

CONNECTICUT COUNCIL FOR PHILANTHROPY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

CONNECTICUT COUNCIL FOR PHILANTHROPY, INC.

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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 statements of financial position of Connecticut Council for Philanthropy, Inc. (a nonprofit organization) as of December 31, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Carney, Roy and Gerrol, P.C.

Rocky Hill, Connecticut
May 30, 2012

CONNECTICUT COUNCIL FOR PHILANTHROPY, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 343,056	\$ 260,389
Cash - restricted for agency funds payable	305,826	161,437
Contributions receivable	43,976	96,926
Prepaid expenses	<u>3,358</u>	<u>10,870</u>
Total current assets	<u>696,216</u>	<u>529,622</u>
PROPERTY AND EQUIPMENT		
Furniture, fixtures and equipment	51,442	47,235
Leasehold improvements	<u>4,640</u>	<u>4,640</u>
	56,082	51,875
Less: accumulated depreciation	<u>(31,450)</u>	<u>(49,532)</u>
Total property and equipment	<u>24,632</u>	<u>2,343</u>
OTHER ASSETS		
Investments	99,950	98,860
Security deposit	<u>2,500</u>	<u>2,500</u>
Total other assets	<u>102,450</u>	<u>101,360</u>
	<u>\$ 823,298</u>	<u>\$ 633,325</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Agency funds payable	\$ 305,826	\$ 161,437
Deferred revenue	73,588	74,881
Accrued expenses	11,124	14,595
Accounts payable	<u>39,710</u>	<u>10,147</u>
Total current liabilities	<u>430,248</u>	<u>261,060</u>
NET ASSETS		
Unrestricted	105,784	64,068
Unrestricted - board reserve fund	98,860	93,191
Unrestricted - board designated for technology	28,140	5,360
Temporarily restricted	<u>160,266</u>	<u>209,646</u>
Total net assets	<u>393,050</u>	<u>372,265</u>
	<u>\$ 823,298</u>	<u>\$ 633,325</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, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
CHANGES IN UNRESTRICTED NET ASSETS:		
Support and revenue:		
Membership support	\$ 265,897	\$ 260,680
Subscription income	25,363	26,888
Support services	10,891	11,520
Program income	16,677	18,159
Sponsorship income	11,000	11,500
Endowment income	6,877	6,987
Interest income	1,560	1,932
Miscellaneous income	<u>75</u>	<u>100</u>
	338,340	337,766
Net assets released from restrictions- satisfaction of program restrictions	<u>208,118</u>	<u>126,188</u>
Total unrestricted support and revenue	<u>546,458</u>	<u>463,954</u>
EXPENSES:		
Program expenses	404,016	382,629
Management and general	<u>72,277</u>	<u>69,133</u>
	<u>476,293</u>	<u>451,762</u>
Increase in unrestricted net assets	<u>70,165</u>	<u>12,192</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	158,738	246,903
Net assets released from restrictions	<u>(208,118)</u>	<u>(126,188)</u>
Increase (decrease) in temporarily restricted net assets	<u>(49,380)</u>	<u>120,715</u>
Change in net assets	20,785	132,907
NET ASSETS - BEGINNING OF YEAR	<u>372,265</u>	<u>239,358</u>
NET ASSETS - END OF YEAR	<u>\$ 393,050</u>	<u>\$ 372,265</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, 2011 AND 2010

	Core Program	Management and General	2011 Total	Core Program	Management and General	2010 Total
Salaries	\$ 249,815	\$ 48,342	\$ 298,157	\$ 242,944	\$ 47,498	\$ 290,442
Rent	23,729	3,546	27,275	24,557	3,669	28,226
Payroll taxes	21,716	4,182	25,898	20,693	3,864	24,557
Employee benefits	18,990	3,565	22,555	18,263	3,656	21,919
Consultants	13,163	-	13,163	21,834	-	21,834
Program expenses	23,335	-	23,335	16,974	-	16,974
Database hosting and maintenance	8,305	-	8,305	6,164	-	6,164
Equipment maintenance and supplies	5,263	1,003	6,266	4,803	915	5,718
Telephone	4,746	904	5,650	4,664	924	5,588
Office expense	5,135	1,833	6,968	4,070	1,397	5,467
Conference, training and travel expenses	6,755	-	6,755	4,865	-	4,865
Insurance	3,725	1,433	5,158	3,210	1,348	4,558
Printing/publications	4,023	-	4,023	3,781	284	4,065
Professional fees	-	6,000	6,000	-	4,000	4,000
Technology costs	4,119	355	4,474	1,680	320	2,000
Postage	2,181	545	2,726	882	378	1,260
Membership and board expenses	1,290	-	1,290	944	-	944
Dues and subscriptions	6,062	320	6,382	-	536	536
Depreciation	402,352	72,028	474,380	380,328	68,789	449,117
	1,664	249	1,913	2,301	344	2,645
Total	\$ 404,016	\$ 72,277	\$ 476,293	\$ 382,629	\$ 69,133	\$ 451,762

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, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 20,785	\$ 132,907
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,913	2,645
(Increase) decrease in cash arising from changes in assets and liabilities:		
Cash - restricted agency funds	(144,389)	(63,780)
Contributions receivable	52,950	(44,190)
Prepaid expenses	7,512	(8,147)
Agency funds payable	144,389	63,780
Deferred revenue	(1,293)	4,722
Accrued expenses	(3,471)	8,526
Accounts payable	<u>29,563</u>	<u>5,841</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>107,959</u>	<u>102,304</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Rollover of certificate of deposit	(1,090)	(98,860)
Purchase of fixed assets and equipment	<u>(24,202)</u>	<u>-</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(25,292)</u>	<u>(98,860)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	82,667	3,444
CASH AND CASH EQUIVALENTS - beginning of year	<u>260,389</u>	<u>256,945</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 343,056</u>	<u>\$ 260,389</u>

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

CONNECTICUT COUNCIL FOR PHILANTHROPY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

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, 2011 and 2010, the Organization had no permanently restricted net assets.

Tax Exempt Status

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.

The Organization adopted the new accounting for uncertainty in income taxes guidance on January 1, 2009. The adoption of that guidance did not result in the recognition of any unrecognized tax benefits and the Organization has no unrecognized tax benefits at December 31, 2011 and 2010. The Organization's U.S. Federal information returns prior to calendar year 2008 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If the Organization had unrelated business income taxes, it would recognize interest and penalties associated with any tax matters as part of the income tax provision and include accrued interest and penalties with the related tax liability in the statements of financial position.

CONNECTICUT COUNCIL FOR PHILANTHROPY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

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 \$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, 2011 and 2010, the Organization had \$394,371 and \$173,476 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, 2011 and 2010, 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, 2011 AND 2010

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.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure through May 30, 2012, which is the date the financial statements were available to be issued.

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 April 16, 2012. 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, 2011 and 2010, totaled \$1,090 and \$1,284, 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 six projects in 2011 and four projects in 2010. Funds totaling \$295,768 were received during 2011 and \$154,995 was disbursed in accordance with the request of the projects. Funds totaling \$144,327 were received during 2010 and \$80,547 was disbursed in accordance with the request of the projects. At December 31, 2011 and 2010, the Organization has \$305,826 and \$161,437, 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, 2011 AND 2010

NOTE 2 - AGENCY FUNDS PAYABLE (Continued)

The amount of funds held at December 31, 2011 and 2010, are as follows:

	<u>2011</u>	<u>2010</u>
Annie E. Casey Grants Program	\$ 111,677	\$ 139,375
Health Funders Survey	96,453	-
Early Childhood Funders Collaborative	80,000	-
Hartford Making Connections Project	6,526	7,276
Hartford Education Collaborative	3,117	3,117
Community Foundation Joint Advocacy and Funding	<u>8,053</u>	<u>11,669</u>
	<u>\$ 305,826</u>	<u>\$ 161,437</u>

NOTE 3 - DEFERRED REVENUE

As of December 31, 2011 and 2010, the Organization collected \$73,588 and \$74,881, 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, 2011 and 2010.

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, 2011 and 2010, the Organization received income from the endowment fund in compliance with HFPG's spending policy in the amounts of \$6,877 and \$6,987, respectively. The value of investment funds was \$150,646 and \$161,935 at December 31, 2011 and 2010, 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, 2011 and 2010, was \$13,646 and \$13,664, respectively, and is included in employee benefits.

CONNECTICUT COUNCIL FOR PHILANTHROPY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2011</u>	<u>2010</u>
Time restricted	\$ 149,065	\$ 196,900
Strategic planning grant	5,000	5,000
Martha Newman award	3,001	3,498
Technology grant	-	1,048
Annie E. Casey Foundation service fee	<u>3,200</u>	<u>3,200</u>
	<u>\$ 160,266</u>	<u>\$ 209,646</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 \$72,511 and \$187,500 for the years ended December 31, 2011 and 2010, respectively. At December 31, 2011 and 2010, there were \$15,500 and \$88,600 due from these entities, respectively. During the year ended December 31, 2010, the Organization received approximately 25% 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 2013. In addition, the Organization leased office equipment through July 2011 for a monthly payment of \$385. Total rent expense for the years ended December 31, 2011 and 2010, was \$32,666 and \$32,842, respectively. Future minimum lease payments under the noncancelable operating leases in each of the years subsequent to December 31, 2011, are as follows:

2012	\$ 26,400
2013	<u>26,400</u>
	<u>\$ 52,800</u>