



**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

FINANCIAL STATEMENTS

DECEMBER 31, 2018

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

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DECEMBER 31, 2018**

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Independent Auditors' Report

Board of Directors
Association of Small Foundations
DBA Exponent Philanthropy
Washington, D.C.

We have audited the accompanying financial statements of the Association of Small Foundations, DBA Exponent Philanthropy (the Organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, 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 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.

Auditors' 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 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 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 auditors consider 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 Organization as of December 31, 2018, 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.

Board of Directors
Association of Small Foundations
DBA Exponent Philanthropy

Emphasis of Matter

As discussed in Note 2 of the financial statements, the Organization adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Organization's 2017 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated June 11, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Councilor, Buchanan + Mitchell, P.C.

Washington, D.C.
June 25, 2019

Certified Public Accountants

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017)

	2018	2017
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,393,910	\$ 1,302,133
Grants and Contributions Receivable	206,166	145,666
Accounts Receivable	179,500	70,000
Donated Office Space Receivable	232,234	232,234
Investments	1,859,963	1,704,066
Prepaid Expenses and Other Current Assets	73,515	90,414
Total Current Assets	3,945,288	3,544,513
Fixed Assets, Net	94,976	118,754
Grants Receivable, Net of Current Portion	102,000	126,666
Donated Office Space Receivable, Net of Current Portion	320,688	542,079
Total Assets	\$ 4,462,952	\$ 4,332,012
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 112,588	\$ 119,630
Deferred Revenue	273,634	139,283
Deferred Membership Dues	747,140	724,863
Total Current Liabilities	1,133,362	983,776
Net Assets		
Without Donor Restrictions	2,171,431	2,005,035
With Donor Restrictions	1,158,159	1,343,201
Total Net Assets	3,329,590	3,348,236
Total Liabilities and Net Assets	\$ 4,462,952	\$ 4,332,012

See accompanying Notes to Financial Statements.

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017)**

	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
Revenues				
Membership Dues	\$ 1,401,810	\$ -	\$ 1,401,810	\$ 1,341,352
Grants and Contributions	660,328	806,355	1,466,683	1,640,519
Registration Fees	836,376	-	836,376	365,277
Rental Income	207,912	-	207,912	190,233
Publications and Other Revenue	108,151	-	108,151	110,549
Contribution - Donated Office Space	10,842	-	10,842	15,184
Interest Income	32,760	-	32,760	15,676
Net Assets Released from Restrictions	991,397	(991,397)	-	-
Total Revenues	4,249,576	(185,042)	4,064,534	3,678,790
Expenses				
Program Services	3,331,268	-	3,331,268	2,795,679
General and Administrative	300,191	-	300,191	296,148
Fundraising	451,721	-	451,721	449,019
Total Expenses	4,083,180	-	4,083,180	3,540,846
Change in Net Assets	166,396	(185,042)	(18,646)	137,944
Net Assets, Beginning of Year	2,005,035	1,343,201	3,348,236	3,210,292
Net Assets, End of Year	\$ 2,171,431	\$ 1,158,159	\$ 3,329,590	\$ 3,348,236

See accompanying Notes to Financial Statements.

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017)

	Connect	Guide	Champion	Total Program Services	General and Administrative	Fundraising	2018 Total	2017 Total
Salaries and Benefits	\$ 783,138	\$ 563,696	\$ 334,118	\$ 1,680,952	\$ 63,768	\$ 341,891	\$ 2,086,611	\$ 2,050,004
Meetings	225,914	309,230	72,344	607,488	1,337	9,133	617,958	260,956
Amortization of Donated Rent	70,745	58,653	46,837	176,235	37,159	18,840	232,234	232,234
Consultants	121,031	160,902	90,167	372,100	5,814	5,448	383,362	282,808
Occupancy	76,788	55,271	32,761	164,820	66,115	33,523	264,458	264,228
Travel	13,545	21,595	9,990	45,130	506	6,527	52,163	55,025
Legal and Accounting	-	-	-	-	72,339	-	72,339	71,404
Printing	22,688	30,424	16,895	70,007	1,188	5,006	76,201	64,924
Postage and Delivery	8,414	8,386	3,343	20,143	1,036	2,256	23,435	28,801
Telephone and Fax	9,649	7,036	4,110	20,795	8,221	4,235	33,251	31,210
Depreciation and Amortization	15,682	11,288	6,691	33,661	13,502	6,846	54,009	46,317
Office Equipment and Maintenance	3,288	2,367	1,403	7,058	2,831	1,436	11,325	11,009
Website	2,573	2,223	1,897	6,693	1,075	546	8,314	19,957
Design	4,696	5,181	3,325	13,202	-	-	13,202	12,610
Merchant and Bank Charges	14,211	10,229	6,063	30,503	12,234	6,204	48,941	27,461
Dues and Publications	8,383	8,643	5,323	22,349	4,728	2,397	29,474	20,347
Office Supplies	3,166	2,873	1,258	7,297	1,985	1,206	10,488	14,496
Temporary Help	3,878	2,791	1,655	8,324	316	1,693	10,333	9,902
Insurance	3,272	2,977	1,188	7,437	1,807	916	10,160	7,860
Conference Registration Fees	13,343	10,172	9,347	32,862	3,099	2,960	38,921	23,574
Staff Meetings	1,302	994	677	2,973	948	567	4,488	4,268
Miscellaneous	207	944	88	1,239	183	91	1,513	1,451
Total Expenses	\$ 1,405,913	\$ 1,275,875	\$ 649,480	\$ 3,331,268	\$ 300,191	\$ 451,721	\$ 4,083,180	\$ 3,540,846

See accompanying Notes to Financial Statements.

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017)**

	2018	2017
Cash Flows from Operating Activities		
Change in Net Assets	\$ (18,646)	\$ 137,944
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	54,009	46,317
Loss on Investments	1,034	173
Change in Present Value Discount for Donated Office Space Receivable	(10,842)	(15,184)
Increase in Grants and Contributions Receivable	(35,834)	(254,832)
(Increase) Decrease in Accounts Receivable	(109,500)	90,250
Decrease in Donated Office Space Receivable	232,233	232,233
Decrease in Prepaid Expenses and Other Current Assets	16,899	422
(Decrease) Increase in Accounts Payable and Accrued Expenses	(7,042)	32,109
Increase (Decrease) in Deferred Revenue	134,351	(93,046)
Increase in Deferred Membership Dues	22,277	31,042
	278,939	207,428
Cash Flows from Investing Activities		
Purchases of Investments	(3,100,000)	(3,125,000)
Proceeds from Sales of Investments	2,943,069	3,047,657
Purchases of Fixed Assets	(30,231)	(67,721)
	(187,162)	(145,064)
Net Cash Used in Investing Activities		
	91,777	62,364
Net Increase in Cash and Cash Equivalents		
Cash and Cash Equivalents, Beginning of Year	1,302,133	1,239,769
Cash and Cash Equivalents, End of Year	\$ 1,393,910	\$ 1,302,133

See accompanying Notes to Financial Statements.

ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

The Association of Small Foundations (the Organization) is a nonprofit organization incorporated under the laws of the State of Delaware. Since March 2014, the Organization has been doing business as Exponent Philanthropy. The Organization builds and strengthens small foundation philanthropy by providing high-quality programs, services and resources to charitable foundations with few or no staff. The Organization is a membership organization, recognized for peer-to-peer information sharing, and recognized for the production of practical tools that improve, simplify, and reduce the cost of administering a grant making foundation. The Organization's activities are funded primarily through membership dues and grants and contributions.

The Organization's main programs are:

Connect: provides opportunities for members and prospective members to network and connect through the production and distribution of educational programs, peer learning cohorts, local engagement groups, member advisory committees, and on-line member directory and discussion list.

Guide: provides opportunities for members and prospective members to become increasingly knowledgeable in core competencies, intentionality, and leadership through the production of educational programs, the publication of written materials, and a rich library of on-line tools and resources on topics related to grant-making, impact and evaluation, starting up, foundation administration, boards and governance, family philanthropy, investments, leadership, tax and legal issues, technology, transition points and trends.

Champion: identifies, celebrates, promotes and encourages the work of its members, those who practice philanthropy with few or no staff.

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

Cash and Cash Equivalents

The Organization considers demand deposits, money market funds, and investments purchased with a maturity of three months or less, when purchased, to be cash and cash equivalents.

Investments

Investments with original maturities of less than one year are classified as short-term investments. Investments are comprised of short-term brokered certificates of deposit, valued based on broker quotes using readily available pricing sources for comparable investments.

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contributions Receivable

Unconditional promises to give that have not been collected as of year-end are recorded as grants and contributions receivable in the accompanying statement of financial position. Grants and contributions receivable over multiple years are discounted to their net present value using the applicable interest rate if such discount would be material. Management reviews the collectability of the grants and contributions receivable on a periodic basis. No reserve for doubtful accounts has been established because management believes all amounts are fully collectible.

Fixed Assets

The Organization capitalizes all fixed asset acquisitions of \$2,000 and above. Fixed assets are stated at cost and are depreciated using the straight-line method over estimated useful lives of three to five years, with no salvage value. Direct costs incurred during the application stage of the development of the Organization's website are capitalized and amortized over an estimated useful life of three years. Leasehold improvements are amortized over the shorter of the related donated office space agreement term or the useful value of the asset. Maintenance and repairs, including planned major maintenance activities, are charged to expense when incurred; major renewals and betterments are capitalized. Donated fixed assets are recorded at fair market value at the date of donation.

Accounts Receivable

Accounts receivable consists primarily of amounts due for rental income and mission partnership fees. Management reviews the collectability of the accounts receivable on a periodic basis. No reserve for doubtful accounts has been established because management believes all amounts are fully collectible.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, and benefits. These expenses are allocated on the basis of estimates of time and effort by employees. Base level indirect costs are attributed to general and administrative functions with remaining indirect costs allocated among programs and fundraising based on salaries. Expenses directly identifiable to specific programs and supporting activities are presented accordingly.

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Office Space

The Organization receives the use of office space and furniture and equipment free of charge. However, as part of the agreement, the Organization pays the operating expenses for the building, including maintenance, utilities, real estate taxes, and a management fee. The Organization recorded the fair value of the donated office space as donated office space and donor-restricted revenue at the net present value of the estimated fair value of the lease at the inception of the lease. Donated office space that has been committed to the Organization as of December 31, 2018, through a formal lease agreement, has been recorded as donated office space receivable in the accompanying statement of financial position.

Revenue Recognition

The Organization reports grants and contributions as without donor restrictions and available for general operations, unless specifically restricted by the donor. If such grants and contributions are received with donor stipulations that limit the use of the donated funds for a particular purpose or for a specific period of time, they are reported as net assets with donor restrictions. When the stipulated time restriction ends or the purpose of the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Membership dues revenue is recognized ratably over the membership period, which begins in the month dues are paid. The portion of dues that relates to a membership period extending beyond year end is reported as deferred membership dues.

Registration fees are recognized in the year in which the seminar or conference is held.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. The Organization is exempt from the payment of taxes on income other than net unrelated business income. The Organization received certain unrelated business income from advertising fees. No provision for federal or state income taxes is required as of December 31, 2018, for net unrelated business income.

Accounting for Uncertain Tax Positions

The Organization requires that a tax position be recognized or derecognized based on a “more-likely-than-not” threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include, or reflect, any uncertain tax positions. The Organization’s Forms 990, 990-T, and DC D-20 are generally subject to examination by the taxing authorities for three years after filing.

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Prior Year Information

The financial statements include certain prior year summarized comparative totals as of and for the year ended December 31, 2017. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Reclassifications

Certain 2017 amounts have been reclassified for comparative purposes.

2. ADOPTION OF ACCOUNTING STANDARDS UPDATE 2016-14

For the year ended December 31, 2018, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification and provides information about liquidity and availability of resources. The changes required by the update have been applied retrospectively to all periods presented. A key change under ASU 2016-14 is the terminology of net asset classes used in these financial statements. Amounts previously reported as temporarily and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions. Additionally, ASU 2016-14 requires a presentation of expenses on a functional basis.

3. LIQUIDITY AND AVAILABLE RESOURCES

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity management, the Organization invests cash in excess of daily requirements in certificates of deposits on a rotating schedule, such that one or more matures each month and is available for general expenditure. Although the Organization does not intend to spend board designated net assets for other than the amounts appropriated for specific projects, amounts could be made available by the Board of Directors as necessary.

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

3. LIQUIDITY AND AVAILABLE RESOURCES (CONTINUED)

As of December 31, 2018, the following financial assets and liquidity sources were available for general operating expenditures in the year ending December 31, 2019:

Financial Assets	
Cash and Cash Equivalents	\$ 1,393,910
Current Portion of Grants and Contributions Receivable	206,166
Accounts Receivable	179,500
Donated Office Space Receivable	232,234
Investments	<u>1,859,963</u>
Total Financial Assets Available in One Year	3,871,773
Less Amounts Not Available for General Operating Expenditure	
Grants and Contributions Restricted by Purpose by Donor	(499,572)
Board Designated Net Assets	<u>(110,000)</u>
Total Financial Assets Available	<u><u>\$ 3,262,201</u></u>

Composition of Net Assets Without Donor Restrictions

The Board of Directors has designated funds for specific purposes, which effects the composition of net assets without donor restrictions. As of December 31, 2018, the balance of the board designated funds raised through the 20th Anniversary Campaign was approximately \$110,000, of which up to \$18,000 remains specifically designated for the implementation of the new membership model.

4. CONCENTRATIONS

The Organization maintains cash balances at financial institutions in the Washington, D.C., metropolitan area. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times during the year, the Organization's cash balance exceeded the FDIC insurance amount. Management believes the risk in these situations to be minimal.

As of December 31, 2018, approximately 41% of grants and accounts receivable was due from one donor. For the year ended December 31, 2018, one donor accounted for approximately 27% of grants and contributions revenue.

5. EMPLOYEE BENEFIT PLAN

The Organization sponsors a qualified profit sharing pension plan (the Plan) with a 401(k) feature for all eligible employees. Employees, who have reached age 21, are eligible to participate in the Plan after one year of service and are fully vested immediately upon entering the Plan. The Organization contributes up to 21% of each employee's salary to the Plan on a predetermined formula based on the benefits package selected by the employee. For the year ended December 31, 2018, the Organization made a contribution to the Plan on behalf of its employees of approximately \$213,000, which is included in salaries and benefits in the accompanying statement of functional expenses.

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

6. FIXED ASSETS

Fixed assets consisted of the following as of December 31, 2018:

<u>Description</u>	<u>Amount</u>
Furniture and Equipment	\$ 20,417
Website	146,719
Leasehold Improvements	<u>52,137</u>
	219,273
Less Accumulated Depreciation and Amortization	<u>(124,297)</u>
Fixed Assets, Net	<u><u>\$ 94,976</u></u>

7. COMMITMENTS

The Organization has an employment agreement (the Agreement) with the Chief Executive Officer (CEO) which expires on March 31, 2021. The Agreement specifies that if the Organization terminates the Agreement, the CEO is entitled to 180 days of paid compensation, excluding benefits.

The Organization has entered into contracts with facilities and related service providers in connection with future meetings and conferences. In the event of cancellation by the Organization or if attendance is less than agreed-upon minimum levels, the Organization would be responsible for certain fees. Management does not anticipate cancellation of these events or attendance below minimum levels.

8. DONOR RESTRICTED NET ASSETS

Donor restricted net assets were available for the following purposes as of December 31, 2018:

<u>Description</u>	<u>Amount</u>
Donated Office Space for Future Years	\$ 552,922
Conferences and Programs	10,000
Atlanta Advocacy	8,478
Diversity	396,645
Strategic Planning and Landscape Analysis	84,449
Time-Restricted	<u>105,665</u>
Total Donor Restricted Net Assets	<u><u>\$ 1,158,159</u></u>

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

8. DONOR RESTRICTED NET ASSETS (CONTINUED)

Amounts released from donor restricted net assets during the year ended December 31, 2018, were as follows:

<u>Description</u>	<u>Amount</u>
Donated Office Space for Future Years	\$ 221,390
Infrastructure	17,058
Conferences and Programs	369,311
Atlanta Advocacy	1,616
Diversity	103,332
Strategic Planning and Landscape Analysis	127,025
Time-Restricted	<u>151,665</u>
Total Amounts Released from Restrictions	<u>\$ 991,397</u>

9. FAIR VALUE MEASUREMENTS

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets (examples include equity securities);

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate or municipal bonds);

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs to the determination of fair value require significant management judgment (examples include certain private equity securities).

The following presents investments carried at fair value as of December 31, 2018:

<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Certificates of Deposit	<u>\$ 1,859,963</u>	<u>\$ -</u>	<u>\$ 1,859,963</u>	<u>\$ -</u>

10. DONATED OFFICE SPACE RECEIVABLE

In 2010, the Organization entered into a lease with a private foundation for its office space, including furnishings, in Washington, D.C., for a five-year period from June 2011 through May 2016. In January 2016, the Organization and the private foundation extended the office space agreement for a new five-year period commencing on June 1, 2016, with no other changes. The lease provides for no annual fixed rent, but the Organization is obligated to pay all taxes, costs, operating expenses, and utilities.

**ASSOCIATION OF SMALL FOUNDATIONS
DBA EXPONENT PHILANTHROPY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

10. DONATED OFFICE SPACE RECEIVABLE (CONTINUED)

The net present value of the donated office space related to the lease, approximately \$1,107,000, was recorded as temporarily restricted revenue during the year ended December 31, 2016. The donated office space receivable was discounted to the net present value using a discount rate of 2%. The amount of the amortization of donated rent for the year ended December 31, 2018, of approximately \$232,000, is recognized in the accompanying statement of functional expenses.

The donated office space receivable as of December 31, 2018, represents the net present value of donated office space promised through 2021 which is to be received as follows:

<u>For the Years Ending December 31,</u>	<u>Amount</u>
2019	\$ 232,234
2020	232,234
2021	<u>96,763</u>
Total Donated Office Space Receivable	561,231
Less Discount to Present Value	<u>(8,309)</u>
Net Donated Office Space Receivable	<u><u>\$ 552,922</u></u>

The Organization subleases a portion of its donated office space to various unrelated entities. The Organization recognized approximately \$208,000 in rental income related to these subleases during the year ended December 31, 2018.

11. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consisted of the following as of December 31, 2018:

<u>Description</u>	<u>Amount</u>
Due in Less than One Year	\$ 206,166
Due in One to Five Years	<u>102,000</u>
Total Grants and Contributions Receivable	<u><u>\$ 308,166</u></u>

12. SUBSEQUENT EVENTS

Subsequent events were evaluated through June 25, 2019, which is the date the financial statements were available to be issued.