

GREATER PHILADELPHIA CULTURAL ALLIANCE

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2015 AND 2014

**GREATER PHILADELPHIA CULTURAL ALLIANCE
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Greater Philadelphia Cultural Alliance
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of Greater Philadelphia Cultural Alliance (a nonprofit organization), which comprises the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year 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 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.

Auditors' 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 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 auditors' 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.

Board of Directors
Greater Philadelphia Cultural Alliance

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Philadelphia Cultural Alliance as of June 30, 2015 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.

Other Matter

The 2014 financial statements of Greater Philadelphia Cultural Alliance were audited by other auditors whose report dated November 10, 2014 expressed an unmodified opinion on those statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 23, 2015

**GREATER PHILADELPHIA CULTURAL ALLIANCE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014**

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,965,703	\$ 2,309,640
Grants and Contributions Receivable	420,000	770,500
Accounts Receivable	43,545	42,911
Prepaid Expenses	81,930	69,555
Total Current Assets	2,511,178	3,192,606
OTHER ASSETS		
	22,732	21,995
Total Assets	\$ 2,533,910	\$ 3,214,601
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 91,580	\$ 142,745
Deferred Revenue	143,596	116,088
Deferred Rent	26,979	27,968
Total Current Liabilities	262,155	286,801
NET ASSETS		
Unrestricted		
Board-Designated	137,645	135,727
Undesignated	1,155,281	1,138,092
Total Unrestricted	1,292,926	1,273,819
Temporarily Restricted	978,829	1,653,981
Total Net Assets	2,271,755	2,927,800
Total Liabilities and Net Assets	\$ 2,533,910	\$ 3,214,601

See accompanying Notes to Financial Statements.

**GREATER PHILADELPHIA CULTURAL ALLIANCE
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2015 AND 2014**

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Contributions and Grants	\$ 123,254	\$ 1,015,528	\$ 1,138,782	\$ 129,809	\$ 1,312,536	\$ 1,442,345
Membership	278,454	-	278,454	270,407	-	270,407
Advertising	120,855	-	120,855	94,620	-	94,620
Health Service	60,000	-	60,000	60,000	-	60,000
Ticket Fees	85,727	-	85,727	112,833	-	112,833
Publications and Seminars	26,988	-	26,988	37,069	-	37,069
Interest	4,110	-	4,110	3,758	-	3,758
Other	2,974	-	2,974	23,645	-	23,645
Net Assets Released from Restrictions	1,690,680	(1,690,680)	-	1,937,445	(1,937,445)	-
Total Support and Revenue	<u>2,393,042</u>	<u>(675,152)</u>	<u>1,717,890</u>	<u>2,669,586</u>	<u>(624,909)</u>	<u>2,044,677</u>
EXPENSES						
Program Services	1,823,024	-	1,823,024	1,956,025	-	1,956,025
Management and General	354,860	-	354,860	345,792	-	345,792
Fundraising	196,051	-	196,051	173,123	-	173,123
Total Expenses	<u>2,373,935</u>	<u>-</u>	<u>2,373,935</u>	<u>2,474,940</u>	<u>-</u>	<u>2,474,940</u>
CHANGE IN NET ASSETS	19,107	(675,152)	(656,045)	194,646	(624,909)	(430,263)
Net Assets - Beginning of Year	<u>1,273,819</u>	<u>1,653,981</u>	<u>2,927,800</u>	<u>1,079,173</u>	<u>2,278,890</u>	<u>3,358,063</u>
NET ASSETS - END OF YEAR	<u>\$ 1,292,926</u>	<u>\$ 978,829</u>	<u>\$ 2,271,755</u>	<u>\$ 1,273,819</u>	<u>\$ 1,653,981</u>	<u>\$ 2,927,800</u>

See accompanying Notes to Financial Statements.

**GREATER PHILADELPHIA CULTURAL ALLIANCE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (656,045)	\$ (430,263)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	2,950	2,580
(Increase) Decrease in:		
Receivables	349,866	834,357
Prepaid Expenses and Security Deposits	(12,375)	57
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(51,165)	80,899
Deferred Revenue	27,508	3,664
Deferred Rent	(989)	2,355
Net Cash Provided (Used) by Operating Activities	(340,250)	493,649
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	(3,687)	(5,960)
Net Increase (Decrease) in Cash	(343,937)	487,689
Cash and Cash Equivalents, Beginning of Year	2,309,640	1,821,951
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,965,703	\$ 2,309,640

See accompanying Notes to Financial Statements.

GREATER PHILADELPHIA CULTURAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Greater Philadelphia Cultural Alliance ("the Alliance") is a Pennsylvania nonprofit corporation established in 1972 by nine Philadelphia cultural institutions initially to coordinate historical and cultural activities for the Bicentennial Celebration. The Alliance has a membership of over 400 cultural organizations. Its programs include: research, analysis and communications for positive public sector, business and foundation policies and funding priorities at the local, state and federal levels; information and communications for the public designed to increase awareness and attendance at Greater Philadelphia cultural institutions; increasing the access to funds for organizations and artists in the Greater Philadelphia area; and services to member organizations designed to help them reduce expenses or increase revenues.

Basis of Accounting

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

Basis of Presentation

The Alliance reports information regarding its financial position and activities into classes of net assets according to the existence or absence of donor-imposed restrictions as follows:

Unrestricted – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

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

Permanently Restricted – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Alliance. The Alliance had no permanently restricted net assets at June 30, 2015 and 2014.

Income from membership dues is recognized over the periods to which the dues relate. Advertising and other website-related revenue is recognized as the services are provided on the Alliance website in accordance with the terms of the advertising arrangement.

Cash and Cash Equivalents

Cash and cash equivalents include money market instruments that are stated at cost. Investments with original maturities of three months or less from date of purchase are considered to be each equivalents. Such investments are not insured by the Federal Deposit Insurance Corporation.

The Alliance had \$575,389 and \$883,481 of cash earmarked for restricted grants at June 30, 2015 and 2014, respectively.

**GREATER PHILADELPHIA CULTURAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts and Grants Receivable

Grants receivable that are due after one year are discounted to present value. Management monitors the collectability of receivables based on historical experience and economic conditions. No allowance for uncollectible receivables was considered necessary at June 30, 2015 or 2014.

Rent Expense

The lease for the Alliance's office space provides for scheduled rent increase during the lease term and for rental payments commencing at a date other than the date of initial occupancy. Rent expense is recognized on a straight-line basis over the term of the lease.

Income Taxes

The Alliance is exempt from Federal income taxes 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 Alliance follows the income tax standard for uncertain tax positions. This standard has no impact on the Alliance's financial statements. The Alliance's informational tax returns are subject to review and examination by federal authorities. The Alliance is not aware of any activities that would jeopardize its tax-exempt status.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs 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. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through October 23, 2015, which is the date on which the financial statements were available to be issued, and has determined that there are no material events that would require disclosure in these financial statements.

GREATER PHILADELPHIA CULTURAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable are all current as of June 30, 2015 and 2014, and are comprised of the following:

	2015	2014
Foundations	\$ 414,500	\$ 663,000
Government	-	35,000
Corporate	5,500	50,000
Individual	-	22,500
	\$ 420,000	\$ 770,500

NOTE 3 NET ASSETS – TEMPORARILY RESTRICTED

Temporarily restricted net assets are available for the following purpose or periods at June 30:

	2015	2014
<u>Time Restricted:</u>		
Philadelphia Foundation	\$ -	\$ 66,027
Independence Foundation	-	20,000
Pew Charitable Trusts	-	48,000
Pennsylvania Council on the Arts	4,685	4,458
<u>Purpose Restricted:</u>		
Engage 2020 Program - Pew Charitable Trusts	303,314	703,607
Executive Search & GOS - William Penn Foundation	80,000	239,957
<u>Arts Development:</u>		
Lincoln Financial Group	20,000	20,000
PNC Bank, N.A.	40,406	25,000
Pennsylvania Council on the Arts	155,267	138,657
<u>STAMP Program:</u>		
Virginia & Harvey Kimmel - Teen Pass	22,961	50,000
NEA - Teen Program	-	17,498
Knight Foundation	49,500	-
Hess foundation	-	13,552
Razoo Foundation	-	12,650
Wyncote Foundation	-	25,000
25th Century Foundation	12,335	-
Victory Foundation	25,000	-
Lomax Family Foundation	1,750	-
Various Individuals	50	1,005
Advertising Campaign - PECO	27,281	30,329
Advertising Campaign - PNC	-	40,744
Research - PECO	-	10,000
Groundswell - PECO	33,174	-
Culture Across Communities - Doris Duke Charitable Trust	101,319	-
Phillyfunguide & Funsavers - Comcast	-	37,497
Phillyfunperks - Barra Foundation	91,287	150,000
Phillyfunperks - Dolfinger McMahon Foundation	5,000	-
TechniCulture Award - Various Sponsors	5,500	-
Total Temporarily Restricted Net Assets	\$ 978,829	\$ 1,653,981

GREATER PHILADELPHIA CULTURAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 4 COMMITMENTS

The Alliance leases its premises under an operating lease expiring August 31, 2018 and also leases certain office equipment. Total rent expense was \$95,250 and \$97,040 for 2015 and 2014, respectively.

Future minimum lease payments are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2016	\$ 97,786
2017	101,405
2018	105,168
2019	24,224
2020	4,750
Total	<u>\$ 333,333</u>

NOTE 5 RETIREMENT PLAN

The Alliance contributes to a defined contribution retirement plan for eligible employees under a contract with Teachers Insurance and Annuities Associates – College Retirement Equities Fund (TIAA-CREFF). Contributions of eligible employees of up to 5% of annual salaries are matched by equal contributions from the Alliance. Retirement plan expense was \$39,046 and \$85,926 in 2015 and 2014, respectively.

NOTE 6 BOARD-DESIGNATED NET ASSETS

The Board of Directors has designated unrestricted contributions received in memory of Peggy Amsterdam, former President of the Alliance, for future advocacy purposes.



CliftonLarsonAllen LLP
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**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION**

Board of Directors
Greater Philadelphia Cultural Alliance
Philadelphia, Pennsylvania

We have audited the financial statements of Greater Philadelphia Cultural Alliance as of and for the year ended June 30, 2015, and our report thereon dated October 23, 2015, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses, which are the responsibility of management, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 23, 2015

**GREATER PHILADELPHIA CULTURAL ALLIANCE
SCHEDULES OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2015 AND 2014**

	2015				2014			
	Program	Management & General	Fundraising	Total	Program	Management & General	Fundraising	Total
Salaries	\$ 623,977	\$ 156,421	\$ 111,257	\$ 891,655	\$ 572,476	\$ 134,653	\$ 92,626	\$ 799,755
Benefits and Payroll Taxes	175,785	44,067	31,341	251,193	206,232	48,508	33,369	288,109
Accounting and Auditing	23,160	5,806	4,129	33,095	11,274	2,652	1,824	15,750
Advertising	68,928			68,928	39,819	-	-	39,819
Bank and Credit Card Fees	8,245	2,067	1,470	11,782	6,389	5,063	-	11,452
Consultants	142,513	30,501		173,013	354,958	65,871	378	421,207
Depreciation	2,064	517	368	2,950	1,847	434	299	2,580
Design	43,736	1,995		45,731	58,724	916	501	60,141
Dues and Subscriptions	4,966	1,245	885	7,096	4,830	1,136	782	6,748
Equipment	26,511	6,646	4,727	37,884	20,032	4,712	3,240	27,984
Grant Awards	367,893			367,893	374,305	-	-	374,305
Insurance	1,972	494	352	2,819	2,494	587	403	3,484
Legal and Professional	16,801	4,212	2,996	24,008	9,039	2,126	1,462	12,627
Maintenance	307	77	55	439	18	4	3	25
Meetings and Conferences Attended	9,639	10,823	205	20,667	13,596	3,198	2,200	18,994
Meetings and Conferences Presented	75,770	37,574	1,247	114,591	49,866	23,285	-	73,151
Miscellaneous	2,380	597	424	3,401	1,883	-	-	1,883
Office Supplies	9,973	2,500	1,778	14,251	13,668	3,215	2,211	19,094
Postage	17,310	4,339	3,086	24,736	5,806	1,366	939	8,111
Printing	29,142	1,874	1,070	32,086	33,053	7,774	5,348	46,175
Public Relations	3,277	822	584	4,683	5,516	260	-	5,776
Rent	66,655	16,709	11,885	95,250	69,463	16,338	11,239	97,040
Telephone	9,127	2,288	1,627	13,042	9,550	2,246	1,545	13,341
Travel	25,424	6,373	4,533	36,331	11,281	2,653	1,826	15,760
Web	67,469	16,913	12,030	96,412	79,906	18,795	12,928	111,629
Total	\$ 1,823,024	\$ 354,860	\$ 196,051	\$ 2,373,935	\$ 1,956,025	\$ 345,792	\$ 173,123	\$ 2,474,940