THE NONPROFIT PARTNERSHIP

FINANCIAL STATEMENTS

Years Ending December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Nonprofit Partnership

Opinion

We have audited the accompanying financial statements of The Nonprofit Partnership (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Nonprofit Partnership as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the The Nonprofit Partnership and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Nonprofit Partnership's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Nonprofit Partnership's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made my management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Nonprofit Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Monahan & Monahan

Monahan & Monahan, P.C.
Certified Public Accountants

Erie, PA
June 20, 2023

THE NONPROFIT PARTNERSHIP
STATEMENTS OF FINANCIAL POSITION
December 31,

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 122,612	$ 175,186
Receivables	62,680	—
Prepaid expenses	8,375	9,764
Total current assets	193,667	184,950
Property and equipment:		
Office equipment	9,160	9,160
Less: accumulated depreciation	(9,160)	(9,160)
Total property and equipment	—	—
Total assets	$ 193,667	$ 184,950
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 6,473	$ —
Due to fiscal agency	6,963	—
Payroll and related liabilities	18,340	5,278
Deferred revenue	83,265	106,844
Total current liabilities	115,041	112,122
Net assets:		
Without donor restrictions	78,626	72,828
With donor restrictions	—	—
Total net assets	78,626	72,828
Total liabilities and net assets	$ 193,667	$ 184,950

The accompanying notes are an integral part of these financial statements.

THE NONPROFIT PARTNERSHIP
STATEMENTS OF ACTIVITIES
Years ended December 31,

	2022			2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions	**$ 211,500**	**$ 7,338**	**$ 218,838**	$ 180,465	$ —	$ 180,465
Membership dues	**126,834**	**—**	**126,834**	114,885	—	114,885
Program revenue	**74,995**	**2,700**	**77,695**	42,528	—	42,528
Grants and other	**40,440**	**11,014**	**51,454**	26,265	30,178	56,443
Contributed services and facilities	**33,810**	**—**	**33,810**	50,850	—	50,850
Project revenue - EIG	**—**	**103,259**	**103,259**	—	—	—
Cares Act - PPP Loan Forgiveness	**—**	**—**	**—**	42,300	—	42,300
Net assets released from restrictions	**124,311**	**(124,311)**	**—**	30,178	(30,178)	—
Total support and revenue	**611,890**	**—**	**611,890**	487,471	—	487,471
Expenses:						
Program services	**544,731**	**—**	**544,731**	403,252	—	403,252
Management and general	**61,361**	**—**	**61,361**	58,375	—	58,375
Total expenses	**606,092**	**—**	**606,092**	461,627	—	461,627
Change in net assets	**5,798**	**—**	**5,798**	25,844	—	25,844
Net assets, beginning of year	**72,828**	**—**	**72,828**	46,984	—	46,984
Net assets, end of year	**$ 78,626**	**$ —**	**$ 78,626**	$ 72,828	$ —	$ 72,828

The accompanying notes are an integral part of these financial statements.

THE NONPROFIT PARTNERSHIP
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31,

	2022			2021		
	Program Services	**Management And General**	**Total**	Program Services	Management And General	Total
Payroll and related taxes	**$ 202,937**	**$ 22,549**	**$ 225,486**	$ 194,113	$ 21,568	$ 215,681
Employee benefits	**59,873**	**6,652**	**66,525**	50,581	5,620	56,201
Professional services and events	**53,648**	**10,059**	**63,707**	32,977	13,888	46,865
Office supplies and expenses	**24,930**	**19,053**	**43,983**	13,563	10,621	24,184
Hosted meetings and conferences	**54,317**	**—**	**54,317**	71,067	—	71,067
Marketing	**—**	**1,160**	**1,160**	—	1,344	1,344
Insurances	**910**	**534**	**1,444**	1,982	1,033	3,015
Project expenses	**103,259**	**—**	**103,259**	—	—	—
Grants/benefits paid to members	**277**	**—**	**277**	254	—	254
Rent and occupancy	**40,524**	**903**	**41,427**	37,031	4,114	41,145
Miscellaneous	**4,056**	**451**	**4,507**	1,684	187	1,871
Total expenses	**$ 544,731**	**$ 61,361**	**$ 606,092**	$ 403,252	$ 58,375	$ 461,627

The accompanying notes are an integral part of these financial statements.

THE NONPROFIT PARTNERSHIP
STATEMENTS OF CASH FLOWS
Years Ended December 31,

	2022	2021
Cash flows from operating activities:		
Change in net assets	**$ 5,798**	$ 25,844
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Payroll Protection Program (PPP), forgiveness	—	(42,300)
(Increase) decrease in:		
Receivables	**(62,680)**	—
Prepaid expenses	**1,389**	(4,598)
Increase (decrease) in:		
Accounts payable and accrued expenses	**6,473**	—
Due to fiscal agency	**6,963**	—
Payroll and related liabilities	**13,062**	(3,490)
Deferred revenue	**(23,579)**	43,325
Total adjustments	**(58,372)**	(7,063)
Increase (decrease) in cash and cash equivalents	**(52,574)**	18,781
Cash and cash equivalents, beginning of year	**175,186**	156,405
Cash and cash equivalents, end of year	**$ 122,612**	$ 175,186

The accompanying notes are an integral part of these financial statements.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies

Organization and Nature of Activities

The Nonprofit Partnership (the Organization) is a membership-based organization that provides education, training, and tools to strengthen local nonprofit agencies. The Organization's mission is to enhance the management and governance of regional nonprofit organizations in northwestern Pennsylvania through capacity-building programs and services.

Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the Guide). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

> Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.
>
> Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considered all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Organization maintains its cash balance in a local financial institution. The balance is insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2022 and 2021, there were no uninsured cash balances.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies...(Continued)

Donated Services, Supplies and Facilities

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to net assets without donor restrictions at that time.

Contributions of services are recognized at their estimated fair value as revenue in the Statements of Activities and a program expense in the Statements of Functional Expenses. Donated services are recognized when the services received, create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service, and the service would typically need to be purchased if not donated. The estimated fair value of a professional speaker is $450 each. The estimated fair value of the facilities provided is $12 per square foot. In addition, the Board of Directors of the Organization has made contributions of their time to the development of the Organization's growth, the value of which is not reflected in these statements.

Property and Equipment

Property and equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the Statement of Activities. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized in accordance with the Organization's capitalization policy.

Deferred Revenue

Revenue from the performance obligations - dues and program services are received from member agencies throughout the year. Revenue related to this revenue stream is recognized over the annual membership term. The portion of this performance obligation received but not yet earned has been recorded as deferred revenue or the new standard refers to as a contract liability. The standard ASC 606-10-452-2 defines this ***contract liability*** as "an entity's obligation to transfer goods and services to a customer for which the entity has received consideration". The standard permits the use of alternative descriptions in the Statement of Financial Position and the Organization reflects this liability as deferred revenue.

Functional Expense Allocation

The costs of supporting the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Certain costs have been allocated among the program services, management and general and fundraising categories based on the actual costs, employee time, square footage, and other methods.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies.....(Continued)

Income Tax Status

The Organization is a nonprofit corporation in the Commonwealth of Pennsylvania and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation.

Accounting for Uncertain Tax Positions

Based on its review, management does not believe the Organization has taken any material uncertain tax positions, including any positions that would place the Organization's exempt status in jeopardy. However, the three most recent tax years remain open for examination by federal and state tax authorities.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 financial statement presentation. Such reclassification had no effect on the net assets as previously stated.

Subsequent Events

The Organization has evaluated subsequent events through June 20, 2023, the date which the financial statements were available to be issued.

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to business worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear currently. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization's operations for future periods.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies.....(Continued)

Revenue Recognition

Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), the revenue recognition framework supercedes the revenue recognition requirement in Topic 605, Revenue Recognition, and most industry-specific guidance throughout the Accounting Standards Codification (ASC). This industry guidance is formed in subtopic 958-605; Not-for-Profit Entities-Revenue Recognition. Some of this guidance remains in force, mainly portions relevant to contributions, however, with certain limitations all revenue generated through exchange transactions "contracts with customers" will be subject to this standard.

In the nonprofit environment, revenue sourced from membership fees, sale of products and services, naming rights, sponsorships and special events are considered as "contracts with customers" once the contribution element is removed.

The core principle of the standard is revenue recognition should "depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services" (ASC 606-10-05-3).

There is a five step approach 1) identify the contract with customer, 2) identify the performance obligation in the contract, 3) determine the transaction price, 4) allocate the transaction price to the performance obligation in the contract and 5) recognize revenue when (or as) the entity satisfies a performance obligation.

Below is a breakdown of the revenue for the years ending December 31,:

	2022		2021	
	Included as Contract with Customers	**Not Included**	Included as Contract with Customers	Not Included
Contributions		**$ 218,838**		$ 180,465
Membership Dues	**$ 126,834**		$ 114,885	
Program revenue	**$ 77,695**		$ 42,528	
Grants and other		**$ 51,454**		$ 56,443
Contributed services/facilities		**$ 33,810**		$ 50,850
PPP Loan Forgiveness		**$ —**		$ 42,300

Membership dues are considered by the Organization as a performance obligation and is satisfied on an annual basis with no remaining obligation.

Program services are considered by the Organization as a performance obligation i.e. Non-Profit Day, Seminars and workshops. These services are provided at a point in time and satisfied during the year with no remaining obligation.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies.....(Continued)

Leases

The Organization has adopted FASB ASC 842 for recognizing and measuring leases as of January 1, 2022. The standard allows the non-profit to elect and use the Effective Date Method as well as other practical expedients available. The Organization elected, for all underlying classes of assets, to not recognize Right Of Use (ROU) assets and lease liabilities for short-term leases that have a lease term of 12 months or less and do not include an option to purchase the underlying asset that they are reasonably certain to exercise. For the year 2022 the Organization had no new leases to report.

Note 2 - Property and Equipment

Property and equipment consisted of the following at December 31, :

	2022	2021	Estimated Useful Life
Furniture	**$ 895**	$ 895	5 years
Computers	**8,265**	8,265	2 - 5 years
	9,160	9,160	
Less: accumulation depreciation	**(9,160)**	(9,160)	
	$ —	$ —	

Depreciation expense was $ -0- for the years ending December 31, 2022 and 2021.

Note 3 - Line of Credit

The Organization has a line of credit agreement with a local bank that provides funds up to a maximum of $20,000. The line of credit is payable on demand with variable interest of prime plus 2.75 basis points. The amount outstanding under this credit facility totaled $ -0- at December 31, 2022 and 2021.

Note 4 - Contributed Services and Facilities

Contributed services and facilities are valued at their estimated fair value. In the years ended December 31, 2022 and 2021, the value of contributed services and facilities were as follows:

	2022	2021
Training services	**$ 810**	$ —
Registration fees	**600**	—
Professional speakers	**—**	18,450
Rent Reduction	**32,400**	32,400
	$ 33,810	$ 50,850

Note 5 - Related Party Transactions

The members of the Organization's Board of Directors included one member of management at The Erie Community Foundation. The Organization receives a significant amount of funding from The Erie Community Foundation.

Note 6 - Concentration

The Organization receives funding from The Erie Community Foundation. During 2022 and 2021, the Organization received 21% and 37%, respectively, of its support and revenue from The Erie Community Foundation. The Organization would not have adequate alternative funding to continue at the current level of operations if the loss of The Erie Community Foundation's financial support were to occur.

Note 7 - Operating Leases

The Organization had an operating lease for equipment that required monthly payments of $138 and expired in 2022.

Lease expense for the year ended December 31, 2022 and 2021 was $414 and $1,657 respectively.

Note 8 - Retirement Plan

The Organization participates in The Erie Community Foundation's 401(k) retirement plan. Under this plan, the Organization matches 100% of employee contributions up to 7% of salary. For the years ended December 31, 2022 and 2021, the expense related to this plan totaled $9,000 and $7,532, respectively.

Note 9 - Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed regulation within one year of the statement of financial position date.

	2022	2021
Financial assets at year end	**$ 185,292**	$ 175,186
Less: those unavailable for general expenditures within one year	—	—
Financial assets available to meet cash needs for general expenditures within one year	**$ 185,292**	$ 175,186

Note 10 - Cares Act - Payroll Protection Program (PPP)

The Organization applied for and was granted $42,300 under the Paycheck Protection Program established by the Coronavirus Aid, Relief and Economic Security (CARES) Act, which in essence represents a grant. Using guidance in ASC-958-605 Revenue Recognition for Not-For-Profit Entities, the loan will be reflected as a liability (refundable advance). Only when conditions are substantially met or explicitly waived will the funds be recognized as income. On May 19, 2021, the amount fo $42,300 was forgiven and reported as revenue.

Note 11 - Fiscal Sponsorship

In 2022, the Organization, in its capacity as a 501(c)(3) entity, served as a sponsor for the Project Erie Inclusive Group. This Project has a purpose consistent with the Organization and in 2022, the donor restricted contributions received were from three different local entities: Erie Insurance $30,531, Erie Community Foundation $30,531, and Erie County Gaming Revenue Authority $42,197.

Project Erie Inclusive Group Expenses for the year 2022 consisted of salaries and benefits of $66,944, insurance $8,349, administrative fees $11,065, and various other project cost of $16,901.

Effective in 2023, this project will be reported under the umbrella of Infinite Erie, LLC, which will be consolidated with the Organization.