

**Pittsburgh Leadership Foundation**

**Combined Financial Statements and  
Supplementary Information**

**June 30, 2017 and 2016**

**O'Connor, Pagano and Associates**

Business Advisors and Certified Public Accountants

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# Pittsburgh Leadership Foundation

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# O'Connor, Pagano and Associates

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## Independent Auditors' Report

To the Board of Directors  
Pittsburgh Leadership Foundation  
Pittsburgh, Pennsylvania

We have audited the accompanying combined financial statements of Pittsburgh Leadership Foundation (a nonprofit organization), which comprise the combined statement of financial position as of June 30, 2017, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

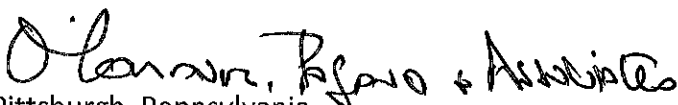
In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Pittsburgh Leadership Foundation as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Prior Period Financial Statements**

The financial statements of Pittsburgh Leadership Foundation as of June 30, 2016, were audited by other auditors whose report dated November 7, 2016, expressed an unmodified opinion on those statements.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information on pages 20 to 23 is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated in all material respects in relation to the combined financial statements as a whole.

  
Pittsburgh, Pennsylvania  
September 28, 2017

**Pittsburgh Leadership Foundation**  
 Combined Statements of Financial Position  
 June 30, 2017 and 2016

**ASSETS**

	2017	2016
<b><u>Current Assets</u></b>		
Cash and Cash Equivalents - Unrestricted	\$ 143,107	\$ 166,309
Cash and Cash Equivalents - Restricted	36,492	100,080
Receivables - Unrestricted	29,347	12,339
Grant Receivables - Restricted	64,940	53,166
Prepaid expenses and other assets	4,855	4,855
Investments	26,476	24,611
Total Current Assets	305,217	361,360
<b>Property and Equipment, Net</b>	16,958	20,319
<b>Long Term Investments</b>	1,314,439	1,281,723
<b>Total Assets</b>	\$ 1,636,614	\$ 1,663,402

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities</u></b>		
Accounts Payable and accrued expenses	\$ 41,188	\$ 25,370
Line of credit	73,394	59,997
Due to affiliate ministries	31,248	31,942
Deferred revenues	22,933	13,950
Total Current Liabilities	168,763	131,259
<b>Total Liabilities</b>	168,763	131,259
<b>Net Assets</b>		
Unrestricted	1,366,419	1,378,897
Temporarily Restricted	101,432	153,246
Total Net Assets	1,467,851	1,532,143
<b>Total Liabilities and Net Assets</b>	\$ 1,636,614	\$ 1,663,402

The accompanying notes are an integral part of these financial statements

**Pittsburgh Leadership Foundation**  
**Combined Statement of Activities**  
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
<b><u>Revenues, Gains and Other Support</u></b>			
Grants and contributions	\$ 155,080	\$ 131,005	\$ 286,085
Tuition and program revenue	451,215	-	451,215
Net Investment Income	119,918	-	119,918
Rental income	25,557	-	25,557
	751,770	131,005	882,775
 Net Assets Released from Restriction	 182,819	 (182,819)	 -
<b>Total Revenues, Gains and Other Support</b>	<b>934,589</b>	<b>(51,814)</b>	<b>882,775</b>
 <b><u>Functional Expenses:</u></b>			
Program Services	811,270	-	811,270
Management and General	49,661	-	49,661
Fundraising	86,136	-	86,136
<b>Total Expenses</b>	<b>947,067</b>	<b>-</b>	<b>947,067</b>
 <b>Changes in Net Assets</b>	 (12,478)	 (51,814)	 (64,292)
 Net Assets at Beginning of Year	 1,378,897	 153,246	 1,532,143
 <b>Net Assets at End of Year</b>	 <b>\$ 1,366,419</b>	 <b>\$ 101,432</b>	 <b>\$ 1,467,851</b>

The accompanying notes are an integral part of these financial statements

**Pittsburgh Leadership Foundation**  
 Combined Statement of Activities  
 Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
<b><u>Revenues, Gains and Other Support</u></b>			
Grants and contributions	\$ 355,868	\$ 148,176	\$ 504,044
Tuition and program revenue	390,610	-	390,610
Net Investment Income	7,911	-	7,911
Rental Income	22,696	-	22,696
	777,085	148,176	925,261
 Net Assets Released from Restriction	 15,998	 (15,998)	 -
 <b>Total Revenues, Gains and Other Support</b>	 793,083	 132,178	 925,261
 <b><u>Functional Expenses:</u></b>			
Program Services	673,809	-	673,809
Management and General	60,763	-	60,763
Fundraising	90,657	-	90,657
<b>Total Expenses</b>	825,229	-	825,229
 <b>Changes in Net Assets</b>	 (32,146)	 132,178	 100,032
 Net Assets at Beginning of Year	 1,411,043	 21,068	 1,432,111
 <b>Net Assets at End of Year</b>	 \$ 1,378,897	 \$ 153,246	 \$ 1,532,143

The accompanying notes are an integral part of these financial statements

**Pittsburgh Leadership Foundation**  
**Statement of Functional Expenses**  
Year Ended June 30, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>2017 Total</u>
<b><u>Direct Program Expenses:</u></b>				
Leader's Collaborative Costs	\$ 57,343	\$ -	\$ -	\$ 57,343
Parish Cohort Costs	29,667	-	-	29,667
Urban Leaders Cohort Costs	32,994	-	-	32,994
VILC Costs	115,088	-	-	115,088
Event Expense	37,162	-	-	37,162
<b>Direct Program Expenses</b>	<u>272,254</u>	<u>-</u>	<u>-</u>	<u>272,254</u>
<b>Donor Advised Grants</b>	103,500	-	-	103,500
<b><u>Other Operating Expenses:</u></b>				
Salaries and Benefits	266,875	31,193	48,523	346,591
General and Administrative	43,417	5,075	7,894	56,386
Marketing and Fundraising	7,080	827	10,173	18,080
Depreciation	3,079	360	560	3,999
Interest	2,505	293	456	3,254
Investment Fees	3,334	-	-	3,334
Office Expenses	27,757	3,244	5,046	36,047
Building Rent and Office Equipment Leases	74,163	8,669	13,484	96,316
Travel and Meeting	7,306	-	-	7,306
<b>Other Operating Expenses</b>	<u>435,516</u>	<u>49,661</u>	<u>86,136</u>	<u>571,313</u>
<b>Total Functional Expenses</b>	<u>\$ 811,270</u>	<u>\$ 49,661</u>	<u>\$ 86,136</u>	<u>\$ 947,067</u>

The accompanying notes are an integral part of these financial statements



**Pittsburgh Leadership Foundation**  
**Statement of Functional Expenses**  
Year Ended June 30, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>2016 Total</u>
<b><u>Direct Program Expenses:</u></b>				
Leader's Collaborative Costs	\$ 57,708	\$ -	\$ -	\$ 57,708
Parish Cohort Costs	69,071	-	-	69,071
Urban Leaders Cohort Costs	13,584	-	-	13,584
VILC Costs	57,384	-	-	57,384
Event Expense	38,716	-	-	38,716
<b>Direct Program Expenses</b>	<u>236,463</u>	<u>-</u>	<u>-</u>	<u>236,463</u>
<b>Donor Advised Grants</b>	53,650	-	-	53,650
<b><u>Other Operating Expenses:</u></b>				
Salaries and Benefits	228,832	40,717	50,764	320,313
General and Administrative	30,678	4,475	5,288	40,441
Marketing and Fundraising	3,976	575	16,884	21,435
Depreciation	3,039	440	520	3,999
Interest	2,497	362	427	3,286
Investment Fees	5,897	-	-	5,897
Office Expenses	26,327	3,811	4,503	34,641
Building Rent and Office Equipment Leases	71,741	10,383	12,271	94,395
Travel and Meeting	10,709	-	-	10,709
<b>Other Operating Expenses</b>	<u>383,696</u>	<u>60,763</u>	<u>90,657</u>	<u>535,116</u>
<b>Total Functional Expenses</b>	<u>\$ 673,809</u>	<u>\$ 60,763</u>	<u>\$ 90,657</u>	<u>\$ 825,229</u>

The accompanying notes are an integral part of these financial statements

## Pittsburgh Leadership Foundation

### Combined Statements of Cash Flows

Years Ended June 30, 2017

and 2016

	2017	2016
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (64,292)	\$ 100,032
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operations:		
Depreciation	3,999	3,999
Net Investment Income	(119,918)	(7,911)
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivables	(28,782)	(51,887)
(Increase) Decrease in Prepaid Expenses and Other Assets	-	395
Increase (Decrease) in Accounts Payable and Accrued Expense	15,818	(2,951)
Increase (Decrease) in Due to Affiliate Ministries	(694)	879
Increase (Decrease) in Deferred Income	8,983	13,950
Net Cash Provided By (Used In) Operating Activities	(184,886)	56,506
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales of Investments, Net	572,446	265,876
Purchases of Investments	(487,109)	(226,776)
Acquisitions of Fixed Assets	(638)	-
Net Cash Provided by (Used In) Investing Activities	84,699	39,100
<b>Cash Flows from Financing Activities</b>		
Net draws (payments) on line of credit	13,397	(2,000)
Net Cash Provided By (Used In) Investing Activities	13,397	(2,000)
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(86,790)	93,606
Cash and Cash Equivalents at Beginning of Year	266,389	172,783
<b>Cash and Cash Equivalents at End of Year</b>	\$ 179,599	\$ 266,389
 Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year for:		
Interest	\$ 3,254	\$ 3,286

The accompanying notes are an integral part of these financial statements

**Pittsburgh Leadership Foundation**  
Notes to the Financial Statements  
June 30, 2017 and 2016

**Note 1. Nature of Activities**

Pittsburgh Leadership Foundation, (the Organization), is comprised of two Pennsylvania nonprofit organizations, Pittsburgh Leadership Foundation (the Foundation) and Pittsburgh Leadership Fund (the Fund). Both entities are under the control of a common Board of Directors (the Board). The Foundation develops charitable and spiritual programs and administers grants from other organizations and government sources in the Pittsburgh area and across the country. The Fund operates for the benefit of the Organization by making contributions to the Foundation and, at the discretion of the Board, other contributions from the principal of the funds maintained by the Fund. All material inter-organizational transactions and balances have been eliminated in these combined financial statements.

The Organization's vision is for leaders to be working together to transform Pittsburgh into a place of truth, beauty, justice, goodness and human flourishing. The Mission is to equip, connect, and mobilize leaders from every sphere of influence for the renewal and restoration of Pittsburgh.

The Organization offers leadership and organizational direction and development to both people and other entities and connects people to one another around shared values and vision for the common good of Pittsburgh. Organization services include:

*Leadership and Organizational Development. This includes:*

- *Leaders Collaborative (LC)* – a biblically grounded program for both private and public-sector leaders focusing on helping leaders understand their calling and vocation with their workplaces as primary mission fields.
- *Organizational Development* – a discreet set of consulting and coaching services designed to build leadership, community, grow organizational capacity and help organizations develop and sustain healthy cultures.

*Church Focused Learning Communities:*

- *Vocational Infusion Learning Community* – a program where the Organization works with churches who are represented by their pastor and one congregational member with retreats and gatherings to help build healthy cultures of whole life discipleship in their respective congregations. This program serves Evangelical and Protestant Congregations.
- *Parish Leaders* – Parish Leaders provides a collaborative cohort to build leadership, community and cultures of discipleship in local parishes, through a

**Pittsburgh Leadership Foundation**  
Notes to the Financial Statements  
June 30, 2017 and 2016

**Note 1. Nature of Activities (continued)**

learning community that includes coaching and collaboration. This program serves Catholic Parishes.

*Urban Leaders* – a program designed to help small to midsized faith based nonprofits build leadership and operational capacity.

*Affiliate Ministries* – these are ministries which share the mission, strategy, and culture of the Organization.

**Note 2. Summary of Significant Accounting Policies**

Basis of Accounting: The accompanying financial statements are presented on the accrual basis of accounting as applicable to nonprofit organizations in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues and support are recorded when earned and expenses are recognized when the liabilities are incurred.

Financial Statements Presentation: The Organization prepares its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) 117, Financial Statements of Not-for-Profit Organizations. Under SFAS 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted – Accumulates all unrestricted and board-designated resources. These are the net assets of the organization that are neither permanently restricted nor temporarily restricted by donor imposed stipulations. This includes restricted support and related expenditures when restrictions have been met in the same period as the support was received.

Temporarily Restricted - Represents net assets whose use by the organization is limited by donor-imposed restrictions that either expire by passage of time or can be fulfilled and thereby removed by actions of the Organization. When donor restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are satisfied in the same fiscal year as when the contributions are received are reported as unrestricted support.

**Pittsburgh Leadership Foundation**  
Notes to the Financial Statements  
June 30, 2017 and 2016

**Note 2. Summary of Significant Accounting Policies (continued)**

Permanently Restricted - Represents net assets with a donor-imposed restriction that stipulates that the resources be set aside permanently, but which allows the Organization to expend part or all of the income derived from the assets. The Organization has no permanently restricted net assets.

Cash and Cash Equivalents: For purposes of the financial statements, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Allowance for Uncollectible Accounts: The Organization considers all receivable balances at June 30, 2017 and 2016 to be fully collectible and, therefore, no allowance for doubtful accounts is provided. If amounts do become uncollectible, they will be written off when that determination is made.

Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Long-term investments consist of donor advised funds.

Valuation of Investments at Fair Value – Definition and Hierarchy: Fair value is defined 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. ASC Topic 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets;

Level 2 - Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability;

Level 3 - Significant unobservable inputs for the asset or liability, which include management's own assumption about the assumptions market participants would use in pricing the asset or liability, including assumptions about risk.

**Pittsburgh Leadership Foundation**  
Notes to the Financial Statements  
June 30, 2017 and 2016

**Note 2. Summary of Significant Accounting Policies (continued)**

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Property and Equipment: The Organization follows the policy of capitalizing all expenditures for equipment and improvements in excess of \$500. Additions are recorded at cost, or if donated, at estimated fair value at the date of gift. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

Amount Due to Affiliate Ministries: The Organization receives contributions from various donors that are intended to benefit affiliate ministries. These are ministries that share the mission, strategy, and culture of the Organization. Specific contributions to affiliate ministries are passed through from the Organization as directed by donors; however, the Organization maintains ultimate discretion and control of these funds. The Organization's practice has been to record these net assets as amounts due to affiliate ministries.

Contributions and Grants: The Organization accounts for its contributions according to the provisions of SFAS 116, Accounting for Contributions Received and Contributions Made, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. Contributions and grants are recognized as revenues when they are received or unconditionally pledged to the Organization.

Tuition and Program Revenue: Gross tuition and program revenue reflects normal tuition and program fee rates for all participants at the time of billing, net of discretionary discounts. Discretionary discounts and funded scholarships are given on the basis of financial need. Deferred revenue represents Leadership Collaborative program tuition amounts received for weeks remaining as of the fiscal year end.

Functional Allocation of Expenses: The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have

**Pittsburgh Leadership Foundation**  
**Notes to the Financial Statements**  
**June 30, 2017 and 2016**

**Note 2. Summary of Significant Accounting Policies (continued)**

been allocated to program, management and general, and fundraising services, based primarily upon direct charges and on estimates made by management.

Estimates and Uncertainties: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect reported amounts and disclosures. Actual results may differ from these estimates.

Tax Exempt Status: The Organization is exempt from federal tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. The Organization is not a private Organization. Further, the Organization annually files a Form 990 with the Internal Revenue Service. This form is subject to examination by the IRS generally for three years after it is filed. Management asserts that they have no uncertain tax positions.

ASC 740 clarifies the accounting for uncertainty in tax positions and requires that an entity recognize in its financial statements the impact of a tax position, only if it is more likely than not of being sustained upon examination, based on the technical merits of the position. As a result of the implementation, the Organization recognized no material adjustments to the liability for unrecognized income tax benefits.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years up to and including the year ended June 30, 2014.

New Pronouncements

As new accounting pronouncements are released, management will assess if they are applicable and if they are applicable, their affect will be included in the notes to the financial statements.

**Note 3. Cash and Cash Equivalents**

At June 30, 2017 and 2016, the Organization had \$179,599 and \$266,389, respectively, in cash and cash equivalents. Included in these balances at June 30, 2017 and 2016 respectively, were \$459 and \$16,389 in undeposited funds that were not covered by insurance provided by the Federal Deposits Insurance Corporation.

**Pittsburgh Leadership Foundation**  
Notes to the Financial Statements  
June 30, 2017 and 2016

**Note 3. Cash and Cash Equivalents (continued)**

Management believes the Organization is not exposed to any significant credit risk related to cash.

**Note 4. Receivables**

Unrestricted receivables as of June 30, 2017 and 2016 include tuition and program revenue for \$29,347 and \$12,339, respectively. As of June 30, 2017 and 2016, the Organization has restricted grants receivable \$64,940 and \$53,166. At June 30, 2017, grants receivable consisted of \$39,940 for a grant related to the Vocational Infusion Learning Community and \$25,000 for a grant to expand the Leaders' Collaborative Cohort. At June 30, 2016, the entire amount was for a grant related to the Vocational Infusion Learning Community.

**Note 5. Investments**

Fair values of investments measured on a recurring basis using quoted prices of identical assets and liabilities in active markets (Level 1) at June 30, 2017 and 2016 are as follows:

	2017	2016
<u>Equity Funds:</u>		
Large Growth	\$ 304,787	\$ 194,892
Large Blend	97,455	379,172
Large Value	316,676	194,380
Mid Growth	41,853	36,754
Foreign Large Blend	91,315	30,375
World Allocation	27,093	-
	879,179	835,573
<u>Fixed Income Funds:</u>		
High Yield Municipal Bond	6,120	5,923
Intermediate Government	826	1,035
Intermediate Term Bond	100,224	104,825
Inflation Protected Bond	19,813	-
Multi Sector Bond	22,618	-
Short-Term Bond	73,618	100,174
World Bond	76,911	81,251
	300,130	293,208



**Pittsburgh Leadership Foundation**  
Notes to the Financial Statements  
June 30, 2017 and 2016

Money Market Funds	13,500	12,949
Certificates of Deposit	40,511	41,272
Government Bonds	46,303	40,491
Corporate Bonds	<u>61,292</u>	<u>82,841</u>
 Total Investments	 <u>\$ 1,340,915</u>	 <u>\$ 1,306,334</u>

The Organization's long-term investments are entirely comprised of donor advised funds.

	<u>2017</u>	<u>2016</u>
<u>Reported as:</u>		
Investments	\$ 26,476	\$ 24,611
Long-Term Investments	<u>1,314,439</u>	<u>1,281,723</u>
Total Investments	<u>\$ 1,340,915</u>	<u>\$ 1,306,334</u>

**Note 6. Property and Equipment (at Cost)**

Property and equipment consists of the following:

	<u>Leasehold Improvements</u>	<u>Furniture and Equipment</u>	<u>Total</u>
Beginning Balance 7/1/16	\$ 34,402	\$ 2,795	\$ 37,197
New Assets Purchased	-	638	638
Ending Balance 6/30/17	<u>\$ 34,402</u>	<u>\$ 3,433</u>	<u>\$ 37,835</u>
 Accum. Deprec. 7/1/16	 \$ 15,481	 \$ 1,397	 \$ 16,878
Current Year Depreciation	3,440	559	3,999
Accum. Deprec. 6/30/17	<u>\$ 18,921</u>	<u>\$ 1,956</u>	<u>\$ 20,877</u>
 Net Fixed Assets 6/30/16	 <u>\$ 18,921</u>	 <u>\$ 1,398</u>	 <u>\$ 20,319</u>
 Net Fixed Assets 6/30/17	 <u>\$ 15,481</u>	 <u>\$ 1,477</u>	 <u>\$ 16,958</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$3,999 for each year.

**Pittsburgh Leadership Foundation**  
**Notes to the Financial Statements**  
June 30, 2017 and 2016

**Note 7. Line of Credit**

The Foundation has entered into a line of credit agreement with a bank. This agreement allows for maximum borrowings of \$100,000 and has been renewed through August 19, 2018. This agreement is renewable annually. Borrowings under the agreement are collateralized by substantially all of the unrestricted assets of the Foundation and bear interest at the bank's prime lending rate plus 1.5% (5.5% at June 30, 2017). Interest expense was \$3,254 and \$3,286 for the years ended June 30, 2017 and 2016, respectively.

**Note 8. Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of contributions and grants restricted for programs for which the expenditures have not yet been incurred, or the time to which the contributions relate has not yet elapsed. On June 30, 2017 and 2016, there was \$101,432 and \$153,246 respectively in temporarily restricted net assets as follows:

Description	2017	2016
Leaders Collaborative Cohort Expansion	\$ 25,000	\$ 5,070
Vocational Infusion Learning Community	50,574	85,782
Urban Leaders	21,471	31,465
Parish Leaders	4,387	30,929
Total	<u>\$ 101,432</u>	<u>\$ 153,246</u>

**Note 9. Revenue Concentrations**

For the years ended June 30, 2017 and 2016, approximately 45% and 54%, respectively, of the Organization's grants and contributions revenue were received from three major contributors.

For the years ended June 30, 2017 and 2016, approximately 43% and 57%, respectively, of the Organization's program revenues were received from three major clients.

**Pittsburgh Leadership Foundation**  
**Notes to the Financial Statements**  
June 30, 2017 and 2016

**Note 10. Rental Income**

The Organization subleases office space to an unrelated not-for-profit organization. The sublease agreement required monthly rental payments through April 2017. Upon expiration of the sublease, the sub-lessee requested to continue the current arrangement on a month-to-month basis. Rental income was \$25,557 and \$22,696 for the years ended June 30, 2017 and 2016, respectively.

**Note 11. Lease Commitments**

The Organization leases office equipment under operating lease arrangements that expire at various dates through July 2019. The Foundation's office space is leased under an operating lease through September 2021.

The future minimum required lease payments under operating leases with remaining lease terms greater than one year are as follows:

<b>Fiscal Year</b>	
<b>Ending</b>	<b>Amount</b>
2018	\$ 88,362
2019	91,949
2020	86,076
2021	86,076
2022	21,519
Total	<u>\$ 373,982</u>

Office equipment leases and office space rent expenses for the years ended June 30, 2017 and 2016 were \$96,316 and \$94,395, respectively.

**Note 12. Reclassification of Prior Year Numbers**

For comparative purposes, the format of certain numbers in the financial statements for 2016 have been reclassified to conform to the 2017 presentation. Such reclassifications had no effect on the change in net assets.

**Pittsburgh Leadership Foundation**  
Notes to the Financial Statements  
June 30, 2017 and 2016

**Note 13. Subsequent Events**

The Organization has evaluated subsequent events in accordance with ASC Topic 855, Subsequent Events, through September 28, 2017, which is the date the financial statements were available to be issued. During this evaluation, no subsequent events were identified that would require recognition or disclosure in the financial statements or notes.

## SUPPLEMENTARY INFORMATION

**Pittsburgh Leadership Foundation**  
**Combining Statement of Financial Position**  
**June 30, 2017**

**ASSETS**

	Pittsburgh Leadership Foundation	Pittsburgh Leadership Fund	Eliminations	Total
<b><u>Current Assets</u></b>				
Cash and Cash Equivalents - Unrestricted	\$ 127,992	\$ 15,115	\$ -	\$ 143,107
Cash and Cash Equivalents - Restricted	36,492	-	-	36,492
Receivables	94,287	3,294	(3,294)	94,287
Prepaid expenses and other assets	4,855	-	-	4,855
Investments	26,476	-	-	26,476
<b>Total Current Assets</b>	<b>290,102</b>	<b>18,409</b>	<b>(3,294)</b>	<b>305,217</b>
<b>Property and Equipment, Net</b>	<b>16,958</b>	<b>-</b>	<b>-</b>	<b>16,958</b>
<b>Long Term Investments</b>	<b>-</b>	<b>1,314,439</b>	<b>-</b>	<b>1,314,439</b>
<b>Total Assets</b>	<b>\$ 307,060</b>	<b>\$ 1,332,848</b>	<b>\$ (3,294)</b>	<b>\$ 1,636,614</b>

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities</u></b>				
Accounts Payable and accrued expenses	\$ 26,188	\$ 18,294	\$ (3,294)	\$ 41,188
Line of credit	73,394	-	-	73,394
Due to affiliate ministries	31,248	-	-	31,248
Deferred revenues	22,933	-	-	22,933
<b>Total Current Liabilities</b>	<b>153,763</b>	<b>18,294</b>	<b>(3,294)</b>	<b>168,763</b>
<b>Total Liabilities</b>	<b>153,763</b>	<b>18,294</b>	<b>(3,294)</b>	<b>168,763</b>
<b><u>Net Assets</u></b>				
Unrestricted	51,865	1,314,554	-	1,366,419
Temporarily Restricted	101,432	-	-	101,432
<b>Total Net Assets</b>	<b>153,297</b>	<b>1,314,554</b>	<b>-</b>	<b>1,467,851</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 307,060</b>	<b>\$ 1,332,848</b>	<b>\$ (3,294)</b>	<b>\$ 1,636,614</b>

The accompanying notes are an integral part of these financial statements

**Pittsburgh Leadership Foundation**  
**Combining Statement of Financial Position**  
June 30, 2016

**ASSETS**

	Pittsburgh Leadership Foundation	Pittsburgh Leadership Fund	Eliminations	Total
<b><u>Current Assets</u></b>				
Cash and Cash Equivalents - Unrestricted	\$ 166,157	\$ 152	\$ -	\$ 166,309
Cash and Cash Equivalents - Restricted	100,080	-		100,080
Receivables	65,505	3,212	(3,212)	65,505
Prepaid expenses and other assets	4,855	-	-	4,855
Investments	24,611	-	-	24,611
<b>Total Current Assets</b>	<b><u>361,208</u></b>	<b><u>3,364</u></b>	<b><u>(3,212)</u></b>	<b><u>361,360</u></b>
<b>Property and Equipment, Net</b>	<b><u>20,319</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>20,319</u></b>
<b>Long Term Investments</b>	<b><u>-</u></b>	<b><u>1,281,723</u></b>	<b><u>-</u></b>	<b><u>1,281,723</u></b>
<b>Total Assets</b>	<b><u>\$ 381,527</u></b>	<b><u>\$ 1,285,087</u></b>	<b><u>\$ (3,212)</u></b>	<b><u>\$ 1,663,402</u></b>

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities</u></b>				
Accounts Payable and accrued expenses	\$ 25,370	\$ 3,212	\$ (3,212)	\$ 25,370
Line of credit	59,997	-	-	59,997
Due to affiliate ministries	31,942	-	-	31,942
Deferred revenues	13,950	-	-	13,950
<b>Total Current Liabilities</b>	<b><u>131,259</u></b>	<b><u>3,212</u></b>	<b><u>(3,212)</u></b>	<b><u>131,259</u></b>
<b>Total Liabilities</b>	<b><u>131,259</u></b>	<b><u>3,212</u></b>	<b><u>(3,212)</u></b>	<b><u>131,259</u></b>
<b>Net Assets</b>				
Unrestricted	97,022	1,281,875	-	1,378,897
Temporarily Restricted	153,246	-	-	153,246
<b>Total Net Assets</b>	<b><u>250,268</u></b>	<b><u>1,281,875</u></b>	<b><u>-</u></b>	<b><u>1,532,143</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 381,527</u></b>	<b><u>\$ 1,285,087</u></b>	<b><u>\$ (3,212)</u></b>	<b><u>\$ 1,663,402</u></b>

The accompanying notes are an integral part of these financial statements

**Pittsburgh Leadership Foundation**  
 Combining Statement of Activities  
 Year Ended June 30, 2017

	Pittsburgh Leadership Foundation Unrestricted	Pittsburgh Leadership Fund Unrestricted	Eliminations	Total Unrestricted	Pittsburgh Leadership Foundation Temporarily Restricted	Pittsburgh Leadership Fund Temporarily Restricted	Total Temporarily Restricted	Total
<b>Revenues, Gains and Other Support</b>								
Grants and contributions	\$ 133,533	\$ 34,567	\$ (13,020)	\$ 155,080	\$ 131,005	\$ -	\$ 131,005	\$ 286,085
Tuition and program revenue	451,215	-	-	451,215	-	-	-	451,215
Net investment income	1,951	117,967	-	119,918	-	-	-	119,918
Rental income	25,557	-	-	25,557	-	-	-	25,557
	<u>612,256</u>	<u>152,534</u>	<u>(13,020)</u>	<u>751,770</u>	<u>131,005</u>	<u>-</u>	<u>131,005</u>	<u>882,775</u>
Net Assets Released from Restriction	182,819	-	-	182,819	(182,819)	-	(182,819)	-
<b>Total Revenues, Gains and Other Support</b>	<u>795,075</u>	<u>152,534</u>	<u>(13,020)</u>	<u>934,589</u>	<u>(51,814)</u>	<u>-</u>	<u>(51,814)</u>	<u>882,775</u>
<b>Functional Expenses:</b>								
Program Services	704,435	119,855	(13,020)	811,270	-	-	-	811,270
Management and General	49,661	-	-	49,661	-	-	-	49,661
Fundraising	86,136	-	-	86,136	-	-	-	86,136
<b>Total Expenses</b>	<u>840,232</u>	<u>119,855</u>	<u>(13,020)</u>	<u>947,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>947,067</u>
<b>Changes in Net Assets</b>	(45,157)	32,679	-	(12,478)	(51,814)	-	(51,814)	(64,292)
Net Assets at Beginning of Year	97,022	1,281,875	-	1,378,897	153,246	-	153,246	1,532,143
<b>Net Assets at End of Year</b>	<u>\$ 51,865</u>	<u>\$ 1,314,554</u>	<u>\$ -</u>	<u>\$ 1,366,419</u>	<u>\$ 101,432</u>	<u>\$ -</u>	<u>\$ 101,432</u>	<u>\$ 1,467,851</u>

The accompanying notes are an integral part of these financial statements



**Pittsburgh Leadership Foundation**  
 Combining Statement of Activities  
 Year Ended June 30, 2016

	Pittsburgh Leadership Foundation		Pittsburgh Leadership Foundation		Pittsburgh Leadership Foundation		Pittsburgh Leadership Foundation		Pittsburgh Leadership Foundation	
	Pittsburgh Leadership Foundation Unrestricted	Pittsburgh Leadership Fund Unrestricted	Eliminations	Total Unrestricted	Pittsburgh Leadership Foundation Temporarily Restricted	Pittsburgh Leadership Fund Temporarily Restricted	Total Temporarily Restricted	Total	Pittsburgh Leadership Foundation Temporarily Restricted	Pittsburgh Leadership Fund Temporarily Restricted
<b>Revenues, Gains and Other Support</b>										
Grants and contributions	\$ 323,186	\$ 32,682	\$ -	\$ 355,868	\$ 148,176	\$ -	\$ 148,176	\$ 504,044	\$ 148,176	\$ -
Tuition and program revenue	403,275	-	(12,665)	390,610	-	-	-	390,610	-	-
Net investment income	659	7,252	-	7,911	-	-	-	7,911	-	-
Rental income	22,696	-	-	22,696	-	-	-	22,696	-	-
	749,816	39,934	(12,665)	777,085	148,176	-	148,176	925,261	148,176	-
Net Assets Released from Restriction	15,998	-	-	15,998	(15,998)	-	(15,998)	-	(15,998)	-
<b>Total Revenues, Gains and Other Support</b>	765,814	39,934	(12,665)	793,083	132,178	-	132,178	925,261	132,178	925,261
<b>Functional Expenses:</b>										
Program Services	614,262	72,212	(12,665)	673,809	-	-	-	673,809	-	-
Management and General	60,763	-	-	60,763	-	-	-	60,763	-	-
Fundraising	90,557	-	-	90,557	-	-	-	90,557	-	-
<b>Total Expenses</b>	765,582	72,212	(12,665)	825,229	-	-	-	825,229	-	-
<b>Changes in Net Assets</b>	132	(32,278)	-	(32,146)	132,178	-	132,178	100,032	132,178	100,032
Net Assets at Beginning of Year	96,890	1,314,153	-	1,411,043	21,068	-	21,068	1,432,111	21,068	1,432,111
<b>Net Assets at End of Year</b>	\$ 97,022	\$ 1,281,875	\$ -	\$ 1,378,897	\$ 153,246	\$ -	\$ 153,246	\$ 1,532,143	\$ 153,246	\$ 1,532,143

The accompanying notes are an integral part of these financial statements