

THE FUNDERS NETWORK, INC.

Financial Statements

June 30, 2023 and 2022

Robbins and Moroney, P.A.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Funders Network, Inc.
Coral Gables, Florida

Opinion

We have audited the accompanying financial statements of The Funders Network, Inc., (a nonprofit organization), which comprise the statements of financial position as June 30, 2023 and 2022, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Funders Network, Inc. as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Funders Network, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Funders Network, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT (continued)

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Funders Network, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Funders Network, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

ROBBINS and MORONEY, P.A.
Certified Public Accountants

Robbins and Moroney, P.A.

Fort Lauderdale, Florida
October 31, 2023

THE FUNDERS NETWORK, INC.

Statements of Financial Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 3,980,166	\$ 4,492,978
Grants Receivable	1,692,000	1,971,000
Prepaid Expenses	<u>2,824</u>	<u>36,994</u>
Total Current Assets	<u>5,674,990</u>	<u>6,500,972</u>
Non-Current Assets		
Grants Receivable	500,000	125,000
Deposits	<u>11,838</u>	<u>11,838</u>
Total Non-Current Assets	<u>511,838</u>	<u>136,838</u>
Total Assets	<u>\$ 6,186,828</u>	<u>\$ 6,637,810</u>
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 967,711	\$ 553,670
Deferred Memberships	124,918	155,793
Security Deposit	<u>23,256</u>	<u>23,256</u>
Total Current Liabilities	<u>1,115,885</u>	<u>732,719</u>
Net Assets		
Net Assets Without Donor Restrictions		
Board Designated - Reserves	101,819	67,451
Other	<u>813,916</u>	<u>916,449</u>
Total Net Assets Without Donor Restrictions	<u>915,735</u>	<u>983,900</u>
Net Assets With Donor Restrictions	<u>4,155,208</u>	<u>4,921,191</u>
Total Net Assets	<u>5,070,943</u>	<u>5,905,091</u>
Total Liabilities and Net Assets	<u>\$ 6,186,828</u>	<u>\$ 6,637,810</u>

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

THE FUNDERS NETWORK, INC.

Statements of Activities
For the Years Ended June 30, 2023 and 2022

	2023	2022
Net Assets Without Donor Restrictions		
Revenue and Other Support		
Grants and Contributions	\$ 1,118,586	\$ 721,056
Memberships	299,625	252,750
Conference Registration Fees	227,102	105,985
Interest Income	25,452	1,943
Program Service Income	5,500	100,250
Release from Restrictions	3,785,818	3,714,133
Contributed Services, Facilities and Materials	46,350	11,150
	5,508,433	4,907,267
Expenses		
Program - Partnerships	1,993,452	2,119,070
Program - Other	2,928,005	2,450,370
General and Administrative	418,086	318,075
Fundraising	237,055	241,274
	5,576,598	5,128,789
Change in Net Assets Without Donor Restrictions	(68,165)	(221,522)
Net Assets With Donor Restrictions		
Grants and Contributions	3,019,835	2,359,604
Release from Restrictions	(3,785,818)	(3,714,133)
	(765,983)	(1,354,529)
Change in Net Assets	(834,148)	(1,576,051)
Net Assets, Beginning of Year	5,905,091	7,481,142
Net Assets, End of Year	\$ 5,070,943	\$ 5,905,091

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

THE FUNDERS NETWORK, INC.

Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (834,148)	\$ (1,576,051)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Change in Assets and Liabilities:		
(Increase) Decrease in Grants Receivable	(96,000)	551,000
(Increase) Decrease in Prepaid Expenses	34,170	65,842
(Increase) Decrease in Deposits		508
Increase (Decrease) in Accounts Payable and Accrued Expenses	414,041	439,091
Increase (Decrease) in Deferred Memberships	(30,875)	13,001
Increase (Decrease) in Security Deposit		23,256
	<u>(512,812)</u>	<u>(483,353)</u>
Net Cash Flows from Operating Activities		
	(512,812)	(483,353)
Net Change in Cash		
	(512,812)	(483,353)
Cash and Cash Equivalents, Beginning of Year	<u>4,492,978</u>	<u>4,976,331</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,980,166</u>	<u>\$ 4,492,978</u>

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

THE FUNDERS NETWORK, INC.

Statements of Functional Expenses
For the Years Ended June 30, 2023 and 2022

	2023			
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Partnerships	\$ 1,993,452	\$	\$	\$ 1,993,452
Personnel	1,498,067	269,168	226,840	1,994,075
Professional Services	834,667	55,325		889,992
Conferences and Meetings	431,411	19,059	2,060	452,530
Travel	102,657	12,106		114,763
Occupancy	16,553	2,480	2,243	21,276
Office Administration	16,407	6,290	1,696	24,393
Telecommunications	5,262	917	729	6,908
Miscellaneous	22,981	52,741	3,487	79,209
Total	\$ 4,921,457	\$ 418,086	\$ 237,055	\$ 5,576,598

	2022			
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Partnerships	\$ 2,119,070	\$	\$	\$ 2,119,070
Personnel	1,332,072	227,217	210,800	1,770,089
Professional Services	673,454	31,325	2,984	707,763
Conferences and Meetings	289,455	8,586	2,131	300,172
Travel	25,469	11,015		36,484
Occupancy	72,007	17,359	16,876	106,242
Office Administration	17,172	6,660	1,712	25,544
Telecommunications	11,073	1,446	1,315	13,834
Miscellaneous	29,668	14,467	5,456	49,591
Total	\$ 4,569,440	\$ 318,075	\$ 241,274	\$ 5,128,789

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

1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization: The Funders Network, Inc. (hereafter referred to as the "Organization"), exists to inspire, strengthen and expand funding and philanthropic leadership that yields environmentally sustainable, socially equitable, and economically prosperous regions and communities. The Organization serves as an active resource and focal point for foundations, non-profit organizations and other partners working together to create opportunities by positively impacting the range of environmental, social, and economic issues exacerbated by the phenomena of suburban sprawl and urban disinvestment.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

Date of Management's Review: In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 31, 2023, the date that the financial statements were available to be issued.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Organization considers interest-bearing cash accounts with an original maturity of three months or less to be cash equivalents.

Investments: Investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Grants Receivable: Grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable. At June 30, 2023 and 2022, there was no valuation allowance for uncollectible amounts because management considered all grants receivable to be fully collectible. Changes in the valuation allowance have not been material to the financial statements.

Revenue and Revenue Recognition: The Organization 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 – that is, 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. Membership dues, which are non-refundable, are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the total dues paid and the exchange element. The Organization recognizes the exchange portion of the membership dues over the membership period, and the contribution portion immediately. The Organization records conference registration fees and other program income when the event takes place. Any funds received in advance are recorded as deferred revenue. The following schedule shows the activity in deferred revenue:

1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Revenue, June 30, 2021	\$ 142,792
Previously Deferred Recognized	(142,792)
Cash Received for Membership Dues	265,751
Current Revenue Recognized	<u>(109,958)</u>
Deferred Revenue, June 30, 2022	155,793
Previously Deferred Recognized	(155,793)
Cash Received for Membership Dues	268,750
Current Revenue Recognized	<u>(143,832)</u>
Deferred Revenue, June 30, 2023	<u>\$ 124,918</u>

Income Taxes: The Organization is a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Organization has not incurred any interest or penalties on its income tax returns.

The Organization's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

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.

Fair Value of Financial Instruments: Cash equivalents, grants receivable, prepaid expenses, accounts payable and accrued expenses, deferred memberships and security deposits are reflected in the financial statements at cost, which approximates fair value because of their short-term nature.

Functional Allocation of Expenses: The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Contributed Services, Facilities, and Materials: Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. Contributed facilities and materials are also recorded at their fair value in the period received.

Reclassifications: In order to facilitate comparison of financial data, certain amounts recorded in the prior year have been reclassified to conform to the current year reporting format.

1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets: Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

2. LIQUIDITY AND RESERVES

The Organization has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following table reflects the Organization's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditures within one year.

	<u>2023</u>	<u>2022</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 3,980,166	\$ 4,492,978
Grants Receivable	<u>2,192,000</u>	<u>2,096,000</u>
Total Financial Assets	<u>6,172,166</u>	<u>6,588,978</u>
Less Amounts Not Available to be Used Within One Year:		
Board Designated – Reserves	101,819	67,451
Net Assets With Donor Restrictions	4,155,208	4,921,191
Less Net Assets With Purpose Restrictions to be Met in Less Than One Year	<u>(3,655,208)</u>	<u>(4,796,191)</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>601,819</u>	<u>192,451</u>
	<u>\$ 5,570,347</u>	<u>\$ 6,396,527</u>

3. GRANTS RECEIVABLE

At June 30, 2023 and 2022, grants receivable were scheduled to be collected as follows:

	<u>2023</u>	<u>2022</u>
Within one year	\$ 1,692,000	\$ 1,971,000
1 – 2 years	<u>500,000</u>	<u>125,000</u>
	<u>\$ 2,192,000</u>	<u>\$ 2,096,000</u>

4. RESTRICTIONS ON ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2023</u>	<u>2022</u>
Mobility and Access	\$	\$ 16,434
Partners for Places (Includes Partnerships)	1,312,510	1,658,275
Urban Water	18,667	16,358
Philanthropic Preparedness (Includes Partnerships)	359,810	891,111
Smart Growth California	<u>236,535</u>	<u>201,513</u>
Subtotal – Programs	1,927,522	2,783,691
Future Periods	<u>2,227,686</u>	<u>2,137,500</u>
	<u>\$ 4,155,208</u>	<u>\$ 4,921,191</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as follows:

	<u>2023</u>	<u>2022</u>
Partners for Places (Includes Partnerships)	\$ 1,612,640	\$ 970,474
Responsive Services		23,473
Mobility and Access	79,551	125,191
Urban Water	153,717	113,527
Philanthropic Preparedness (Includes Partnerships)	959,281	1,606,859
Smart Growth California	<u>293,504</u>	<u>274,991</u>
Subtotal – Programs	3,098,693	3,114,515
Passage of Specified Time	<u>687,125</u>	<u>599,618</u>
	<u>\$ 3,785,818</u>	<u>\$ 3,714,133</u>

5. COMMITMENTS AND CONTINGENCIES

The Organization leases its facility under an operating lease expiring in October 2023. The minimum future lease payments under the arrangements existing at June 30, 2023 is \$49,797 for the year ending June 30, 2024.

Rent expense was \$148,351 and \$149,077 for the years ended June 30, 2023 and 2022, respectively.

The Organization entered into a sublease agreement for use of facility space previously mentioned ending on October 14, 2023. The future sublease payments is \$47,200 for the year ending June 30, 2024.

Sublease income was \$140,568 and \$67,450 for the years ended June 30, 2023 and 2022, respectively.

THE FUNDERS NETWORK, INC.

Notes to Financial Statements

June 30, 2023 and 2022

6. CONTRIBUTED SERVICES, FACILITIES, AND MATERIALS

The value of contributed services, facilities, and materials included in the financial statements for the years ended 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Public Support		
Professional Speakers	\$ 44,550	\$ 10,500
Audio/Visual	600	400
Facilities	1,200	250
	<u>\$ 46,350</u>	<u>\$ 11,150</u>
	<u>2023</u>	<u>2022</u>
Expenses		
Program	\$ 44,550	\$ 11,150
General and Administrative	1,800	
	<u>\$ 46,350</u>	<u>\$ 11,150</u>

The Organization's policy related to in-kind contributions is to utilize the assets in the Organization's program activities. During the year ended June 30, 2023 and 2022, the Organization received primarily professional speakers time with an estimated fair market value of \$44,550 and \$10,500, respectively, which were used in the Organization's programs.

7. RETIREMENT PLAN

The Organization has a Section 401(k) retirement plan. Eligible employees must be at least 21 years old and have completed three (3) months of service. The Organization contributes 5% of an active participant's compensation that is contributed to the plan through salary reduction. During the years ended June 30, 2023 and 2022, the Organization contributed \$57,913 and \$50,777, respectively, to the plan.

8. CONCENTRATIONS OF CREDIT RISK

During the year ended June 30, 2023, the Organization received approximately 44% of its revenue from one funder.

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash equivalents and unsecured grants receivable. The Organization's ability to collect these receivables is dependent upon economic conditions and the financial condition of its customers. The Organization has not experienced significant losses related to receivables from individual customers or groups of customers. Management believes no additional credit risk beyond amounts provided for collection losses is inherent in the Organization's grants receivable.

The Organization maintains cash and investment accounts that, at times, may exceed insured limits. At June 30, 2023, demand deposits in financial institutions exceeded the depositor's insurance provided by the applicable guaranty agency by approximately \$550,000. The Organization has not experienced any losses from maintaining cash accounts in excess of insured limits. Management believes that it is not exposed to any significant credit risk on its cash accounts.