THE NONPROFIT PARTNERSHIP

FINANCIAL STATEMENTS

Years Ending December 31, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Nonprofit Partnership

We have audited the accompanying financial statements of The Nonprofit Partnership (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2017 and 2016, 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 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 judgement, including the assessments 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Nonprofit Partnership as of December 31, 2017 and 2016, 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.

Monahan & Monahan

Monahan & Monahan, P.C.
Certified Public Accountants

Erie, Pennsylvania
February 26, 2018

THE NONPROFIT PARTNERSHIP
STATEMENTS OF FINANCIAL POSITION
December 31,

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 69,390**	$ 46,570
Prepaid expenses	**4,270**	1,750
Total current assets	**73,660**	48,320
Property and equipment:		
Office equipment	**9,160**	9,160
Less: accumulated depreciation	**(8,487)**	(7,857)
Total property and equipment	**673**	1,303
Total assets	**$ 74,333**	$ 49,623
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	**$ —**	$ 61
Payroll and related liabilities	**2,376**	4,609
Deferred revenue	**55,174**	49,958
Total current liabilities	**57,550**	54,628
Net assets:		
Unrestricted	**16,783**	(5,005)
Total net assets	**16,783**	(5,005)
Total liabilities and net assets	**$ 74,333**	$ 49,623

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

THE NONPROFIT PARTNERSHIP
STATEMENTS OF ACTIVITIES
Years ended December 31,

	2017			2016		
	Unrestricted	**Temporarily Restricted**	**Total**	Unrestricted	Temporarily Restricted	Total
Support and revenue:						
Contributions	**$ 180,508**	**$ —**	**$ 180,508**	$ 244,847	$ —	$ 244,847
Membership dues	**103,897**	**—**	**103,897**	94,110	—	94,110
Program revenue	**48,329**	**—**	**48,329**	37,178	—	37,178
Grants and other	**4,387**	**2,455**	**6,842**	486	14,557	15,043
Contributed services and facilities	**55,800**	**—**	**55,800**	12,600	—	12,600
Net assets released from restrictions	**2,455**	**(2,455)**	**—**	14,557	(14,557)	—
Total support and revenue	**395,376**	**—**	**395,376**	403,778	—	403,778
Expenses:						
Program services	**279,883**	**—**	**279,883**	318,642	—	318,642
Management and general	**87,453**	**—**	**87,453**	57,683	—	57,683
Fundraising	**6,252**	**—**	**6,252**	8,220	—	8,220
Total expenses	**373,588**	**—**	**373,588**	384,545	—	384,545
Change in net assets	**21,788**	**—**	**21,788**	19,233	—	19,233
Net assets, beginning of year	**(5,005)**	**—**	**(5,005)**	(24,238)	—	(24,238)
Net assets, end of year	**$ 16,783**	**$ —**	**$ 16,783**	$ (5,005)	$ —	$ (5,005)

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

THE NONPROFIT PARTNERSHIP
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31,

	2017				2016			
	Program Services	**Management And General**	**Fundraising**	**Total**	Program Services	Management And General	Fundraising	Total
Payroll and related taxes	**$ 115,261**	**$ 36,935**	**$ 3,147**	**$ 155,343**	$ 169,329	$ 35,263	$ 6,229	$ 210,821
Employee benefits	**28,677**	**10,017**	**957**	**39,651**	19,550	4,117	630	24,297
Professional services and events	**36,774**	**14,300**	**64**	**51,138**	41,639	6,698	176	48,513
Office supplies and expenses	**21,834**	**9,357**	**1,540**	**32,731**	12,310	5,937	959	19,206
Hosted meetings and conferences	**45,209**	**3,759**	**12**	**48,980**	46,283	—	—	46,283
Marketing	**54**	**—**	**—**	**54**	—	—	—	—
Insurances	**—**	**2,947**	**—**	**2,947**	—	3,157	—	3,157
Grants/benefits paid to members	**429**	**—**	**—**	**429**	25,020	—	—	25,020
Rent and occupancy	**31,387**	**8,979**	**532**	**40,898**	4,511	1,525	226	6,262
Depreciation	**—**	**630**	**—**	**630**	—	630	—	630
Miscellaneous	**258**	**529**	**—**	**787**	—	356	—	356
Total expenses	**$ 279,883**	**$ 87,453**	**$ 6,252**	**$ 373,588**	$ 318,642	$ 57,683	$ 8,220	$ 384,545

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

THE NONPROFIT PARTNERSHIP
STATEMENTS OF CASH FLOWS
Years Ended December 31,

		2017		2016
Cash flows from operating activities:				
Change in net assets	**$**	**21,788**	$	19,233
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation		**630**		630
(Increase) decrease in:				
Receivables		**—**		5,600
Prepaid expenses		**(2,520)**		210
Increase (decrease) in:				
Accounts payable and accrued expenses		**(61)**		(1,939)
Payroll and related liabilities		**(2,233)**		409
Deferred revenue		**5,216**		8,457
Net cash provided by (used in) operating activities		**22,820**		32,600
Increase (decrease) in cash and cash equivalents		**22,820**		32,600
Cash and cash equivalents, beginning of year		**46,570**		13,970
Cash and cash equivalents, end of year	**$**	**69,390**	$	46,570

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

Note 1 - Nature of Organization and Summary of Significant Accounting Policies

Organization and Nature of Activities

The Nonprofit Partnership (the Organization) is a membership-based organization that provides education, training, and tools to strengthen local nonprofit agencies. The Organization's mission is to enhance the management and governance of regional nonprofit organizations in northwestern Pennsylvania through capacity-building programs and services.

Significant Accounting Policies

Basis of Accounting

The Organization's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) ASC 958, *Financial Statements of Not-For-Profit-Organizations*, which requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considered all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Organization maintains its cash balance in a local financial institution. The balance is insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2017 and 2016, there were no uninsured cash balances.

Donated Services, Supplies and Facilities

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies...(Continued)

Donated Services, Supplies and Facilities...(continued)

Contributions of services are recognized at their estimated fair value as revenue in the Statements of Activities and a program expense in the Statements of Functional Expenses. Donated services are recognized when the services received, create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service, and the service would typically need to be purchased if not donated. The estimated fair value of a professional speaker is $450 each. The estimated fair value of the facilities provided is $12 per square foot. In addition, the Board of Directors of the Organization has made contributions of their time to the development of the Organization's growth, the value of which is not reflected in these statements.

Property and Equipment

Property and equipment is carried at cost or, if donated, 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. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the Statement of Activities. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized in accordance with the Organization's capitalization policy.

Deferred Revenue

Revenue from membership dues are received from member agencies throughout the year. Revenue related to membership dues is recognized over the annual membership term. The portion of membership dues received but not yet earned has been recorded as deferred revenue.

Functional Expense Allocation

The costs of supporting the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Certain costs have been allocated among the program services, management and general and fundraising categories based on the actual costs, employee time, square footage, and other methods.

Income Tax Status

The Organization is a nonprofit corporation in the Commonwealth of Pennsylvania and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation.

Accounting for Uncertain Tax Positions

Based on its review, management does not believe the Organization has taken any material uncertain tax positions, including any positions that would place the Organization's exempt status in jeopardy. However, the three most recent tax years remain open for examination by federal and state tax authorities.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies.....(Continued)

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 financial statement presentation. Such reclassification had no effect on the net assets as previously stated.

Subsequent Events

The Organization has evaluated subsequent events through February 26, 2018, the date which the financial statements were available to be issued.

Note 2 - Property and Equipment

Property and equipment consisted of the following at December 31, :

	2017	2016	Estimated Useful Life
Furniture	**$ 895**	$ 895	5 years
Computers	**8,265**	8,265	2 - 5 years
	9,160	9,160	
Less: accumulation depreciation	**(8,487)**	(7,857)	
	$ 673	$ 1,303	

Depreciation expense for the years ending December 31, 2017 and 2016 was $630.

Note 3 - Line of Credit

The Organization has a line of credit agreement with a local bank that provides funds up to a maximum of $20,000. The line of credit is payable on demand with interest on the outstanding balance at 8.25%. The amount outstanding under this credit facility totaled $ -0- at December 31, 2017 and 2016.

Note 4 - Contributed Services and Facilities

Contributed services and facilities are valued at their estimated fair value. In the years ended December 31, 2017 and 2016, the value of contributed services and facilities were as follows:

	2017	2016
Professional Speakers	**$ 23,400**	$ 12,600
Rent Reduction	**32,400**	—
	$ 55,800	$ 12,600

Note 5 - Related Party Transactions

Three members of the Organization's Board of Directors are also members of management at The Erie Community Foundation. The Organization receives a significant amount of funding from The Erie Community Foundation.

Note 6 - Concentration

The Organization receives funding from The Erie Community Foundation. During 2017 and 2016, the Organization received 44% and 60%, respectively, of its support and revenue from The Erie Community Foundation. The Organization would not have adequate alternative funding to continue at the current level of operations if the loss of The Erie Community Foundation's financial support were to occur.

Note 7 - Operating Leases

The Organization has an operating lease for equipment. The lease requires monthly payments of $138 and expires in 2022.

Future minimum lease payments under the operating lease are:

2018	$ 1,656
2019	$ 1,656
2020	$ 1,656
2021	$ 1,656
2022	$ 414
Thereafter	—
	$ 7,038

Lease expense for the year ended December 31, 2017 and 2016 was $1,656 and $2,807, respectively.

Note 8 - Retirement Plan

The Organization participates in The Erie Community Foundation's 401(k) retirement plan. Under this plan, the Organization matches 100% of employee contributions up to 6% of salary. For the years ended December 31, 2017 and 2016, the expense related to this plan totaled $1,076 and $5,265, respectively.