

**THE FUND FOR PHILADELPHIA, INC.
d/b/a THE MAYOR'S FUND FOR PHILADELPHIA, INC.
Financial Statements
December 31, 2019 and 2018
With Independent Auditor's Report**

The Fund for Philadelphia, Inc. d/b/a The Mayor's Fund for Philadelphia, Inc.
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December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
The Fund for Philadelphia, Inc.
d/b/a The Mayor's Fund for Philadelphia, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of The Fund for Philadelphia, Inc. d/b/a The Mayor's Fund for Philadelphia, Inc. (the "Fund"), which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to 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 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 audits 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 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 Fund for Philadelphia, Inc. d/b/a The Mayor's Fund for Philadelphia, Inc. as of December 31, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2019, the Fund adopted Accounting Standards Update (“ASU”) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) and Financial Accounting Standards Board (“FASB”) ASU No. 2016-18 *Statement of Cash Flows* (Topic 230). Our opinion is not modified with respect to this matter.

WithumSmith+Brown, PC

January 20, 2021

The Fund for Philadelphia, Inc. d/b/a The Mayor's Fund for Philadelphia, Inc.
Statements of Financial Position
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash		
Undesignated	\$ 625,794	\$ 1,176,287
Board designated	1,601,244	2,093,346
Limited to use by donors and sponsors	<u>13,984,413</u>	<u>14,077,166</u>
Total cash	16,211,451	17,346,799
Restricted cash	1,600,479	1,628,067
Contribution receivable	1,560,914	2,064,986
Program receivables	146,981	149,219
Loan receivable	1,856	6,903
Due from agencies	591,677	541,228
Other current assets	<u>32,275</u>	<u>270,538</u>
Total current assets	<u>20,145,633</u>	<u>22,007,740</u>
Noncurrent assets		
Furniture and fixtures, less accumulated depreciation of \$4,668 and \$2,354 at December 31, 2019 and 2018, respectively.	<u>18,101</u>	<u>8,555</u>
Total noncurrent assets	<u>18,101</u>	<u>8,555</u>
Total assets	<u>\$ 20,163,734</u>	<u>\$ 22,016,295</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,858,350	\$ 2,382,711
Loan payable	500,000	500,000
Deferred revenue	1,067,734	1,060,677
Due to agencies	<u>2,192,156</u>	<u>2,169,295</u>
Total current liabilities	<u>5,618,240</u>	<u>6,112,683</u>
Net assets		
Without donor restrictions		
Undesignated	456,416	1,047,154
Board designated	<u>160,118</u>	<u>92,304</u>
Total net assets without donor restrictions	616,534	1,139,458
With donor restrictions	<u>13,928,960</u>	<u>14,764,154</u>
Total net assets	<u>14,545,494</u>	<u>15,903,612</u>
Total liabilities and net assets	<u>\$ 20,163,734</u>	<u>\$ 22,016,295</u>

The Notes to Financial Statements are an integral part of these statements.

**The Fund for Philadelphia, Inc. d/b/a The Mayor's Fund for Philadelphia, Inc.
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Program income			
Philadelphia Marathon	\$ 3,764,992	\$ -	\$ 3,764,992
Bike Share	3,739,285	-	3,739,285
Board designated	100,000	-	100,000
Administrative fees	5,788	-	5,788
In-kind contributions	15,556	5,692	21,248
In-kind services	529,076	-	529,076
Interest income	14,987	-	14,987
Grants and contributions	189,901	6,303,714	6,493,615
Net assets released from restriction	<u>7,144,600</u>	<u>(7,144,600)</u>	<u>-</u>
Total support and revenue	<u>15,504,185</u>	<u>(835,194)</u>	<u>14,668,991</u>
Operating expenses			
Program services			
Other program expenses	5,359,360	-	5,359,360
Marathon expenses	4,118,811	-	4,118,811
Bike Share expenses	6,012,343	-	6,012,343
General and administrative	<u>536,595</u>	<u>-</u>	<u>536,595</u>
Total operating expenses	<u>16,027,109</u>	<u>-</u>	<u>16,027,109</u>
Changes in net assets	(522,924)	(835,194)	(1,358,118)
Net assets			
Beginning of year	<u>1,139,458</u>	<u>14,764,154</u>	<u>15,903,612</u>
End of year	<u>\$ 616,534</u>	<u>\$ 13,928,960</u>	<u>\$ 14,545,494</u>

The Notes to Financial Statements are an integral part of this statement.

The Fund for Philadelphia, Inc. d/b/a The Mayor's Fund for Philadelphia, Inc.
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Program income			
Philadelphia Marathon	\$ 3,855,867	\$ -	\$ 3,855,867
Bike Share	3,328,195	-	3,328,195
Other	110,369	-	110,369
Administrative fees	2,980	-	2,980
In-kind contributions	15,556	-	15,556
In-kind services	18,898	-	18,898
Interest income	8,151	-	8,151
Grants and contributions	5,398	9,276,565	9,281,963
Net assets released from restriction	7,987,024	(7,987,024)	-
Total support and revenue	<u>15,332,438</u>	<u>1,289,541</u>	<u>16,621,979</u>
Operating expenses			
Program services			
Other program expenses	5,367,312	-	5,367,312
Marathon expenses	4,250,479	-	4,250,479
Bike Share expenses	5,012,821	-	5,012,821
General and administrative	513,733	-	513,733
Total operating expenses	<u>15,144,345</u>	<u>-</u>	<u>15,144,345</u>
Changes in net assets	188,093	1,289,541	1,477,634
Net assets			
Beginning of year	<u>951,365</u>	<u>13,474,613</u>	<u>14,425,978</u>
End of year	<u>\$ 1,139,458</u>	<u>\$ 14,764,154</u>	<u>\$ 15,903,612</u>

The Notes to Financial Statements are an integral part of this statement.

The Fund for Philadelphia, Inc. d/b/a The Mayor's Fund for Philadelphia, Inc.
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating activities		
Changes in net assets	\$ (1,358,118)	\$ 1,477,634
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	2,314	841
Changes in operating assets and liabilities		
Contribution receivable	504,072	(433,086)
Program receivables	2,238	235,361
Other current assets	238,263	(264,433)
Accounts payable and accrued expenses	(524,361)	505,895
Deferred revenue	7,057	(700,595)
Agency transactions, net	<u>(27,588)</u>	<u>(123,070)</u>
Net cash provided by (used in) operating activities	<u>(1,156,123)</u>	<u>698,547</u>
Investing activities		
Purchase of office furniture and fixtures	(11,860)	(5,008)
Repayment received on loan receivable	<u>5,047</u>	<u>9,166</u>
Net cash provided by (used in) investing activities	<u>(6,813)</u>	<u>4,158</u>
Net change in cash and restricted cash	(1,162,936)	702,705
Cash and Restricted Cash		
Beginning of year	<u>18,974,866</u>	<u>18,272,161</u>
End of year	<u>\$ 17,811,930</u>	<u>\$ 18,974,866</u>
Cash and restricted cash as reported within the balance sheets		
Cash	\$ 16,211,451	\$ 17,346,799
Cash - restricted	<u>1,600,479</u>	<u>1,628,067</u>
	<u>\$ 17,811,930</u>	<u>\$ 18,974,866</u>
Supplemental disclosure of cash flow information		
There was no interest paid during the year ended December 31, 2019.		
Cash paid for income taxes	<u>\$ 63,574</u>	<u>\$ 35,703</u>

The Notes to Financial Statements are an integral part of these statements.

The Fund for Philadelphia, Inc. d/b/a The Mayor's Fund for Philadelphia, Inc.
Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services				General and Administrative	Total Expenses
	Other Programs	Marathon	Bike Share	Total		
Salaries and benefits	\$ 824,739	\$ -	\$ 94,250	\$ 918,989	\$ 271,464	\$ 1,190,453
Bank and merchant charges	-	2,698	-	2,698	10,024	12,722
City services	-	535,253	-	535,253	-	535,253
Conferences and meetings	3,323	97	214	3,634	982	4,616
Catering, consultants and professional services	2,333,168	1,571,071	258,738	4,162,977	-	4,162,977
Depreciation	-	-	-	-	2,314	2,314
Dues and fees	14,461	2,620	-	17,081	1,698	18,779
Equipment and supplies	232,342	859,780	289,272	1,381,394	14,241	1,395,635
Event support and participation	-	532,641	-	532,641	250	532,891
General program expenses	-	-	3,922,166	3,922,166	-	3,922,166
Grants	1,797,319	59,900	1,072,543	2,929,762	-	2,929,762
Insurance	-	55,804	-	55,804	12,167	67,971
Interest and taxes	14,950	-	16,778	31,728	26,458	58,186
Marketing	15,238	209,036	353,084	577,358	-	577,358
Office	-	-	-	-	2,985	2,985
Legal and accounting	-	-	-	-	177,251	177,251
Printing, publications and signage	17,174	9,558	-	26,732	-	26,732
Postage and delivery	28	14	-	42	1,205	1,247
Rent and utilities	39,750	178,199	-	217,949	15,556	233,505
Scholarships and grants	17,700	85,746	-	103,446	-	103,446
Training and professional development	18,398	-	1,100	19,498	-	19,498
Travel and meals	30,770	16,394	4,198	51,362	-	51,362
	\$ 5,359,360	\$ 4,118,811	\$ 6,012,343	\$ 15,490,514	\$ 536,595	\$ 16,027,109

The Notes to Financial Statements are an integral part of this statement.

The Fund for Philadelphia, Inc. d/b/a The Mayor's Fund for Philadelphia, Inc.
Statement of Functional Expenses
Year Ended December 31, 2018

	<u>Program Services</u>			<u>Total</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
	<u>Other Programs</u>	<u>Marathon</u>	<u>Bike Share</u>			
Salaries and benefits	\$ 645,336	\$ -	\$ -	\$ 645,336	\$ 204,302	\$ 849,638
Bank and merchant charges	680	1,867	-	2,547	8,753	11,300
City services	-	633,049	-	633,049	-	633,049
Conferences and meetings	1,087	2,338	-	3,425	760	4,185
Catering, consultants and professional services	3,471,867	1,485,355	416,781	5,374,003	-	5,374,003
Depreciation	-	-	-	-	841	841
Dues and fees	22,695	2,634	-	25,329	1,319	26,648
Equipment and supplies	129,167	743,525	9,123	881,815	24,677	906,492
Event support and participation	7,042	448,973	-	456,015	-	456,015
General program expenses	-	-	3,493,748	3,493,748	-	3,493,748
Grants	920,160	327,450	705,680	1,953,290	-	1,953,290
Insurance	-	54,528	-	54,528	8,818	63,346
Interest and taxes	-	-	63,574	63,574	24,375	87,949
Marketing	16,861	400,272	313,738	730,871	13,859	744,730
Office	38,913	-	-	38,913	660	39,573
Legal and accounting	-	-	-	-	207,999	207,999
Printing, publications and signage	12,503	52,707	-	65,210	66	65,276
Postage and delivery	458	3,780	-	4,238	1,699	5,937
Rent and utilities	31,406	63,926	-	95,332	15,556	110,888
Scholarships and grants	18,413	-	-	18,413	-	18,413
Training and professional development	8,635	-	-	8,635	-	8,635
Travel and meals	42,089	30,075	10,177	82,341	49	82,390
	<u>\$ 5,367,312</u>	<u>\$ 4,250,479</u>	<u>\$ 5,012,821</u>	<u>\$ 14,630,612</u>	<u>\$ 513,733</u>	<u>\$ 15,144,345</u>

The Notes to Financial Statements are an integral part of this statement.

The Fund for Philadelphia, Inc. d/b/a The Mayor's Fund for Philadelphia, Inc.
Notes to Financial Statements
December 31, 2019 and 2018

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Fund for Philadelphia, Inc. was incorporated as a not-for-profit corporation in the Commonwealth of Pennsylvania on November 23, 1981. Effective March 25, 2013, the Fund was registered as operating under the fictitious name, The Mayor's Fund for Philadelphia, Inc. (the "Fund"). The Fund's Board of Directors consists of nine Directors, five of whom are appointed by the Mayor and four Directors designated by an appointing official as follows: one by the President of City Council, one by the City of Philadelphia Finance Director, one by the Managing Director of the City of Philadelphia, and one by the Mayor.

The Fund is operated as an independent 501(c)(3), with the goal of advancing the charitable goals and priorities of the Mayor of Philadelphia through supporting charitable programs and initiatives, and leveraging public-private partnerships between the City, private sector businesses and community-based organizations, to seek to improve the quality of life for the residents of Philadelphia.

Accordingly, the Fund acts as a fiscal agent for the City of Philadelphia and manages more than \$12M annually for City programs that promote education, economic development, culture and the creative economy, and workforce development, among others. In addition, the Fund makes its own philanthropic grants and provides resource development consultation to City departments and programs.

Basis of Presentation

The Fund reports information regarding its financial position and activities according to two classes of net assets, as applicable: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions: Net assets that include expendable resources used to carry out the Fund's operations and are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the Board of Directors or may be limited by contractual agreements with outside parties.

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 either by the actions of the Fund or through the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. At December 31, 2019 and 2018, there were no net assets that are to be maintained in perpetuity.

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 the assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Restricted Cash

Restricted cash represents amounts due to agencies, net of due from agencies.

Program Receivables

Program receivables are stated at net realizable value. Management continually monitors program receivables for collectability issues. Accounts deemed uncollectible would be charged to an allowance for uncollectible accounts, if applicable. An allowance for uncollectible accounts is based upon management's judgment and is established based on a review of the types of individual accounts, prior collection history and

The Fund for Philadelphia, Inc. d/b/a The Mayor's Fund for Philadelphia, Inc.
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other pertinent factors. For the years ended December 31, 2019 and 2018, no provision was made for uncollectible accounts, as management considered all accounts to be collectible.

Agency Transactions

The Fund acts as an agent for certain Departments of the City of Philadelphia, a related party. When the Fund receives cash from such Departments, these assets are administered on behalf of the respective Department. Cash received is recognized as restricted cash. A corresponding liability, due to agencies, is recognized on the statements of financial position. Occasionally, cash distributed on behalf of these agencies may exceed cash received, and is recognized as due from agencies on the statements of financial position.

Contributions

Contributions, including unconditional pledges, are recognized as revenue in the period the promise is received. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

Contributions that are restricted by the donor are reported as increases net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are transferred to net assets without donor restrictions.

Furniture and Fixtures and Depreciation

Furniture and fixtures are stated at cost. Depreciation is provided by the straight-line method over the estimated useful lives of 10 years. Depreciation expense amounted to \$2,314 and \$841 in 2019 and 2018, respectively. Expenditures for maintenance and repairs are charged to expense as incurred.

The Fund reviews and evaluates its property and equipment for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. An impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the assets. If the carrying value exceeds the cash flows, then the recorded amounts of the assets will be reduced to their fair value. At December 31, 2019 and 2018, there were no impairment losses recognized for long-lived assets.

Program Revenue Recognition

The Fund recognizes revenue from program services when earned. Program revenues are mainly generated by the operating of the Philadelphia Marathon and the Bike Share Program. Included in program revenue is income from sponsorships, which is recognized ratably over the sponsorship term. Sponsorship income is recorded as deferred revenue until earned.

In-Kind Contributions

Donation of office space, utilities and supplies, are recorded as in-kind contributions at estimated fair value at the date of receipt.

In-Kind Services

Donated services of personnel cost are recorded as in-kind services at estimated fair value. The Fund recognizes donated services if such services (a) create or enhance non-financial assets, or (b) require specialized skills, and are provided by individuals possessing those skills and would typically need to be purchased if not donated.

Program Expenses

Program expenses are recognized when incurred and include expenses of the Philadelphia Marathon, Bike Share Program, and numerous other programs.

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Administrative Fees

The Fund's policy is to charge an administrative fee for all agency and non-agency funds received. All fees are recorded as revenue when the agency and non-agency funds are received. This fee is equal to a percentage of the funds received, and is not to exceed a ceiling percentage approved by the Board of Directors. The administrative fee was 5% during each of the years 2019 and 2018.

Grant Expenses

Grant expenses are recognized as a payable and an expense when approved by the Board of Directors and communicated (promised) to the grantee.

Advertising Expenses

The Fund's policy is to expense advertising costs as incurred. Advertising costs were \$75,124 and \$61,792 for the years ended December 31, 2019 and 2018, respectively.

Income Taxes

The Fund is a not-for-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Fund qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. Unrelated business income tax expense amounted to \$31,728 and \$63,574 for the years ended December 31, 2019 and 2018, respectively, and is included in accounts payable and accrued expenses at December 31, 2019 and 2018, respectively.

Management evaluated the Fund's tax positions and concluded that the Fund had taken no uncertain tax positions that require adjustment to the financial statements. The Fund files income tax returns in the U.S. federal jurisdiction. During the years ended December 31, 2019 and 2018, the Fund did not record any interest or penalties due to uncertain tax positions. If penalties and interest were assessed, they would be included in operating expenses.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. Costs that can be identified with a specific program are charged directly to that program. Expenses that are not directly related to a specific program are charged to general and administrative expenses.

New Accounting Pronouncements Issued Not Yet Effective

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, *Leases* (Topic 842), which supersedes existing lease accounting standards. Together with subsequent amendments, this created Accounting Standards Codification Topic 842 ("ASC 842"). ASC 842 requires that a lessee recognize a right-of-use asset and a corresponding liability for its obligation under virtually all operating leases, as well as expands disclosure requirements. ASC 842 is effective for annual reporting periods beginning after December 15, 2021. Early adoption is permitted but was not elected by the Fund. The Fund is currently evaluating the effect of the adoption of ASC 842 on its results of operations, financial position or cash flows.

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In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which supersedes all existing revenue recognition requirements, including most industry-specific guidance. Together with subsequent amendments, this created Accounting Standards Codification Topic 606 ("ASC 606"). ASC 606 requires an entity to recognize revenue when it transfers goods or services to customers in an amount that reflects the consideration that the entity expects to receive for those goods or services. ASC 606 also expands disclosure requirements.

ASC 606 allows for either "full retrospective" adoption, meaning the standard is applied to all of the periods presented, or "modified retrospective" adoption, meaning the standard is applied only to the most current period presented in the financial statements. The Fund had determined that ASC 606 will not have a material impact on its financial statements because existing contractual performance obligations, which determine when and how revenue is recognized, are not materially changed under ASC 606.

2. NEW ACCOUNTING PRONOUNCEMENT ADOPTED IN CURRENT YEAR

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Fund implemented the provisions of ASU 2018-08 applicable to contributions received and contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230) - Restricted Cash*. This ASU provides additional guidance related to transfers between cash and restricted cash and how entities present, in the statements of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. The Fund has adopted these provisions in the accompanying financial statements. In accordance with the adoption of ASU 2016-18, the statements of cash flows was adjusted to reflect the change in unrestricted and restricted cash.

3. CONCENTRATIONS

Operations

The Fund conducts the majority of its business with the City of Philadelphia. The ability of the Fund to maintain its overhead structure and meet future financial commitments is dependent upon this relationship.

Program Income

The Fund generated 26% and 23% of total revenue and support from the Philadelphia Marathon for the years ended December 31, 2019 and 2018, respectively. The Fund generated 25% and 20% of total revenue and support from the Bike Share Program for the years ended December 31, 2019 and 2018, respectively.

Grants and Contributions Revenue

The Fund received 72% and 80% of contributions from three grantors for the years ended December 31, 2019 and 2018, respectively.

Cash Accounts

The Fund maintains its cash accounts in one financial institution with insurance provided by the Federal Deposit Insurance Corporation up to \$250,000.

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4. CONTRIBUTION RECEIVABLE

Contribution receivable at December 31, 2019 and 2018 is \$1,560,914 and \$2,064,986, respectively. The receivable is due from twelve grantors and nineteen grantors, respectively, and is deemed to be fully collectible.

5. LOAN PAYABLE

On December 23, 2014, the Fund entered into a loan agreement for \$1,000,000 with PIDC – Local Development Corporation. The purpose of the loan is to make funds available for the Fund to fulfill its commitment to the City of Philadelphia regarding its role as host city for an event. The loan does not bear interest and matured on December 31, 2019. Donated interest expense amounted to \$26,458 and \$24,375 in 2019 and 2018, respectively. The loan was originally due December 31, 2015, but the repayment terms were changed in 2016. The remaining balance of the loan (\$500,000 at each of the years ended December 31, 2019 and 2018) was due December 31, 2019 and was paid in full as of January, 2020.

6. DUE TO/FROM AGENCIES

The Fund has contracts with various City of Philadelphia agencies and administers funds on their behalf. For the years ended December 31, 2019 and 2018, the activity in these agency programs is as follows:

	2019			
	Beginning Balance	Additions	Dispositions	Ending Balance
Arts and special events	\$ (351,622)	\$ 73,690	\$ (32,930)	\$ (310,862)
Community betterment	672,185	41,100	(88,977)	624,308
Economic development	1,307,504	-	(20,471)	1,287,033
	<u>\$ 1,628,067</u>	<u>\$ 114,790</u>	<u>\$ (142,378)</u>	<u>\$ 1,600,479</u>
	2018			
	Beginning Balance	Additions	Dispositions	Ending Balance
Arts and special events	\$ (275,782)	\$ 2,725	\$ (78,565)	\$ (351,622)
Community betterment	713,797	56,716	(98,328)	672,185
Economic development	1,313,122	-	(5,618)	1,307,504
	<u>\$ 1,751,137</u>	<u>\$ 59,441</u>	<u>\$ (182,511)</u>	<u>\$ 1,628,067</u>

For the years ended December 31, 2019 and 2018, due from agencies amounted to \$591,677 and \$541,228, respectively, resulting from disbursements made in advance of funds received from certain agencies and are included in the tables above.

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7. NET ASSETS

Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2019 and 2018 are restricted by the donors primarily for the following program purposes:

	<u>2019</u>	<u>2018</u>
Arts and special events	\$ 390,049	\$ 100,970
Community betterment	11,669,760	11,507,185
Education and scientific	1,688,018	3,083,973
Planned development	<u>181,133</u>	<u>72,026</u>
	<u>\$ 13,928,960</u>	<u>\$ 14,764,154</u>

Net assets with donor restrictions were released from restrictions for the years ended December 31, 2019 and 2018 for the following purposes as follows:

	<u>2019</u>	<u>2018</u>
Arts and special events	\$ 236,219	\$ 232,701
Community betterment	5,234,083	5,717,357
Education and scientific	1,452,408	1,662,569
Planned development	<u>221,890</u>	<u>374,397</u>
	<u>\$ 7,144,600</u>	<u>\$ 7,987,024</u>

Board Designated Net Assets

As of December 31, 2019 and 2018, the Board of Directors has designated \$2,187,514 and \$92,304, respectively, of net assets without donor restrictions to provide for administrative operations and program specific purposes. The following table shows the amount designated to administrative operations and program specific purposes:

	<u>2019</u>	<u>2018</u>
Special events	<u>\$ 160,118</u>	<u>\$ 92,304</u>

8. DEFINED CONTRIBUTION PLAN

The Fund sponsors a defined contribution plan under Section 403(b) of the Internal Revenue Code. Employee contributions to the plan are made through payroll deductions. At the discretion of the Fund, contributions may be based on a percentage of an employee's salary to the plan for each full-time employee with one year or more of service. The Fund matched up to 5% of each employee's base compensation for each of the years ended December 31, 2019 and 2018. Contributions to the plan totaled \$9,873 and \$8,779 for the years ended December 31, 2019 and 2018, respectively.

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9. COMPENSATED ABSENCES

The Fund provides vacation and sick pay to its employees which are accumulated and carried over if not used by the end of the year. At December 31, 2019 and 2018, the liability for accrued compensated absences was \$17,880 and \$13,707, respectively, and was included in accounts payable and accrued expenses in the statements of financial position.

10. PROGRAM EXPENSES

Program expenses for the years ended December 31, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Marathon	\$ 4,118,811	\$ 4,250,479
Bike Share	6,012,343	5,012,821
Arts and special events	527,159	292,288
Community betterment	3,090,327	3,117,300
Education and scientific	1,510,221	1,572,008
Planned development	<u>231,653</u>	<u>385,716</u>
	<u>\$ 15,490,514</u>	<u>\$ 14,630,612</u>

11. GRANT EXPENSES

The Fund designates a portion of its unrestricted funds for grantmaking to support philanthropic causes. The projects it supports align with the charitable goals and priorities of the Mayor of Philadelphia. Unsolicited grant requests are not accepted, as all proposals must be in response to a call for proposals. The number and size of awards given each year vary depending on the amount of funds available. Funding requests are accepted in response to a call for proposals and the Fund's Grant Committee reviews the applications and makes recommendations to the Fund's Board of Directors. Final grant decisions are made by the Fund's Board of Directors.

The Fund awarded grants totaling \$2,929,762 and \$1,953,290, during the years ended December 31, 2019 and 2018, respectively.

12. FUNDRAISING EXPENSES

The general and administrative expenses in the statements of activities and changes in net assets include fundraising expenses, which are approximately \$25,000 and \$22,500 for the years ended December 31, 2019 and 2018, respectively.

13. RELATED PARTY TRANSACTIONS

In-Kind Contributions

During 2019 and 2018, the City of Philadelphia provided office space and paid for telephone services and office supplies on the Fund's behalf. These expenses, totaling \$15,556 for each of the years ended December 31, 2019 and 2018, are recorded as in-kind contributions revenue and expenses in the statements of activities and changes in net assets.

In-Kind Services

During 2018, the City of Philadelphia provided executive management services totaling \$18,898 on the Fund's behalf. Such amount is recorded as in-kind services revenue and expenses in the statements of activities and changes in net assets.

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City Services

During 2019 and 2018, the City of Philadelphia provided police, security and other related services in conjunction with the Philadelphia Marathon. These expenses, totaling \$535,253 and \$633,049 for the years ended December 31, 2019 and 2018, respectively, are recorded as program expenses in the statements of activities and changes in net assets.

14. LIQUIDITY AND AVAILABLE RESOURCES

The Fund regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Fund considers all expenditures related to its ongoing activities of public service as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Fund operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The following table reflects the Fund’s financial assets as of December 31, 2019 and 2018, that are available to meet general expenditures within one year of the statement of financial position date. Financial assets that are not available to meet general expenditures within one year of the statement of financial position date include cash restricted by donor stipulations and designated by the Board, contributions receivable, program receivables, loan receivable, and due from agencies.

	<u>2019</u>	<u>2018</u>
Financial assets		
Cash		
Undesignated	\$ 625,794	\$ 1,176,287
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 625,794</u>	<u>\$ 1,176,287</u>

15. SUBSEQUENT EVENTS

The Fund has evaluated its subsequent events (events occurring after December 31, 2019) through the date of January 20, 2021, the date the financial statements were available to be issued. Based on this evaluation, the Fund determined the following subsequent events occurred which require disclosure in the financial statements.

The Fund paid off the remaining balance of the loan payable in January of 2020.

The 2019 novel coronavirus (or “COVID-19”) has adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. Following the outbreak in March 2020, the economic and market conditions fluctuated significantly. This as well as other effects of the COVID-19 outbreak may continue to adversely affect the Fund, but the extent of the adverse impact of the COVID-19 outbreak on the Fund cannot be predicted at this time.