

**GREATER PHILADELPHIA
CULTURAL ALLIANCE**

JUNE 30, 2013 AND 2012

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6
SUPPLEMENTARY INFORMATION	
INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION	11
FUNCTIONAL EXPENSES	12

Independent Auditor's Report

Board of Directors
Greater Philadelphia Cultural Alliance
Philadelphia, PA

Report on the Financial Statements

We have audited the accompanying financial statements of Greater Philadelphia Cultural Alliance (a Pennsylvania nonprofit corporation), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities 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 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 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 Greater Philadelphia Cultural Alliance as of June 30, 2013 and 2012, 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.

Bala Cynwyd, Pennsylvania
October 28, 2013

Isdaner & Company, LLC

GREATER PHILADELPHIA CULTURAL ALLIANCE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$1,821,951	\$2,033,942
Grants and contributions receivable	1,233,000	1,009,500
Accounts receivable	34,753	19,350
Prepaid expenses	69,612	13,346
Total current assets	3,159,316	3,076,138
Grants receivable - due after one year	380,015	1,321,478
Other assets	18,615	28,620
	\$3,557,946	\$4,426,236
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 61,846	\$ 147,909
Deferred revenue	112,424	122,215
Deferred rent	25,613	-
Total current liabilities	199,883	270,124
Net assets:		
Unrestricted:		
Board-designated	134,503	191,654
Undesignated	944,670	948,774
Temporarily restricted	2,278,890	3,015,684
	3,358,063	4,156,112
	\$3,557,946	\$4,426,236

The accompanying notes are an integral part of these statements.

GREATER PHILADELPHIA CULTURAL ALLIANCE
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2013 AND 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue:						
Contributions and grants	\$ 210,577	\$ 887,460	\$1,098,037	\$ 154,698	\$3,033,177	\$3,187,875
Membership	261,606	-	261,606	255,451	-	255,451
Advertising	100,494	-	100,494	80,563	-	80,563
Health service	60,000	-	60,000	66,398	-	66,398
Ticket fees	58,655	-	58,655	-	-	-
Publications and seminars	34,442	-	34,442	29,308	-	29,308
Interest	3,326	-	3,326	4,610	-	4,610
Other	11,015	-	11,015	15,269	-	15,269
Net assets released from restrictions	1,624,254	(1,624,254)	-	2,174,565	(2,174,565)	-
Total support and revenue	2,364,369	(736,794)	1,627,575	2,780,862	858,612	3,639,474
Expenses:						
Program services	1,896,902	-	1,896,902	2,224,989	-	2,224,989
Management and general	314,095	-	314,095	349,479	-	349,479
Fund raising	214,627	-	214,627	185,021	-	185,021
Total expenses	2,425,624	-	2,425,624	2,759,489	-	2,759,489
Change in net assets	(61,255)	(736,794)	(798,049)	21,373	858,612	879,985
Net assets, beginning	1,140,428	3,015,684	4,156,112	1,119,055	2,157,072	3,276,127
Net assets, ending	\$1,079,173	\$2,278,890	\$3,358,063	\$1,140,428	\$3,015,684	\$4,156,112

The accompanying notes are an integral part of these statements.

GREATER PHILADELPHIA CULTURAL ALLIANCE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Cash flows from operating activities:		
Change in net assets	(\$ 798,049)	\$ 879,985
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,006	1,923
(Increase) decrease in:		
Receivables	702,560	(650,968)
Prepaid expenses and security deposits	(48,267)	5,024
Increase (decrease) in:		
Accounts payable and accrued expenses	(86,063)	64,581
Deferred revenue	(9,791)	102,291
Deferred rent	25,613	
Net cash (used) provided by operating activities	(211,991)	402,836
Cash flows from investing activities:		
Purchase of equipment	-	(7,386)
Net cash used in operating activities	-	(7,386)
Net increase (decrease) in cash	(211,991)	395,450
Cash and cash equivalent at beginning of year	2,033,942	1,638,492
Cash and cash equivalent at end of year	\$1,821,951	\$2,033,942

The accompanying notes are an integral part of these statements.

GREATER PHILADELPHIA CULTURAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(1) SUMMARY OF ACCOUNTING POLICIES

Nature of Activities

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 nonprofit 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 Presentation

Net assets are classified as permanently restricted, temporarily restricted or unrestricted, depending upon the existence and nature of donor-imposed stipulations. Gifts of cash and other assets, including unconditional promises to give, are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Alliance had no permanently restricted net assets at June 30, 2013 or 2012.

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 cash equivalents. Such investments are not insured by the Federal Deposit Insurance Corporation.

Grants and Accounts Receivable

Grants receivable that are due after one year are discounted to present value. Management monitors the collectibility of receivables based on historical experience and economic conditions. No allowance for uncollectible receivables was considered necessary at June 30, 2013 or 2012.

Rent expense

The lease for the Alliance’s office space provides for scheduled rent increases 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.

GREATER PHILADELPHIA CULTURAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(1) SUMMARY OF ACCOUNTING POLICIES - Continued

Income Taxes

The Alliance is exempt from tax under Section 501(c)(3) of the Internal Revenue Code. Pursuant to FASB Accounting Standards Codification Topic 740, the Alliance recognizes tax benefits only if it is more likely than not that a tax position (including the Alliance's assertion that its income is exempt from tax) will be sustained upon examination. Tax year 2010 and forward remain subject to examination. No recording of liability for uncertain tax positions was considered necessary as of June 30, 2013.

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.

Subsequent Events

Management has evaluated subsequent events through October 28, 2013, 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.

Reclassifications

Certain amounts in the 2012 financial statements have been reclassified to conform to the 2013 presentation.

Use of Estimates

The preparation of the 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.

(2) GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable were comprised as follows:

	<u>2013</u>	<u>2012</u>
Due in less than one year	\$1,233,000	\$1,009,500
Due in one to five years	383,000	1,332,000
	<u>1,616,000</u>	<u>2,341,500</u>
Less discount to present value	2,985	10,522
	<u>\$1,613,015</u>	<u>\$2,330,978</u>

GREATER PHILADELPHIA CULTURAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(2) GRANTS AND CONTRIBUTIONS RECEIVABLE - Continued

Current and noncurrent receivables consisted of the following:

	<u>2013</u>	<u>2012</u>
Current:		
Foundations	\$1,198,000	\$973,000
Government	35,000	34,000
Corporations	-	2,500
	<u>1,233,000</u>	<u>1,009,500</u>
Noncurrent:		
Foundations	383,000	1,332,000
Less discount to present value	2,985	10,522
	<u>380,015</u>	<u>1,321,478</u>
	<u>\$1,613,015</u>	<u>\$2,330,978</u>

(3) NET ASSETS – TEMPORARILY RESTRICTED

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

	<u>2013</u>	<u>2012</u>
<u>Time Restricted:</u>		
Periods after June 30:		
Pew Charitable Trusts	\$ 96,000	\$ -
Independence Foundation	40,000	20,000
Pennsylvania Council on the Arts	4,640	5,459
<u>Purpose Restricted:</u>		
Engage 2020 program - Pew Charitable Trusts	1,096,002	1,687,997
Creating Change - William Penn Foundation	697,748	1,075,000
Arts development:		
Pennsylvania Council on the Arts	124,079	119,750
PNC Bank, N.A.	57,940	90,000
Lincoln Financial Group	15,000	10,000
Citizens for the Arts - Project Stream	12,635	-
Dolfinger-McMahon Foundation	3,500	3,000
Teen program:		
Knight Foundation - Passport to the Arts	50,839	-
NEA - Teen Program	17,498	-
Virginia & Harvey Kimmel - Teen Pass	13,787	-
Philadelphia Foundation	47,000	-
Advertising Campaign - PECO	5,207	-
Internet services - National Endowment for the Arts	-	15,000
Discount to present value	(2,985)	(10,522)
	<u>\$2,278,890</u>	<u>\$3,015,684</u>

GREATER PHILADELPHIA CULTURAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(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 \$96,556 and \$122,969 for 2013 and 2012, respectively.

Minimum lease payments for the years ending June 30 are as follows:

2014	91,333
2015	92,699
2016	92,238
2017	94,085
2018 and thereafter	<u>114,752</u>
	<u>\$485,107</u>

(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 \$38,779 and \$37,596 in 2013 and 2012, respectively.

(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. The Board anticipated a decrease in unrestricted net assets for 2013 and made a provision in the annual budget for an allocation from the Peggy Amsterdam Memorial Advocacy Fund. The final allocation was \$61,255.

SUPPLEMENTARY INFORMATION

Independent Auditor's Report
on Supplementary Information

Board of Directors
Greater Philadelphia Cultural Alliance
Philadelphia, PA

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole of Greater Philadelphia Cultural Alliance, as of and for the years ended June 30, 2013 and 2012, which are presented in the preceding section of this report. The supplementary information presented hereinafter is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion on it.

A handwritten signature in black ink that reads "Isdamer & Company, LLC". The signature is written in a cursive, flowing style.

Bala Cynwyd, Pennsylvania
October 28, 2013

GREATER PHILADELPHIA CULTURAL ALLIANCE
FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2013 AND 2012

	2013			2012			
	Total	Program Services	Management and General	Total	Program Services	Management and General	Fundraising
Salaries	\$ 926,130	\$ 659,777	\$141,172	\$1,002,650	\$ 716,036	\$180,102	\$106,512
Benefits and payroll taxes	278,680	198,532	42,480	297,524	212,475	53,443	31,606
Accounting and auditing	15,750	11,220	2,401	15,250	10,891	2,739	1,620
Advertising	122,820	122,820	-	259,040	259,040	-	-
Bank and credit card fees	9,969	5,618	4,351	8,910	5,615	3,295	-
Consultants	171,905	159,599	12,306	189,761	178,806	10,955	-
Depreciation	2,006	1,429	306	1,924	1,373	345	206
Design	37,732	33,955	3,777	50,839	48,621	2,218	-
Dues and subscriptions	5,439	3,889	832	5,112	3,651	918	543
Equipment	23,724	16,901	3,616	33,386	23,842	5,997	3,547
Grant awards	400,643	400,643	-	430,710	430,710	-	-
Insurance	3,871	2,758	590	3,368	2,405	605	358
Legal and professional	3,995	2,846	609	6,449	4,606	1,158	685
Maintenance	995	709	152	156	111	28	17
Meetings and conferences attended	22,455	15,996	3,423	21,337	15,237	3,833	2,267
Meetings and conferences presented	92,143	40,521	51,620	76,797	56,639	20,158	-
Miscellaneous	110	110	-	20,679	14,768	3,714	2,197
Office supplies	14,038	10,001	2,140	10,555	7,538	1,896	1,121
Postage	9,575	6,822	1,460	18,949	13,532	3,404	2,013
Printing	30,134	21,467	4,593	54,153	38,673	9,727	5,753
Public relations	2,442	2,442	-	1,743	1,743	-	-
Rent	96,556	68,787	14,718	122,969	87,816	22,090	13,063
Telephone	13,693	9,755	2,087	18,015	12,865	3,236	1,914
Travel	28,014	19,957	4,270	26,070	18,618	4,683	2,769
Web	112,785	80,348	17,192	83,145	59,378	14,935	8,832
	<u>\$2,425,624</u>	<u>\$1,896,902</u>	<u>\$314,095</u>	<u>\$2,759,489</u>	<u>\$2,224,989</u>	<u>\$349,479</u>	<u>\$185,021</u>