Council on Foundations, Inc. and Affiliate

Consolidated Financial Report
December 31, 2018

Contents

Independent Auditor's Report

Board of Directors
Council on Foundations, Inc.

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Council on Foundations, Inc. and Affiliate, which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, 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 Council on Foundations, Inc. and Affiliate as of December 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As disclosed in Note 1 to the consolidated financial statements, the Council on Foundations, Inc. and Affiliate retrospectively adopted the Financial Accounting Standards Board issued Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The adoption of this standard resulted in investment income presented net of fees, additional disclosures over liquidity and changes to the classification of net assets. Our opinion is not modified with respect to this matter.

RSM US LLP

Blue Bell, Pennsylvania
March 30, 2020

Council on Foundations, Inc. and Affiliate

Consolidated Statements of Financial Position
December 31, 2018 and 2017

	2018	2017
Assets		
Cash	$ 3,351,827	$ 618,191
Investments	3,608,323	7,390,248
Accounts receivable	212,261	128,123
Grants receivable, net	1,243,704	1,569,962
Prepaid expenses	471,344	526,983
Deposits	357,080	129,847
Other assets	70,902	266,857
Investment in common stock of Norwest Venture Partners FVCI-Mauritius at fair value (Note 5)	24,990,078	-
Deferred compensation investments	367,488	382,215
Equipment and leasehold improvements, net	1,082,163	586,213
Total assets	$ 35,755,170	$ 11,598,639
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 498,607	$ 736,932
Deferred membership dues	2,279,920	811,250
Deferred registration and other fees	452,505	169,928
Deferred accreditation and subscription fees	13,238	34,835
Line of credit	-	1,767,754
Deposits	120,094	110,018
Accrued disposal loss	206,764	817,405
Deferred rent and construction allowance	785,501	295,024
Deferred compensation liability	331,981	382,215
Total liabilities	4,688,610	5,125,361
Commitments and contingencies (Notes 8 and 12)		
Net assets:		
Without donor restrictions	3,655,375	3,750,421
With donor restrictions	27,411,185	2,722,857
Total net assets	31,066,560	6,473,278
Total liabilities and net assets	$ 35,755,170	$ 11,598,639

See notes to consolidated financial statements.

Council on Foundations, Inc. and Affiliate

Consolidated Statements of Activities
Years Ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Membership dues and contributions	**$ 6,069,620**	**$ 169,605**	**$ 6,239,225**	$ 6,389,000	$ 250,100	$ 6,639,100
Release from restrictions:						
Satisfaction of time restrictions	**250,100**	**(250,100)**	**-**	263,885	(263,885)	-
Total membership dues and contributions	**6,319,720**	**(80,495)**	**6,239,225**	6,652,885	(13,785)	6,639,100
Grants and contributions	**983,625**	**1,759,931**	**2,743,556**	744,450	3,192,952	3,937,402
Conference registrations, exhibit income and sponsorship income	**913,357**	**-**	**913,357**	1,693,206	-	1,693,206
Accreditation deposits and fees	**228,985**	**-**	**228,985**	168,999	-	168,999
Contributed services	**-**	**-**	**-**	54,800	-	54,800
Other	**260,638**	**-**	**260,638**	78,269	-	78,269
Publications	**151,675**	**-**	**151,675**	91,896	-	91,896
Operating investment (loss) income, net	**-**	**(19,705)**	**(19,705)**	-	37,962	37,962
Office rental income	**570,682**	**-**	**570,682**	570,682	-	570,682
Release from restrictions:						
Satisfaction of program restrictions	**1,161,481**	**(1,161,481)**	**-**	1,910,133	(1,910,133)	-
Satisfaction of time restrictions	**800,000**	**(800,000)**	**-**	953,864	(953,864)	-
Total revenue and support	**11,390,163**	**(301,750)**	**11,088,413**	12,919,184	353,132	13,272,316
Expenses:						
Program services	**8,354,722**	**-**	**8,354,722**	11,292,947	-	11,292,947
Supporting services	**2,954,063**	**-**	**2,954,063**	2,474,845	-	2,474,845
Total expenses	**11,308,785**	**-**	**11,308,785**	13,767,792	-	13,767,792
Change in net assets before non-operating activities	**81,378**	**(301,750)**	**(220,372)**	(848,608)	353,132	(495,476)
Non-operating activities:						
Investment (loss) income, net	**(176,424)**	**-**	**(176,424)**	814,632	-	814,632
Donation of common stock of Norwest Venture Partners FVCI-Mauritius	**-**	**31,097,031**	**31,097,031**	-	-	-
Unrealized loss on fair value investment	**-**	**(6,106,953)**	**(6,106,953)**	-	-	-
Total non-operating activities	**(176,424)**	**24,990,078**	**24,813,654**	814,632	-	814,632
Change in net assets	**(95,046)**	**24,688,328**	**24,593,282**	(33,976)	353,132	319,156
Net assets:						
Beginning	**3,750,421**	**2,722,857**	**6,473,278**	3,784,397	2,369,725	6,154,122
Ending	**$ 3,655,375**	**$ 27,411,185**	**$ 31,066,560**	$ 3,750,421	$ 2,722,857	$ 6,473,278

See notes to consolidated financial statements.

Council on Foundations, Inc. and Affiliate

Consolidated Statement of Functional Expenses
Year Ended December 31, 2018
(With Summarized Comparative Totals for 2017)

	Program Services				Supporting Services				
	Member Services	Strategic Communications	Government Relations	Total Programs	Management and Governance	Development and Fundraising	Total Supporting Services	2018 Total	2017 Total
Salaries	$ 2,228,429	$ 284,853	$ 1,023,033	$ 3,536,315	$ 1,126,770	$ 142,105	$ 1,268,875	$ 4,805,190	$ 5,191,367
Employee benefits and payroll taxes	410,122	52,426	188,280	650,828	207,372	26,153	233,525	884,353	917,097
	2,638,551	337,279	1,211,313	4,187,143	1,334,142	168,258	1,502,400	5,689,543	6,108,464
Consultants and contract services	579,854	28,791	407,848	1,016,493	509,316	15,342	524,658	1,541,151	2,323,924
Convening, facility and hosting	409,794	18,754	48,203	476,751	45,965	145	46,110	522,861	1,205,281
Occupancy	637,995	81,412	292,387	1,011,794	322,036	40,614	362,650	1,374,444	1,375,956
Office expense and supplies	318,888	48,883	103,957	471,728	244,294	7,776	252,070	723,798	518,229
Depreciation and amortization	114,843	14,680	52,722	182,245	61,568	7,323	68,891	251,136	248,334
Transportation, lodging and meals	243,108	3,472	63,439	310,019	76,149	5,607	81,756	391,775	395,871
Printing, production and promotion	269,773	43,622	2,189	315,584	16,505	191	16,696	332,280	264,317
Insurance and maintenance	42,331	5,244	18,835	66,410	20,745	2,616	23,361	89,771	181,607
Meetings	11,062	559	6,692	18,313	19,096	473	19,569	37,882	538,371
Authors and speakers	122,114	1,278	14,185	137,577	-	-	-	137,577	192,814
Grants, awards and assistance	31,000	-	-	31,000	-	-	-	31,000	195,133
Bank and other processing fees	39,815	5,040	18,100	62,955	20,275	2,514	22,789	85,744	95,005
Telephone and internet fees	12,381	1,590	5,674	19,645	22,858	788	23,646	43,291	58,283
Taxes and registrations	11,903	1,438	33,724	47,065	8,749	718	9,467	56,532	66,203
	$ 5,483,412	$ 592,042	$ 2,279,268	$ 8,354,722	$ 2,701,698	$ 252,365	$ 2,954,063	$ 11,308,785	$ 13,767,792

See notes to consolidated financial statements.

Council on Foundations, Inc. and Affiliate

Consolidated Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services				Supporting Services			
	Member Services	Strategic Communications	Government Relations	Total Programs	Management and Governance	Development and Fundraising	Total Supporting Services	2017 Total
Salaries	$ 2,692,714	$ 141,451	$ 1,158,547	$ 3,992,712	$ 1,039,032	$ 159,623	$ 1,198,655	$ 5,191,367
Employee benefits and payroll taxes	475,690	24,988	204,667	705,345	183,553	28,199	211,752	917,097
	3,168,404	166,439	1,363,214	4,698,057	1,222,585	187,822	1,410,407	6,108,464
Consultants and contract services	1,306,941	42,010	736,293	2,085,244	199,760	38,921	238,681	2,323,925
Conference expenses	1,175,819	-	26,775	1,202,594	2,687	-	2,687	1,205,281
Occupancy	714,321	37,456	306,779	1,058,556	275,132	42,268	317,400	1,375,956
Office equipment and supplies	206,115	37,083	96,104	339,302	172,932	5,995	178,927	518,229
Depreciation and amortization	127,447	6,695	54,834	188,976	51,803	7,555	59,358	248,334
Travel and other meetings	237,584	7,263	62,342	307,189	88,631	51	88,682	395,871
Printing, production and promotion	214,171	4,583	38,879	257,633	6,519	165	6,684	264,317
Insurance and maintenance	97,569	4,686	38,382	140,637	35,681	5,288	40,969	181,606
Meetings	386,139	5,883	72,254	464,276	74,095	-	74,095	538,371
Authors and speakers	170,609	-	22,205	192,814	-	-	-	192,814
Grants, awards and assistance	88,833	-	106,000	194,833	300	-	300	195,133
Bank and other processing fees	49,745	2,541	20,809	73,095	19,043	2,867	21,910	95,005
Telephone and internet fees	15,465	12,367	6,195	34,027	23,408	848	24,256	58,283
Taxes and registrations	23,615	10,481	21,618	55,714	9,495	994	10,489	66,203
	$ 7,982,777	$ 337,487	$ 2,972,683	$ 11,292,947	$ 2,182,071	$ 292,774	$ 2,474,845	$ 13,767,792

See notes to consolidated financial statements.

Council on Foundations, Inc. and Affiliate

Consolidated Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	$ 24,593,282	$ 319,156
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized losses (gains) on investments	346,229	(725,762)
Donation of common stock of Norwest Venture Partners FVCI-Mauritius	(31,097,031)	-
Change in investment of common stock	6,106,953	-
Amortization of deferred rent, construction allowance and accrued disposal loss	(120,164)	(781,483)
Loss on disposal of equipment and leasehold improvements	81	529
Increase in present value discount on grants receivable	6,566	9,885
Depreciation and amortization	251,136	248,334
Changes in assets and liabilities:		
Accounts receivable	(84,138)	56,225
Grants receivable	319,692	(1,024,353)
Prepaid expenses	55,639	(79,104)
Deposits	(227,233)	-
Other assets	158,861	130,864
Accounts payable and accrued expenses	(238,325)	110,361
Deferred membership dues	1,468,670	(244,090)
Deferred registration and other fees	282,577	(60,312)
Deferred accreditation and subscription fees	(21,597)	(27,249)
Deposits	10,076	3,674
Deferred compensation liability	(50,234)	(176,335)
Net cash provided by (used in) operating activities	1,761,040	(2,239,660)
Cash flows from investing activities:		
Purchases of equipment and leasehold improvements	(710,073)	(247,776)
Redemptions of deferred compensation investments	14,727	176,335
Proceeds from the sale of investments	5,375,951	1,103,070
Purchases of investments	(1,940,255)	(209,733)
Net cash provided by investing activities	2,740,350	821,896
Cash flows from financing activities:		
Principal payments on capital lease obligations	-	(2,179)
Draws on line of credit	208	1,776,438
Repayments on line of credit	(1,767,962)	(1,020,217)
Net cash (used in) provided by financing activities	(1,767,754)	754,042
Net increase (decrease) in cash	2,733,636	(663,722)
Cash:		
Beginning	618,191	1,281,913
Ending	$ 3,351,827	$ 618,191
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 47,947	$ 26,410
Noncash investing activity:		
Donation of common stock of Norwest Venture Partners FVCI-Mauritius	$ 31,097,031	$ -

See notes to consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities: The Council on Foundations, Inc. (the Council) is a national nonprofit membership association that provides its members with services and support to help them succeed. The Council emphasizes the value of philanthropy in the lives of people everywhere.

The activities of the Council are funded primarily through membership dues from foundations and grant makers.

The Council was incorporated in 1957 under the laws of the state of New York as a nonprofit public charity. The Council works to serve the public good by promoting and enhancing responsible and effective philanthropy. The Council provides the opportunity, leadership and tools needed by philanthropic organizations to expand, enhance and sustain their ability to advance the common good.

To achieve the Council's mission and vision, three important priorities have guided its work during the years ended December 31, 2018 and 2017. These priorities embrace the dramatic changes taking place in philanthropy and, at the same time, build on the Council's distinctive competencies in a growing and varied field. They are as follows:

Member services: The Council ensures that foundations are connected to high-quality services across a broad range of needs. To this end, the Council has become both a developer and a go-to source for educational expertise and networking opportunities related to core field-wide issues (e.g., educational expertise that supports the field's ability to achieve standards of strong governance and effectiveness in grant makers). Additionally, the Council seeks opportunities to partner with the broader network of philanthropic infrastructure organizations to co-create and deliver high-quality, co-branded educational offerings.

Strategic communications: The Council helps to increase outreach and communications to members, infrastructure partners, the field and the media through multiple high-impact communications platforms. The Council capitalizes on 21st century trends of networking and knowledge management, incorporating innovative uses of technology. This ensures that foundations are connected to one another (for peer-to-peer learning) and to expert content to address their most pressing needs.

Government relations: The Council is the leading advocacy organization promoting a positive vision for philanthropy, making philanthropy consequential and conveying to influential public leaders and policy makers a compelling, clear agenda and case for enabling philanthropy. The Council strives to ensure a positive legislative and regulatory environment for philanthropy, as well as highlight for lawmakers the critical work being done by foundations in communities across the country. These efforts entail advancing public policies on key issues, including tax policy.

The Council is affiliated with the Community Foundations National Standards Board (CFNSB). CFNSB was incorporated in April 2009 under the laws of the commonwealth of Virginia as a nonprofit public charity that is a supporting organization to the Council under Internal Revenue Code (IRC) Section 509(a)(3). CFNSB was incorporated as a separate entity in order to foster greater independence of the National Standards for U.S. Community Foundations accreditation program.

The Council and its affiliate, CFNSB are collectively hereafter referred to as the Organization.

A summary of the Organization's significant accounting policies follows:

Basis of accounting: The accompanying consolidated financial statements are presented in accordance with the accrual basis of accounting, whereby unconditional support and promises to give are recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Adoption of recent accounting pronouncements: In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, net assets with donor restrictions and net assets without donor restrictions, and expands disclosures about the nature and amount of any donor restrictions.

The Organization adopted this guidance during the year ended December 31, 2018, and also applied it retrospectively to 2017. As a result, there are additional quantitative and qualitative disclosures to communicate information related to the Organization's liquidity. Also, there were changes in the presentation of investment income and net assets within the statements and disclosures. The remaining provisions are not applicable to the Organization's consolidated financial statement presentation or were optional under past accounting guidance and were previously elected to be included in the Organization's consolidated financial statements.

Principles of consolidation: The consolidated financial statements include the accounts of the Council and its affiliate, CFNSB. All material interorganizational balances and transactions have been eliminated in consolidation.

Basis of presentation: The consolidated financial statement presentation follows the recommendations of the FASB Accounting Standards Codification (ASC). As required by the Non-Profit Entities topic of ASC, Financial Statements of Not-for-Profit Organizations, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: Net assets without donor restrictions and net assets with donor restrictions.

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of the Organization's operations or that have been designated by the Board for a particular purpose.

- Net assets with donor restrictions represent amounts specifically restricted by donors for various purposes or future periods. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on the related investments for general or specific purposes. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Concentration of credit risk: The Organization maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant financial risk on cash.

Investments: Investments, including deferred compensation investments, are carried at fair market value. To adjust the carrying value of these investments, the change in fair market value of investments is recorded as a component of investment income net of fees in the consolidated statements of activities as non-operating revenue. The change in the carrying value of deferred compensation investments is added to the deferred compensation liability.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The Organization's investments include various types of securities that are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Accounts and grants receivable: Accounts and grants receivable are carried at gross amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on an annual basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts and grants receivables are written off when deemed uncollectible. Recoveries of accounts and grants receivable previously written off are recorded as revenue when received. There was no allowance for doubtful accounts at December 31, 2018 and 2017.

Grants to be received in a future period are discounted to their net present value at the time the revenue is recorded. The Organization's grants are generally receivable over a two-year period and are discounted using a risk-adjusted interest rate applicable to the year in which the grant was received. Amortization of the discounts is included in the grants and contributions revenue.

Equipment and leasehold improvements: Equipment and leasehold improvements are stated at cost less accumulated depreciation. Depreciation is principally provided on a straight-line basis over the estimated useful lives of the respective assets, which range from 3 to 10 years. Leasehold improvements are amortized over the shorter of the lease period or estimated useful lives of the improvements. Maintenance and repairs are charged to expense when incurred; major improvements in excess of $5,000 are capitalized. Upon the retirement or disposal of assets, the accounts are relieved of the cost and accumulated depreciation with any resulting gain or loss included in revenue or expense.

Other assets: The renegotiation of the lease and related sublease (Note 8) created an asset in the amount of $176,197. Accumulated amortization expense on this asset is $163,832 and $126,738 at December 31, 2018 and 2017, respectively, for a net balance of $12,365 and $49,459 at December 31, 2018 and 2017, respectively. The Organization also has a deferred rent receivable of $58,537 and $217,398 at December 31, 2018 and 2017, respectively.

Investment in common stock of Norwest Venture Partners FVCI-Mauritius: The Council is accounting for its investment in Norwest Venture Partners FVCI-Mauritius (Norwest), a 40.33% owned affiliate based on total shares, under ASC 825 guidance using the fair value option of accounting. The Council's investment is recorded at fair value as of December 31, 2018, based on the audited financial statements of Norwest for the same period that reflect the investment in the underlying entity at fair value. The unrealized gain or loss on fair value changes for the year ended December 31, 2018, is recognized in the Council's statement of activities.

The investment in common stock of Norwest is exposed to various risks including market volatility. Due to the level of risk associated with the investment in common stock of Norwest, it is at least reasonably possible that changes in the value of the investment will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Valuation of long-lived assets: The Organization reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Revenue recognition:

Dues: Membership dues are recognized as revenue in the period to which the dues are related, limited to the estimated value of the actual benefits received. Accordingly, dues paid by members in advance of the period to which they pertain are reflected in the consolidated financial statements as deferred membership dues. Membership dues paid in excess of the actual benefits received (excess dues) are considered a contribution and are recorded as revenue without donor restrictions if received in the year to which the dues pertain. Excess dues are recognized as donor restricted revenue if collected in advance of the year to which the dues pertain. The implied time restriction is met in the year the member intends the excess dues to be available to the Organization.

Grants, contributions and donated stock: The Organization reports gifts of cash and other assets as donor restricted if they are received with stipulations that limit the use of the donated asset. When a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Contributions without donor restrictions are reported as revenue in the year in which payments are received and/or unconditional promises are made.

Sponsorships: Sponsorships are considered exchange transactions and are recognized as revenue when the related event occurs. Cash received in advance of the event is included within deferred registration and other fees in the accompanying consolidated statements of financial position.

Conference registrations and exhibit income: Conference registrations and exhibit fees are recognized in the year in which the conference takes place. Revenue from these activities received in advance of the conference is reported as deferred registration and other fees in the consolidated statements of financial position.

Publications: Publication revenue is recorded when the publication is shipped and is reported net of any discounts in the consolidated statements of activities.

Accreditation deposits and fees: Deposits received from community foundations at the time the foundation indicates an intent to initiate the certification or recertification process are recognized when received, as such deposits are nonrefundable to the community foundations but will be applied to the certification process. Accreditation fees are recognized as revenue upon performance of the certification or recertification services.

Contributed services: The Organization receives contributions of services from attorneys, primarily for its accreditation services, toward the fulfillment of program objectives. Those services, which meet the criteria for recognition under accounting principles generally accepted in the United States of America, have been included in both support and revenue and related functional expense categories.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Functional allocation of expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Expenses that can be identified with a specific program or support service are charged directly, according to their natural expenditure classification. All of the natural expenses include a portion of expenses that are allocated based on the employee efforts for each function. General and administrative expenses include those expenses that are not directly identifiable with any other specific function, but that provide for the overall support and direction of the Organization.

Reclassifications: Certain items in the December 31, 2017 consolidated financial statements have been reclassified to conform to the December 31, 2018 consolidated financial statement presentation. The reclassifications had no effect on the previously reported change in net assets or net assets.

Estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Non-operating activities: The Organization considers the investment income from its cash and cash equivalents and one specific investment fund to be operating in nature. Additionally, all allocable investment income or loss treated as donor restricted in accordance with donor specifications is considered to be operating in nature. All other investment returns are considered to be non-operating in nature.

Income taxes: The Council and CFNSB are exempt from income taxes under Section 501(c)(3) of the IRC. In addition, the Council and CFNSB qualify for charitable contribution deductions and have been classified as organizations that are not a private foundation. Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes.

Management evaluated the Council's and CFNSB's tax positions and concluded that the Council and CFNSB had taken no uncertain tax positions that require adjustment to the consolidated financial statements. For the years ended December 31, 2018 and 2017, no provision for income taxes was made for the Council or CFNSB, as neither organization had any significant net unrelated business income and did not identify any uncertain tax positions requiring recognition or disclosure in the consolidated financial statements.

The Council and CFNSB file income tax returns in the U.S. federal and Virginia jurisdictions. Generally, the Council and CFNSB are no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2015.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Upcoming accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation. ASU 2014-09, as deferred one year by ASU 2015-14, will be effective for annual reporting periods beginning after December 15, 2018 using either of two methods: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or (b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined in ASU 2014-09. Management has not yet selected a transition method and is currently evaluating the impact of the pending adoption of ASU 2014-09 on its consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 will be effective for the Organization for fiscal years beginning after December 15, 2018. The Council does not believe the adoption of the new financial instruments standard will have a material impact on its consolidated financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2020. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Where the Organization is the resource recipient, the ASU is applicable to contributions received for annual periods beginning after December 15, 2018. Where the Organization is a resource provider, the ASU is effective for annual periods beginning after December 15, 2019. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU results in the removal, modification and addition of certain disclosure requirements related to transfers between levels within the fair value hierarchy, valuation processes and unrealized gains/losses presentation for Level 3 measurements, and liquidation timing for investments held at net asset value. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied except for the changes related to Level 3 measurements which should be applied prospectively. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

Subsequent events: The Organization has evaluated subsequent events through March 30, 2020, the date the consolidated financial statements were available to be issued.

Note 2. Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. The Organization has various sources of liquidity at its disposal, including cash, receivables and investments. As of December 31, 2018, the following financial assets are available to meet annual operating needs of the 2019 fiscal year:

Cash	$ 3,351,827
Accounts receivable	212,261
Grants receivable, net	1,243,704
Investments	3,608,323
Total financial assets	8,416,115
Less donor restrictions (excludes investment in Norwest)	(2,421,107)
Less grants receivable, long term	(30,000)
Available to meet general expenditures within one year	$ 5,965,008

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability
- Maintaining a sufficient level of asset liquidity
- Monitoring and maintaining reserves to provide reasonable assurance that long-term commitments and obligations related to donor restrictions will continue to be met

The Organization receives time restricted promises to give and purpose restricted contributions from time to time, which are not available for general expenditures.

Note 3. Investments

Investments consist of the following at December 31, 2018 and 2017:

	2018	2017
Fixed-income mutual funds	$ 1,108,982	$ 1,932,797
Exchange-traded funds	564,962	1,134,262
Equity mutual funds	1,320,334	2,761,620
Multi-asset mutual funds	431,046	869,725
Real asset mutual funds	178,906	341,930
Equities	-	333,662
Money market funds	4,093	16,252
	$ 3,608,323	$ 7,390,248

Net investment income is summarized as follows:

	2018	2017
Realized and unrealized (loss) gain on investments	$ (346,229)	$ 725,762
Interest and dividend income	191,619	168,859
Investment fees	(41,519)	(42,027)
	(196,129)	852,594
Less investment income (loss), net – operating	19,705	(37,962)
Investment (loss) income – non-operating	$ (176,424)	$ 814,632

Note 4. Grants Receivable

Grants receivable at December 31, 2018 and 2017, are due to be received as follows:

	2018	2017
Within one year	$ 1,223,353	$ 1,011,177
One to two years	30,000	575,000
	1,253,353	1,586,177
Less present value discount	(9,649)	(16,215)
	$ 1,243,704	$ 1,569,962

Amounts due beyond one year are discounted at a rate of 2.19% per annum.

Note 5. Investment in Common Stock of Norwest Venture Partners FVCI-Mauritius

In June 2018, the Council received an unconditional stock donation from a third-party. The entity is Norwest, which is a private company, and the Council was gifted a 47% interest in voting shares and 40.33% of total shares. The sole purpose of Norwest is to own shares of Sulekha.com New Media Limited, a for-profit Indian entity, of which it holds a 33.21% ownership on a diluted basis as of December 31, 2018. The Council plans to sell its interest in Norwest as soon as feasibly possible in order to use the funds for discretional grant-making and to establish a Community Development Partnership Program, as defined by the terms of the donor agreement.

The investment in Norwest is calculated as follows for 2018:

Value of investment in Norwest as of June 6, 2018	$ 31,097,031
Unrealized loss on fair value investment	(6,106,953)
Investment in common stock of Norwest as of December 31, 2018	$ 24,990,078

The investment in Norwest was recorded at fair value when received in accordance with the Non-Profit Entities topic of ASC, and is considered to be net assets with donor restrictions for purpose. The fair value was determined based on a valuation analysis of the equity interest held by Norwest in a separate Indian company, Sulekha.com New Media Pvt Ltd, as this is its only activity. The analysis was completed using an option pricing model in June 2018 using inputs that are unobservable in the marketplace (Level 3).

The investment in Norwest could be held as an equity method investment, as the Council has the ability to exert significant influence but does not have a controlling financial interest. However, the Council elected the fair value option for financial instruments as allowed under the guidance in ASC 825, Financial Instruments. The audited financial statements for Norwest present the investment in Sulekha.com New Media Pvt Ltd at fair value as of December 31, 2018, and therefore, management has elected to also report its investment in Norwest at fair value. The unrealized loss on fair value is included in the consolidated statement of activities for the year ended December 31, 2018. There were no interest or dividends received from Norwest during the year ended December 31, 2018. See additional information about the fair value of the Council's investment in Norwest in Note 11.

Note 5. Investment in Common Stock of Norwest Venture Partners FVCI-Mauritius (Continued)

Condensed financial information of Norwest as of and for the year ended December 31, 2018, is as follows:

Assets	
Cash and cash equivalents	$ 212,338
Receivables and other assets	38,012
Financial assets at fair value through profit or loss	62,035,699
Total assets	$ 62,286,049
Liabilities and Stockholders' Equity	
Liabilities:	
Accounts payable	$ 22,377
Stockholders' equity:	
Common stock	17,286
Additional paid in capital	3,809,118
Retained earnings	58,427,928
Other capital	9,340
	62,263,672
	$ 62,286,049
Revenue	$ -
Expenses:	
Loss on fair valuation of financial assets	16,836,959
Other expenses	131,379
Net loss	$ (16,968,338)

Note 6. Equipment and Leasehold Improvements

Equipment and leasehold improvements as of December 31, 2018 and 2017:

	2018	2017
Furniture and equipment, including software	$ 1,994,162	$ 2,254,632
Leasehold improvements	1,845,462	1,285,212
Website development	10,500	10,500
Computer and equipment	60,052	69,245
	3,910,176	3,619,589
Less accumulated depreciation and amortization	(2,828,013)	(3,033,376)
	$ 1,082,163	$ 586,213

Depreciation expense for the years ended December 31, 2018 and 2017, was $214,042 and $211,240, respectively.

Note 7. Donor Restricted Net Assets

Net assets are subject to donor-imposed restrictions that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donor restricted net assets as of December 31, 2018 and 2017, consist of the following:

	2018	2017
Time and purpose:		
Dues support of future activities	$ 169,605	$ 250,100
Time restricted for 2018	-	798,632
Time restricted for 2019	1,298,704	563,513
Time restricted for 2020	30,000	-
Other grant-funded projects	479,187	147,213
Community development (Note 5)	24,990,078	-
Government relations	55,833	105,587
Diversity, equity and inclusion	-	137,667
Career Pathways	102,011	404,369
	27,125,418	2,407,081
Endowment:		
Robert W. Scrivner award - corpus	198,605	198,605
Robert W. Scrivner award - investment earnings	87,162	117,171
	285,767	315,776
	$ 27,411,185	$ 2,722,857

Endowments: Perpetually restricted funds remain inviolate so long as the Organization shall continue to exist. Earnings on these funds are considered purpose restricted; as such earnings may be used only for the Scrivner Award project.

The Council had the following endowment-related activities for the years ended December 31, 2018 and 2017:

Endowment net assets, December 31, 2016	$ 287,814
Investment income, net	37,962
Contributions	-
Amounts appropriated for expenditures	(10,000)
Endowment net assets, December 31, 2017	315,776
Investment loss, net	(20,009)
Contributions	-
Amounts appropriated for expenditures	(10,000)
Endowment net assets, December 31, 2018	$ 285,767

Note 7. Donor Restricted Net Assets (Continued)

Interpretation of relevant law: The Board of Directors of the Council has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Council classifies as perpetually restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Investment returns on perpetually restricted endowments are classified in accordance with donor specifications. When no specifications are outlined by the donor, investment earnings on the perpetually restricted net assets arising from earnings thereon are classified as purpose restricted net assets until those amounts are appropriated for expenditure by the Council in a manner consistent with the standard of prudence prescribed by UPMIFA.

Return objectives and risk parameters: The Council has adopted investment and spending policies for its endowment fund that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the Council must hold in perpetuity. Under this policy, as approved by the Board of Directors, the objective is the preservation of capital. The assets must be invested with the care, skill and diligence that a prudent person acting in this capacity would undertake. Over a three- to five-year period, the Council strives to achieve an average annual return of 5%, after fees.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the Council relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). As a result, the Council has elected to adopt a well-diversified asset allocation consisting of equity and fixed-income securities. The Council's current asset allocation for its perpetually restricted endowment fund targets a composition of between 40% and 50% in U.S. equities, between 5% and 15% in international equities and between 40% and 50% in aggregate bonds.

Spending policy: In accordance with donor instructions, earnings on the perpetually restricted endowment are considered purpose restricted; as such, earnings may only be used for the program purpose specified by the donors – the Scrivner Award project.

Note 8. Commitments and Contingencies

Operating leases: On March 7, 2007, the Council entered into a noncancelable operating lease for its headquarters in Crystal City, Virginia. The lease is for the period from June 1, 2007 through April 30, 2019. The lease provides for 11 months of free rent and contains a fixed escalation clause for increases in the annual minimum rent of 2.5% per annum, except for the sixth year, which is based on an increase of $1.50 per rentable square foot. Additionally, under the terms of this lease, the Council received from the landlord an allowance of $2,131,705 for leasehold improvements as an incentive to enter into the lease agreement.

Accounting guidance requires that all fixed rent increases, less any rental abatements and all lease incentives be recognized on a straight-line basis over the term of the lease. The difference between this rent expense and the required lease payments is reflected as deferred rent and construction allowance in the consolidated statements of financial position. The unamortized balance as of December 31, 2018 and 2017, totaled $75,428 and $295,024, respectively.

Note 8. Commitments and Contingencies (Continued)

Rent expense under this lease for the years ended December 31, 2018 and 2017, including pass-through costs, was $1,374,444 and $1,375,956, respectively, and is included in occupancy expense in the consolidated statements of functional expenses.

On June 19, 2014, the Council entered into a sublease with a separate organization for a portion of its existing office space through April 30, 2019. The sublease allows for approximately a 10-month rent abatement. The Council recognizes the rent ratably over the entire term of the sublease. The Council recognized rental income of $570,682 for both of the years ended December 31, 2018 and 2017. The excess of the straight-lined amount and the cash is included in other asset as deferred rent receivable. As part of this sublease, a commission totaling $176,198 was capitalized is being amortized over the sublease term. Amortization expense totaled $37,094 for the year ended December 31, 2018, and the unamortized balance of $12,365 is included in other assets on the consolidated statement of financial position.

In July 2014, the Council exited 59% of their existing office space to accommodate a sublease with a separate organization. In accordance with applicable accounting guidance, the Council recognized a total net non-cash restructuring charge of $2,174,713 during the year ended December 31, 2014. The Council calculated the disposal of excess leased facilities cost based on the executed sublease agreement. Also included in the restructuring were adjustments made to the deferred rent liability and the tenant allowance liability.

The accrued disposal loss is $206,764 and $817,405 at December 31, 2018 and 2017, respectively. Amortization of the accrued disposal loss was $610,641 and $581,845 during the years ended December 31, 2018 and 2017, respectively.

In February 2018, the Council entered into a noncancelable operating lease for a new space for its headquarters in Washington, D.C. The lease is for the period from February 2019 through March 2030. The lease contains one renewal option, which allows the Council to renew for a period of five additional years. Rent commencing in April 2020 will approximate $58,000 per month.

The new lease provides for 14 months of free rent and contains a fixed escalation clause for increases in the annual minimum rent of 2.5% per annum. Additionally, under the terms of this lease, the Council will receive from the landlord an allowance of $1,227,060 for leasehold improvements as an incentive to enter into the lease agreement. As of December 31, 2018, $710,073 of these costs were incurred and are included in equipment and leasehold improvements on the consolidated statements of financial position.

Subsequent to year-end, the Council entered into an irrevocable standby letter of credit totaling $170,425 that expires in April 2020 in connection with the new lease security deposit.

Note 8. Commitments and Contingencies (Continued)

Total future minimum lease payments for existing leases and those effective after year-end, and sublease rentals are as follows:

	Operating Leases	Sublease
Years ending December 31:		
2019	$ 672,157	$ (248,764)
2020	524,057	-
2021	714,740	-
2022	732,566	-
2023	750,927	-
Thereafter	5,138,280	-
	$ 8,532,727	$ (248,764)

Employee agreement: Subsequent to year-end, the Organization entered into an employment agreement with its President, which expires in March 2023. In the event of termination without cause, the agreement provides for severance payments for nine months after the date of termination.

Note 9. Line of Credit

On July 20, 2014, the Council established a margin account through its investment holder to serve as a line of credit to finance short-term working capital needs. Borrowings under this facility were on a demand basis and were secured by the investments of the Council. Draws could be made at any time and are limited to the market value of the securities adjusted by broker's maintenance margins. If the equity in the Council's investment account falls below the maintenance margins, the broker reserved the right to sell securities in the account to cover the deficiency. There were no specified repayment terms. In September 2018, the Council repaid all amounts outstanding on the line of credit, and there was no outstanding balance at December 31, 2018, as a result. The Council does not plan to use the line of credit in the future. The outstanding balance at December 31, 2017, was $1,767,754.

Interest was calculated monthly based on the 90-day London Interbank Offered Rate, plus 1.50% (150 bps). At December 31, 2017, the interest rate was 2.99%. Interest expense totaled $47,947 and $26,410 for the years ended December 31, 2018 and 2017, respectively.

Note 10. Retirement Plans

Defined contribution plan: The Council sponsors and maintains a defined contribution plan under Section 403(b) of the IRC, known as the Council on Foundations Tax Deferred Annuity Retirement Plan (403(b) Plan). Under the 403(b) Plan, eligible employees may elect to contribute up to the federal tax limitation. As approved by the Board of Directors, the employer contribution was a fixed matching contribution equal to 100% of an eligible participant's elective deferrals, up to 5% of such eligible participant's compensation for the years ended December 31, 2018 and 2017.

Note 10. Retirement Plans (Continued)

Employer contributions are subject to the following vesting requirements:

Completed Years of Service	Percent Vested
1	33%
2	67%
3	100%

Contribution expense, net of forfeitures, for the years ended December 31, 2018 and 2017, was $112,122 and $164,898, respectively.

Subsequent to year end, the Council amended the 403(b) Plan. Employer contributions are fixed at 7% of participant compensation and participants are vested after 1 year of service.

Supplemental executive retirement plans: The Council sponsors and maintains an executive deferred compensation plan under Sections 457(b) and 457(f) of the IRC for the benefit of certain employees who constitute a select group of management or highly compensated employees known as the Council on Foundations Executive Deferred Compensation Plan (Executive Plan). Pursuant to the Section 457(b) component part of the Executive Plan, eligible executives are provided the opportunity to defer compensation to supplement such executives' retirement benefits under the 403(b) Plan. Executives are fully vested when plan contributions are made.

Pursuant to the Section 457(f) component part of the Executive Plan, the Board of Directors has only designated the President and CEO of the Council as being eligible to participate. The Council contributed $417 and $4,334 to the Section 457(f) component part of the Executive Plan as of December 31, 2018 and 2017, respectively. The cumulative contributions and investment income for both deferred compensation plans totaling $367,488 and $382,215 at December 31, 2018 and 2017, respectively, are reported as a liability in the accompanying consolidated statements of financial position. The President and CEO left employment with the Council in 2018 resulting in a forfeiture of $35,507 for employer contributions that were not yet vested, which reduced from the deferred compensation liability but the forfeited funds were not transferred from the Council's investment account before December 31, 2018.

Note 11. Fair Value Measurements

The Fair Value Measurement Topic of the FASB ASC defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability.

The three levels of the fair value hierarchy are described below:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

Note 11. Fair Value Measurements (Continued)

To determine the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to the Fair Value Measurement Topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The tables below present the balances of assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy:

	2018			
	Total	Level 1	Level 2	Level 3
Assets at fair value:				
Investments:				
Equity mutual funds:				
Global	$ 763,396	$ 763,396	$ -	$ -
Domestic	556,938	556,938	-	-
	1,320,334	1,320,334	-	-
Fixed-income mutual funds:				
Short duration	116,567	116,567	-	-
Domestic	791,364	791,364	-	-
Global	201,051	201,051	-	-
	1,108,982	1,108,982	-	-
Exchange-traded funds:				
Domestic	564,962	564,962	-	-
	564,962	564,962	-	-
Money market funds	4,093	4,093	-	-
Multi-asset mutual funds	431,046	431,046	-	-
Real asset mutual funds	178,906	178,906	-	-
	$ 3,608,323	$ 3,608,323	$ -	$ -
Investment in common stock of Norwest	$ 24,990,078	$ -	$ -	$ 24,990,078
Deferred compensation:				
Mutual funds:				
Large value	$ 66,948	$ 66,948	$ -	$ -
Global	37,748	37,748	-	-
Small cap	41,624	41,624	-	-
Mid cap	38,233	38,233	-	-
Large cap	93,870	93,870	-	-
Real estate	14,786	14,786	-	-
Bond	38,708	38,708	-	-
Money market funds	35,571	35,571	-	-
	$ 367,488	$ 367,488	$ -	$ -
Liabilities at fair value:				
Deferred compensation	$ 331,981	$ -	$ 331,981	$ -

Note 11. Fair Value Measurements (Continued)

	2017			
	Total	Level 1	Level 2	Level 3
Assets at fair value:				
Equity mutual funds:				
Global	$ 1,656,784	$ 1,656,784	$ -	$ -
Domestic	1,104,836	1,104,836	-	-
	2,761,620	2,761,620	-	-
Fixed-income mutual funds:				
Short duration	206,215	206,215	-	-
Domestic	1,390,134	1,390,134	-	-
Global	336,448	336,448	-	-
	1,932,797	1,932,797	-	-
Equities:				
Domestic	333,662	333,662	-	-
	333,662	333,662	-	-
Exchange-traded funds:				
Domestic	1,134,262	1,134,262	-	-
	1,134,262	1,134,262	-	-
Money market funds	16,252	16,252	-	-
Multi-asset mutual funds	869,725	869,725	-	-
Real asset mutual funds	341,930	341,930	-	-
	$ 7,390,248	$ 7,390,248	$ -	$ -
Deferred compensation:				
Mutual funds:				
Large value	$ 73,752	$ 73,752	$ -	$ -
Global	44,622	44,622	-	-
Small cap	44,591	44,591	-	-
Mid cap	38,221	38,221	-	-
Large cap	92,641	92,641	-	-
Real estate	13,929	13,929	-	-
Bond	42,726	42,726	-	-
Money market funds	31,733	31,733	-	-
	$ 382,215	$ 382,215	$ -	$ -
Liabilities at fair value:				
Deferred compensation	$ 382,215	$ -	$ 382,215	$ -

The Organization’s mutual funds, equities, money market funds and exchange-traded funds are actively traded for identical assets and are considered Level 1 investments. The Organization’s deferred compensation liability is based on observable inputs of the related assets and is, therefore, considered a Level 2 item.

Note 11. Fair Value Measurements (Continued)

The valuation of the Organization's investment in Norwest is based on the fair value of the underlying investment by Norwest in Sulekha.com New Media Pvt Ltd and is not an observable input corroborated by market data. The underlying investments of Norwest are generally valued annually. Valuation policies are audited by a reputable third-party firm, but do not necessarily reflect the price at which each asset would be sold, since market valuations can only ultimately be determined through negotiation between a willing buyer and seller. The primary investment objective is to sell the investment in Norwest as soon as feasibly possible to be able to use the proceeds for community development purposes. There are no unfunded commitments or established redemption terms. Activity of Level 3 investment is as follows for the year ended December 31, 2018:

Beginning balance	$ -
Donation of investment in Norwest as of June 6, 2018	31,097,031
Unrealized loss on fair value investment	(6,106,953)
Ending balance	$ 24,990,078

Note 12. Subsequent Events

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 10, 2020, declared COVID-19 a pandemic. The operations for the Organization could be negatively impacted by the regional and global outbreak of COVID-19, including loss of members, contributions, and cancellations of conference events for an unknown period of time. Any quarantines, labor shortages or other disruptions to the Organization's operations, or those of their members and donors, may adversely impact the Organization's revenues, ability to provide its services and operating results. In addition, a significant outbreak of epidemic, pandemic or contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets resulting in an economic downturn that could affect demand for the Organization's member services and conference events. The extent to which COVID-19 impacts the Organization's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and actions taken to contain COVID-19 or its impact, among others.

RSM US LLP

Independent Auditor's Report on the Supplementary Information

Board of Directors
Council on Foundations, Inc.

We have audited the consolidated financial statements of Council on Foundations, Inc. and Affiliate as of and for the years ended December 31, 2018 and 2017, and have issued our report thereon which contains an unmodified opinion on those financial statements. See pages 1 and 2.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than present the financial position and changes in net assets of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Blue Bell, Pennsylvania
March 30, 2020

Council on Foundations, Inc. and Affiliate

Consolidating Statement of Financial Position
December 31, 2018
(With Summarized Comparative Totals for 2017)

	2018				2017
	Council	**CFNSB**	**Eliminations**	**Total**	Total
Assets					
Cash	**$ 3,159,760**	**$ 192,067**	**$ -**	**$ 3,351,827**	$ 618,191
Investments	**3,608,323**	**-**	**-**	**3,608,323**	7,390,248
Accounts receivable	**225,074**	**7,887**	**(20,700)**	**212,261**	128,123
Grants receivable, net	**1,243,704**	**-**	**-**	**1,243,704**	1,569,962
Prepaid expenses	**471,344**	**-**	**-**	**471,344**	526,983
Deposits	**357,080**	**-**	**-**	**357,080**	129,847
Other assets	**70,902**	**-**	**-**	**70,902**	266,857
Investment in common stock of Norwest Venture Partners FVCI-Mauritius	**24,990,078**	**-**	**-**	**24,990,078**	-
Deferred compensation investments	**367,488**	**-**	**-**	**367,488**	382,215
Equipment and leasehold improvements, net	**1,077,788**	**4,375**	**-**	**1,082,163**	586,213
Total assets	**$ 35,571,541**	**$ 204,329**	**$ (20,700)**	**$ 35,755,170**	$ 11,598,639
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	**$ 457,651**	**$ 61,656**	**$ (20,700)**	**$ 498,607**	$ 736,932
Deferred membership dues	**2,279,920**	**-**	**-**	**2,279,920**	811,250
Deferred registration and other fees	**452,505**	**-**	**-**	**452,505**	169,928
Deferred accreditation and subscription fees	**-**	**13,238**	**-**	**13,238**	34,835
Line of credit	**-**	**-**	**-**	**-**	1,767,754
Deposits	**120,094**	**-**	**-**	**120,094**	110,018
Accrued disposal loss	**206,764**	**-**	**-**	**206,764**	817,405
Deferred rent and construction allowance	**785,501**	**-**	**-**	**785,501**	295,024
Deferred compensation liability	**331,981**	**-**	**-**	**331,981**	382,215
Total liabilities	**4,634,416**	**74,894**	**(20,700)**	**4,688,610**	5,125,361
Commitments and contingencies (Note 8)					
Net assets:					
Without donor restrictions	**3,525,940**	**129,435**	**-**	**3,655,375**	3,750,421
With donor restrictions	**27,411,185**	**-**	**-**	**27,411,185**	2,722,857
Total net assets	**30,937,125**	**129,435**	**-**	**31,066,560**	6,473,278
Total liabilities and net assets	**$ 35,571,541**	**$ 204,329**	**$ (20,700)**	**$ 35,755,170**	$ 11,598,639

Council on Foundations, Inc. and Affiliate

Consolidating Statement of Activities
Year Ended December 31, 2018
(With Summarized Comparative Totals for 2017)

	2018									
	Council			CFNSB						
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Subtotal	Eliminations	Total	2017 Total
Revenue and support:										
Membership dues and contributions	$ 6,069,620	$ 169,605	$ 6,239,225	$ -	$ -	$ -	$ 6,239,225	$ -	$ 6,239,225	$ 6,639,100
Release from restrictions:										
Satisfaction of time restrictions	250,100	(250,100)	-	-	-	-	-	-	-	-
Total membership dues and contributions	6,319,720	(80,495)	6,239,225	-	-	-	6,239,225	-	6,239,225	6,639,100
Grants and contributions	980,950	1,759,931	2,740,881	2,675	-	2,675	2,743,556	-	2,743,556	3,937,402
Conference registrations, exhibit income and sponsorship income	913,357	-	913,357	-	-	-	913,357	-	913,357	1,693,206
Accreditation deposits and fees	-	-	-	228,985	-	228,985	228,985	-	228,985	168,999
Contributed services	-	-	-	-	-	-	-	-	-	54,800
Other	330,838	-	330,838	-	-	-	330,838	(70,200)	260,638	78,269
Publications	151,675	-	151,675	-	-	-	151,675	-	151,675	91,896
Operational investment (loss) income, net	-	(19,705)	(19,705)	-	-	-	(19,705)	-	(19,705)	37,962
Office rental income	570,682	-	570,682	-	-	-	570,682	-	570,682	570,682
Release from restrictions:										
Satisfaction of program restrictions	1,161,481	(1,161,481)	-	-	-	-	-	-	-	-
Satisfaction of time restrictions	800,000	(800,000)	-	-	-	-	-	-	-	-
Total revenue and support	11,228,703	(301,750)	10,926,953	231,660	-	231,660	11,158,613	(70,200)	11,088,413	13,272,316
Expenses:										
Program services	8,268,464	-	8,268,464	86,258	-	86,258	8,354,722	-	8,354,722	11,292,947
Supporting services	3,017,460	-	3,017,460	6,803	-	6,803	3,024,263	(70,200)	2,954,063	2,474,845
Total expenses	11,285,924	-	11,285,924	93,061	-	93,061	11,378,985	(70,200)	11,308,785	13,767,792
Change in net assets before non-operating activities	(57,221)	(301,750)	(358,971)	138,599	-	138,599	(220,372)	-	(220,372)	(495,476)
Non-operating activities:										
Investment (loss) income, net	(176,424)	-	(176,424)	-	-	-	(176,424)	-	(176,424)	814,632
Donation of common stock of Norwest Venture Partners FVCI-Mauritius	-	31,097,031	31,097,031	-	-	-	31,097,031	-	31,097,031	-
Unrealized loss on fair value investment	-	(6,106,953)	(6,106,953)	-	-	-	(6,106,953)	-	(6,106,953)	-
	(176,424)	24,990,078	24,813,654	-	-	-	24,813,654	-	24,813,654	814,632
Change in net assets	(233,645)	24,688,328	24,454,683	138,599	-	138,599	24,593,282	-	24,593,282	319,156
Net assets:										
Beginning	3,759,585	2,722,857	6,482,442	(9,164)	-	(9,164)	6,473,278	-	6,473,278	6,154,122
Ending	$ 3,525,940	$ 27,411,185	$ 30,937,125	$ 129,435	$ -	$ 129,435	$ 31,066,560	$ -	$ 31,066,560	$ 6,473,278