(31,450)</u>
Total property and equipment	<u>19,320</u>	<u>24,632</u>
OTHER ASSETS		
Investments	100,304	99,950
Security deposit	<u>2,500</u>	<u>2,500</u>
Total other assets	<u>102,804</u>	<u>102,450</u>
	<u>\$ 659,903</u>	<u>\$ 823,298</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Agency funds payable	\$ 117,890	\$ 305,826
Deferred revenue	42,538	73,588
Accrued expenses	13,203	11,124
Accounts payable	<u>14,549</u>	<u>39,710</u>
Total current liabilities	<u>188,180</u>	<u>430,248</u>
NET ASSETS		
Unrestricted	144,365	105,784
Unrestricted - board reserve fund	98,860	98,860
Unrestricted - board designated for technology	28,140	28,140
Temporarily restricted	<u>200,358</u>	<u>160,266</u>
Total net assets	<u>471,723</u>	<u>393,050</u>
	<u>\$ 659,903</u>	<u>\$ 823,298</u>

The accompanying notes are an integral part of these financial statements.

CONNECTICUT COUNCIL FOR PHILANTHROPY, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CHANGES IN UNRESTRICTED NET ASSETS:		
Support and revenue:		
Membership support	\$ 277,297	\$ 265,897
Subscription income	24,820	25,363
Support services	14,562	10,891
Program income	12,646	16,677
Sponsorship income	12,563	11,000
Endowment income	6,854	6,877
Interest income	806	1,560
Miscellaneous income	451	75
	<u>349,999</u>	<u>338,340</u>
Net assets released from restrictions- satisfaction of program restrictions	<u>214,864</u>	<u>208,118</u>
Total unrestricted support and revenue	<u>564,863</u>	<u>546,458</u>
EXPENSES:		
Program expenses	425,555	404,016
Management and general	96,715	67,957
Fundraising	4,012	4,320
	<u>526,282</u>	<u>476,293</u>
Increase in unrestricted net assets	<u>38,581</u>	<u>70,165</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	254,956	158,738
Net assets released from restrictions	<u>(214,864)</u>	<u>(208,118)</u>
Increase (decrease) in temporarily restricted net assets	<u>40,092</u>	<u>(49,380)</u>
Change in net assets	78,673	20,785
NET ASSETS - BEGINNING OF YEAR	<u>393,050</u>	<u>372,265</u>
NET ASSETS - END OF YEAR	<u>\$ 471,723</u>	<u>\$ 393,050</u>

The accompanying notes are an integral part of these financial statements.

CONNECTICUT COUNCIL FOR PHILANTHROPY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Core Program	Management and General	Fundraising	2012 Total	Core Program	Management and General	Fundraising	2011 Total
Salaries	\$ 239,707	\$ 48,126	\$ 3,493	\$ 291,326	\$ 249,815	\$ 44,540	\$ 3,802	\$ 298,157
Employee benefits	19,475	3,616	222	23,313	18,990	3,307	258	22,555
Rent	24,012	3,588	-	27,600	23,729	3,546	-	27,275
Payroll taxes	20,582	4,192	297	25,071	21,716	3,922	260	25,898
Consultants	33,113	24,245	-	57,358	13,163	-	-	13,163
Program expenses	20,946	-	-	20,946	23,335	-	-	23,335
Database hosting and maintenance	6,456	-	-	6,456	8,305	-	-	8,305
Equipment maintenance and supplies	2,651	562	-	3,213	5,263	1,003	-	6,266
Telephone	5,039	1,069	-	6,108	4,746	904	-	5,650
Office expense	4,784	1,825	-	6,609	5,135	1,833	-	6,968
Conference, training and travel	8,953	-	-	8,953	6,755	-	-	6,755
Insurance	3,657	1,429	-	5,086	3,725	1,433	-	5,158
Printing/publications	7,250	-	-	7,250	4,023	-	-	4,023
Professional fees	-	6,000	-	6,000	-	6,000	-	6,000
Technology costs	13,597	500	-	14,097	4,119	355	-	4,474
Postage	2,306	577	-	2,883	2,181	545	-	2,726
Membership and board expenses	1,343	-	-	1,343	1,290	-	-	1,290
Dues and subscriptions	7,063	295	-	7,358	6,062	320	-	6,382
Depreciation	420,934	96,024	4,012	520,970	402,352	67,708	4,320	474,380
	4,621	691	-	5,312	1,664	249	-	1,913
Total	\$ 425,555	\$ 96,715	\$ 4,012	\$ 526,282	\$ 404,016	\$ 67,957	\$ 4,320	\$ 476,293

The accompanying notes are an integral part of these financial statements.

CONNECTICUT COUNCIL FOR PHILANTHROPY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 78,673	\$ 20,785
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,312	1,913
(Increase) decrease in cash arising from changes in assets and liabilities:		
Cash - restricted agency funds	187,936	(144,389)
Contributions receivable	(39,186)	52,950
Prepaid expenses	45	7,512
Agency funds payable	(187,936)	144,389
Deferred revenue	(31,050)	(1,293)
Accrued expenses	2,079	(3,471)
Accounts payable	(25,161)	29,563
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>(9,288)</u>	<u>107,959</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvested interest from certificate of deposit	(354)	(1,090)
Purchase of fixed assets and equipment	-	(24,202)
NET CASH USED BY INVESTING ACTIVITIES	<u>(354)</u>	<u>(25,292)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,642)	82,667
CASH AND CASH EQUIVALENTS - beginning of year	<u>343,056</u>	<u>260,389</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 333,414</u>	<u>\$ 343,056</u>

The accompanying notes are an integral part of these financial statements.

CONNECTICUT COUNCIL FOR PHILANTHROPY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Connecticut Council for Philanthropy, Inc. (the "Organization") is a nonprofit association of grant makers committed to promoting and supporting effective philanthropy for the public good in Connecticut. The Organization's services include education and professional development programs, research and information on Connecticut philanthropy, leadership and government relations and efforts to stimulate, increase and diversify philanthropy in Connecticut.

Basis of Presentation

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

The financial statements report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. They are described as follows:

Unrestricted - Net assets that are not subject to explicit donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use by the Organization is subject to explicit donor-imposed stipulations that can be fulfilled by actions of the Organization or that expire by the passage of time.

Permanently Restricted - Net assets subject to explicit donor-imposed stipulations that they be maintained permanently by the Organization and stipulate the use of income and/or appreciation as either unrestricted or temporarily restricted. At December 31, 2012 and 2011, the Organization had no permanently restricted net assets.

Tax Exempt Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made in the accompanying financial statements for federal or state income taxes. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization accounts for uncertainty in income taxes in accordance with the Income Tax Topic of the FASB Accounting Standards Codification. The Organization files a federal income tax return, which represents the major tax jurisdiction of the Organization. The statutes of limitations for federal tax years 2009 through 2011 remain open for audit under the various statutes of limitations. The Organization was organized as a nonprofit corporation as described under Section 501(c)(3) of the Internal Revenue Code and, as such, is not subject to Federal and state corporate income taxes.

CONNECTICUT COUNCIL FOR PHILANTHROPY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

The Organization capitalizes all expenditures of property and equipment in excess of \$2,500 and a useful life greater than three years. Purchased property and equipment are stated at cost. Donated property and equipment are recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is 3-5 years. Leasehold improvements are amortized over the shorter of their estimated lives or the term of the related leases. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in change in net assets for the period.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments and receivables. The Organization maintains its temporary cash investments with high-credit quality financial institutions. At times such amounts may exceed federally insured limits. At December 31, 2012 and 2011, the Organization had \$193,632 and \$394,371 of cash balances in excess of federally insured limits, respectively.

Concentrations of credit risk with respect to contributions receivable are limited to contributions from various businesses and foundations primarily in Connecticut. In addition, management maintains an allowance for doubtful accounts which is based on a review of significant balances and past experience. For the years ended December 31, 2012 and 2011, there was no allowance for doubtful accounts.

Revenue

Membership dues are recognized as revenue based on a calendar year. Connecticut Grantmakers Online subscription revenue is recognized over the subscription period and is recorded in deferred revenue if received prior to the fiscal year to which they apply. Program income is recognized as revenue when program expenditures are incurred.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 net assets released from restrictions.

Donated Services

The Organization receives donated services from volunteers for various programs. No amounts have been recognized in the accompanying statements of activities, because the criteria for recognition of such volunteer effort have not been satisfied.

CONNECTICUT COUNCIL FOR PHILANTHROPY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenses by Function

The cost of providing various program and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

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.

Statement of Cash Flows

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments consist of a non-negotiable certificate of deposit held with a banking institution maturing on July 14, 2013. The certificate of deposit is carried at cost plus reinvested interest earned, which approximates market value. Interest income earned on the certificate of deposit during the years ended December 31, 2012 and 2011, totaled \$354 and \$1,090, respectively, and is included in unrestricted support and revenue in the statements of activities.

NOTE 2 - AGENCY FUNDS PAYABLE

From time to time, the Organization receives funds on behalf of projects and acts as a pass through organization.

The Organization is the fiscal agent for five projects in 2012 and for six projects in 2011. Funds totaling \$104,022 were received during 2012 and \$291,958 was disbursed in accordance with the request of the projects. Funds totaling \$295,768 were received during 2011 and \$154,995 was disbursed in accordance with the request of the projects. At December 31, 2012 and 2011, the Organization has \$117,890 and \$305,826, respectively, for the projects, which is included in cash - restricted for agency funds payable and liabilities in the same amounts in agency funds payable.

CONNECTICUT COUNCIL FOR PHILANTHROPY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 2 - AGENCY FUNDS PAYABLE (Continued)

The amount of funds held at December 31, 2012 and 2011, are as follows:

	<u>2012</u>	<u>2011</u>
Annie E. Casey Grants Program	\$ -	\$ 111,677
Health Funders Survey	29,907	96,453
Early Childhood Funders Collaborative	72,351	80,000
Hartford Making Connections Project	846	6,526
Hartford Education Collaborative	3,117	3,117
Community Foundation Joint Advocacy and Funding	<u>11,669</u>	<u>8,053</u>
	<u>\$ 117,890</u>	<u>\$ 305,826</u>

NOTE 3 - DEFERRED REVENUE

As of December 31, 2012 and 2011, the Organization collected \$42,538 and \$73,588, respectively, in dues and subscription revenue which pertains to calendar years 2012 and 2011, respectively. As a result, the funds received have been reflected as deferred revenue at December 31, 2012 and 2011.

NOTE 4 - ENDOWMENT FUND

The Hartford Foundation for Public Giving ("HFPG") was the recipient of \$100,000 from the Howard and Bush Foundation Fund. Pursuant to the terms of the award, HFPG is required, subject to its variance power, to forward to the Organization a certain amount of funds (based on HFPG's spending policy) on an annual basis. For the years ended December 31, 2012 and 2011, the Organization received income from the endowment fund in compliance with HFPG's spending policy in the amounts of \$6,854 and \$6,877, respectively. The value of investment funds was \$164,716 and \$150,646 at December 31, 2012 and 2011, respectively.

NOTE 5 - PENSION PLAN

The Organization maintains a retirement plan that qualifies under Section 403(b) of the Internal Revenue Code. Eligible employees can make elective deferrals upon hire. For employer contributions, an eligible employee is one who works at least 1,000 hours per year, has attained age 21 and has completed twelve months of service. The Organization contributes 5% of eligible wages. Pension expense for the years ended December 31, 2012 and 2011, was \$14,146 and \$13,646, respectively, and is included in employee benefits.

CONNECTICUT COUNCIL FOR PHILANTHROPY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets available for promoting philanthropy are as follows:

	<u>2012</u>	<u>2011</u>
Time restricted	\$ 192,857	\$ 149,065
Strategic planning grant	5,000	5,000
Martha Newman award	2,501	3,001
Annie E. Casey Foundation service fee	<u>-</u>	<u>3,200</u>
	<u>\$ 200,358</u>	<u>\$ 160,266</u>

NOTE 7 - RELATED PARTIES

Some of the Board members of the Organization are board members and executive staff of other entities that make contributions to the Organization. The amount of contributions was \$219,100 and \$72,511 for the years ended December 31, 2012 and 2011, respectively. At December 31, 2012 and 2011, there were \$75,000 and \$15,500 due from these entities, respectively. During the year ended December 31, 2012, the Organization received approximately 27% of its total support and revenue from one of these entities.

NOTE 8 - OPERATING LEASES

The Organization has a lease for its office space at 221 Main Street in Hartford, Connecticut. The monthly payment under this lease is \$2,200. The lease expires in December 2014. In addition, the Organization leases office equipment for a monthly payment of \$85. Total rent expense for the years ended December 31, 2012 and 2011, was \$28,393 and \$32,666, respectively. Future minimum lease payments under the noncancelable operating leases in each of the years subsequent to December 31, 2012, are as follows:

2013	26,400
2014	<u>26,400</u>
	<u>\$ 52,800</u>

NOTE 9 - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure through March 21, 2013, which is the date the financial statements were available to be issued. There are no material subsequent events that require recognition or disclosure.