The Center for Effective Philanthropy, Inc.

Financial Report
December 31, 2018

Contents

RSM

RSM US LLP

Independent Auditor's Report

To the Board of Directors
The Center for Effective Philanthropy, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Center for Effective Philanthropy, Inc. (CEP), which comprise the statements of financial position as of December 31, 2018 and 2017, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 CEP as of December 31, 2018 and 2017, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3, CEP adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, during the year ended December 31, 2018. The adoption of the standard resulted in additional footnote disclosures and significant changes to the classification of net assets and the disclosures related to net assets. Our opinion is not modified with respect to this matter.

RSM US LLP

Boston, Massachusetts
May 13, 2019

The Center for Effective Philanthropy, Inc.

Statements of Financial Position
December 31, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	$ 3,360,697	$ 2,558,887
Accounts receivable	1,128,976	589,662
Pledges receivable, current portion	1,179,295	1,502,002
Prepaid expenses	287,308	90,988
Total current assets	5,956,276	4,741,539
Property and equipment, net	270,667	308,888
Other non-current assets:		
Investments	2,040,340	2,098,955
Pledges receivable, net of current portion	-	385,373
Security deposits	35,270	35,270
Total other non-current assets	2,075,610	2,519,598
	$ 8,302,553	$ 7,570,025
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 716,845	$ 614,152
Deferred revenue	446,285	197,338
Total current liabilities	1,163,130	811,490
Net assets:		
Without donor restrictions	3,784,661	3,761,981
With donor restrictions	3,354,762	2,996,554
Total net assets	7,139,423	6,758,535
	$ 8,302,553	$ 7,570,025

See notes to financial statements.

The Center for Effective Philanthropy, Inc.

Statement of Activities
Year Ended December 31, 2018
With Summarized Comparative Totals for the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
Revenue and support:				
Grants and contributions:				
General operations	$ 1,408,800	$ 3,486,718	$ 4,895,518	$ 5,399,015
Net assets released from restrictions	3,128,510	(3,128,510)	-	-
Total grants and contributions	4,537,310	358,208	4,895,518	5,399,015
Earned revenue:				
Assessment and advisory services	2,882,305	-	2,882,305	2,697,957
YouthTruth	1,105,023	-	1,105,023	843,800
CEP conference fees	-	-	-	432,470
Speaking engagement fees	20,974	-	20,974	31,825
Investment return, net	(58,126)	-	(58,126)	75,271
Total earned revenue	3,950,176	-	3,950,176	4,081,323
Total revenue and support	8,487,486	358,208	8,845,694	9,480,338
Expenses:				
Program services	6,933,986	-	6,933,986	6,670,237
Supporting services:				
Management and general	1,362,816	-	1,362,816	1,373,062
Fundraising	168,004	-	168,004	154,331
Total supporting services	1,530,820	-	1,530,820	1,527,393
Total expenses	8,464,806	-	8,464,806	8,197,630
Change in net assets	22,680	358,208	380,888	1,282,708
Net assets - beginning of year	3,761,981	2,996,554	6,758,535	5,475,827
Net assets - end of year	$ 3,784,661	$ 3,354,762	$ 7,139,423	$ 6,758,535

See notes to financial statements.

The Center for Effective Philanthropy, Inc.

Statement of Activities
Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Grants and contributions:			
General operations	$ 1,172,222	$ 4,226,793	$ 5,399,015
Net assets released from restrictions	3,061,423	(3,061,423)	-
Total grants and contributions	4,233,645	1,165,370	5,399,015
Earned revenue:			
Assessment and advisory services	2,697,957	-	2,697,957
YouthTruth	843,800	-	843,800
CEP conference fees	432,470	-	432,470
Speaking engagement fees	31,825	-	31,825
Investment return, net	75,271	-	75,271
Total earned revenue	4,081,323	-	4,081,323
Total revenue and support	8,314,968	1,165,370	9,480,338
Expenses:			
Program services	6,670,237	-	6,670,237
Supporting services:			
Management and general	1,373,062	-	1,373,062
Fundraising	154,331	-	154,331
Total supporting services	1,527,393	-	1,527,393
Total expenses	8,197,630	-	8,197,630
Change in net assets	117,338	1,165,370	1,282,708
Net assets - beginning of year	3,644,643	1,831,184	5,475,827
Net assets - end of year	$ 3,761,981	$ 2,996,554	$ 6,758,535

See notes to financial statements.

The Center for Effective Philanthropy, Inc.

Statement of Functional Expenses
Year Ended December 31, 2018

	Total Expenses	Program Services	Management and General	Fundraising
Personnel and related:				
Salaries	$ 5,125,404	$ 4,202,831	$ 820,065	$ 102,508
Fringe benefits	612,335	504,503	96,994	10,838
Payroll taxes	364,377	300,210	57,717	6,450
Total personnel and related	6,102,116	5,007,544	974,776	119,796
Occupancy:				
Rent	709,174	581,523	113,468	14,183
Telephone/internet/telecom	60,341	49,715	9,558	1,068
Utilities	22,642	18,655	3,586	401
Total occupancy	792,157	649,893	126,612	15,652
Other:				
Professional/consulting fees	564,301	464,928	89,385	9,988
Depreciation	172,704	142,291	27,356	3,057
Travel	175,229	144,371	27,756	3,102
Computer related expenses	140,860	116,055	22,312	2,493
Dues and subscriptions	126,744	104,424	20,076	2,244
Meals	111,789	92,103	17,707	1,979
Office supplies	66,549	54,830	10,541	1,178
Equipment rental and maintenance	49,676	40,928	7,869	879
Professional development	51,277	42,247	8,122	908
Miscellaneous/bank fees	14,716	12,125	2,331	260
Printing	54,160	44,622	8,579	959
Postage and delivery	21,258	17,515	3,366	377
Advertising	6,229	110	987	5,132
Insurance	15,041	-	15,041	-
Total other	1,570,533	1,276,549	261,428	32,556
Total expenses	$ 8,464,806	$ 6,933,986	$ 1,362,816	$ 168,004

See notes to financial statements.

The Center for Effective Philanthropy, Inc.

Statement of Functional Expenses
Year Ended December 31, 2017

	Total Expenses	Program Services	Management and General	Fundraising
Personnel and related:				
Salaries	$ 4,844,742	$ 3,940,359	$ 808,709	$ 95,674
Fringe benefits	588,159	478,366	98,178	11,615
Payroll taxes	336,768	273,903	56,215	6,650
Total personnel and related	5,769,669	4,692,628	963,102	113,939
Occupancy:				
Rent	548,848	446,392	91,617	10,839
Telephone/internet/telecom	75,398	61,324	12,585	1,489
Utilities	20,497	16,671	3,421	405
Total occupancy	644,743	524,387	107,623	12,733
Other:				
Professional/consulting fees	497,032	404,250	82,967	9,815
CEP conference expenses	370,073	370,073	-	-
Depreciation	179,421	145,928	29,950	3,543
Travel	121,933	99,171	20,354	2,408
Computer related expenses	163,291	98,809	61,257	3,225
Dues and subscriptions	125,921	102,415	21,019	2,487
Meals	69,465	56,498	11,595	1,372
Office supplies	48,127	39,143	8,034	950
Equipment rental and maintenance	54,164	27,053	26,041	1,070
Professional development	23,214	13,881	8,875	458
Miscellaneous	40,056	32,578	6,686	792
Printing	58,110	47,262	9,700	1,148
Postage and delivery	14,719	11,972	2,457	290
Advertising	5,150	4,189	860	101
Insurance	12,542	-	12,542	-
Total other	1,783,218	1,453,222	302,337	27,659
Total expenses	$ 8,197,630	$ 6,670,237	$ 1,373,062	$ 154,331

See notes to financial statements.

The Center for Effective Philanthropy, Inc.

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

	2018	2017
Cash flows from operating activities:		
Change in net assets	**$ 380,888**	$ 1,282,708
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**172,704**	179,421
Realized and unrealized loss (gain) on investments	**107,743**	(29,323)
(Increase) decrease in operating assets:		
Accounts receivable	**(539,314)**	(148,033)
Pledges receivable, net	**708,080**	(449,681)
Prepaid expenses	**(196,320)**	30,037
Security deposits	**-**	25,000
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	**102,693**	117,503
Deferred revenue	**248,947**	(36,829)
Net cash provided by operating activities	**985,421**	970,803
Cash flows from investing activities:		
Purchase of property and equipment	**(134,483)**	-
Proceeds from sale or maturity of investments	**2,443,450**	1,529,632
Purchase of investments	**(2,492,578)**	(1,574,138)
Net cash used in investing activities	**(183,611)**	(44,506)
Net increase in cash and cash equivalents	**801,810**	926,297
Cash and cash equivalents:		
Beginning of year	**2,558,887**	1,632,590
End of year	**$ 3,360,697**	$ 2,558,887

See notes to financial statements.

Note 1. Statement of Purpose

The Center for Effective Philanthropy (CEP) is a nonprofit organization focused on the development of data and insight to enable higher-performing funders. CEP's mission is to provide data and create insight so philanthropic funders can better define, assess, and improve their effectiveness – and, as a result, their intended impact. This mission is based on a vision of a world in which pressing social needs are more effectively addressed. It stems from a belief that improved effectiveness of philanthropic funders can have a profoundly positive impact on nonprofit organizations and the people and communities they serve. CEP's research, assessment and advisory services, and programming are widely utilized by chief executive officers, trustees and senior executives of the country's largest foundations. CEP has offices in Cambridge, Massachusetts and San Francisco, California.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: CEP's financial statements have been prepared on the accrual basis of accounting and in accordance with accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets accounting principles generally accepted in the United States of America (GAAP) to ensure financial condition, changes in net assets, and cash flows are consistently reported. References to GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification (FASB ASC).

Classification and reporting of net assets: Net assets are classified into two categories: with donor restrictions and without donor restrictions based on the existence or absence of donor-imposed restrictions. A description of the net asset classes follows:

i. **With Donor Restrictions:** Net assets subject to donor-imposed stipulations that require they be maintained permanently or that may or will be met by actions of CEP and/or the passage of time.

ii. **Without Donor Restrictions:** Net assets not subject to donor-imposed stipulations.

Use of estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition: Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law. Expirations of restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported in the statement of activities as net assets released from restrictions.

Assessment and advisory services revenue, YouthTruth, conference fees and speaking engagement fees are recognized when services are rendered.

Note 2. Summary of Significant Accounting Policies (Continued)

Grants and contributions, including unconditional promises to give, are initially recognized at fair value as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. All contributions are considered to be available for use without donor restriction unless specifically restricted by the donor. Unconditional promises to give that are scheduled to be received after the statement of financial position date are shown as increases in net assets with donor restrictions and released to net assets without donor restrictions when the purpose and/or time restrictions are met. Contributions of assets other than cash are recorded at their estimated fair value as of the date the gift.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk and duration involved. Amortization of the discount is included in contribution revenue in the appropriate net asset class. An allowance for pledges receivable is provided based upon management's estimate of possible bad debts. The determination includes such factors as prior collection history, type of contribution, and nature of fundraising activity. Management believes that all pledges are fully collectable as of December 31, 2018 and 2017, therefore, no allowance has been recorded as of December 31, 2018 and 2017.

Deferred revenue: Assessment and Advisory Services and YouthTruth revenue received in advance of services being rendered are recorded as deferred revenue.

Cash and cash equivalents: For purposes of the statement of cash flows, CEP considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Accounts receivable: Accounts receivable are non-interest bearing and consist of amounts invoiced by CEP for its Assessment and Advisory Services, YouthTruth and other sources of revenue that have not been received. An allowance for doubtful accounts is established, when necessary, based on management's estimate of possible bad debts based upon historical experience for each specific account. Management believes that all receivables are fully collectible; therefore, no allowance for uncollectible amounts has been recorded as of December 31, 2018 and 2017.

Concentration of credit risk: Financial instruments that potentially subject CEP to concentrations of credit risk are cash and cash equivalents, accounts receivable and pledges receivable. CEP maintains its cash in several bank deposit accounts. The bank balances at times may exceed the federally insured limits. CEP has not experienced any losses in such accounts. With respect to accounts receivable and pledges receivable, CEP performs ongoing evaluation of the collectability of these accounts. Management believes CEP is not exposed to any significant credit risks related to cash and cash equivalents, accounts receivable and pledges receivable.

Investments: All investments have been reported in the financial statements at fair value. The fair value of publicly traded securities is based upon quotes from the principal exchanges on which the security is traded.

Purchases and sales of securities are recorded on trade dates, and realized gains and losses are determined on the basis of the average cost of securities sold. Investment income and realized and unrealized gains are reflected in the statements of activities.

Investments in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and statements of activities.

Note 2. Summary of Significant Accounting Policies (Continued)

Property and equipment: Property and equipment are recorded at cost. Routine maintenance and repairs are charged as a current expense. CEP has a policy of capitalizing assets with a cost basis of $5,000 or more. CEP provides for depreciation of property and equipment using the straight-line method over periods of two to ten years. Leasehold improvements are capitalized and depreciated over the shorter of the economic useful life of the improvements or the remaining term of the related leases.

CEP follows FASB ASC 410, *Asset Retirement and Environmental Obligations*. This standard requires that a liability be recorded for the fair value of an asset retirement specific to certain legal obligations. The recording of a liability is required if the fair value of the obligation can be reasonably estimated. As of December 31, 2018 and 2017, CEP is unaware of any such obligations.

Impairment of long- lived assets: Long-lived assets, which consist primarily of property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. When such events occur, CEP compares the carrying amounts of the assets to the undiscounted expected future cash flows. If this comparison indicates that there may be impairment, the amount of the impairment is calculated as the difference between the carrying value and fair value. During the years ended December 31, 2018 and 2017, CEP did not identify any impairment indicators.

Functional expenses: CEP allocates expenses on a functional basis among its programs and supporting services. Supporting services are those related to operating and managing CEP and its programs on a day-to-day basis. Expenses are composed of the following:

Program services: Includes all activities related to CEP’s Assessment and Advisory Services, YouthTruth, CEP conference and speaking engagements.

Management and general: Includes all activities related to CEP’s internal management and accounting for program services.

Fundraising: Includes activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of funds for CEP’s programs.

Expenses that can be identified with a specific program or supporting service are allocated directly to those classifications. Other expenses that are common to several functions, including occupancy, office expenses, depreciation, travel, professional development and professional fees, are allocated to the underlying activity through which it was incurred. The statement of activities includes certain expenses which must be allocated on a reasonable basis which has been consistently applied. Management allocates common expenses based on actual time incurred for each function.

Advertising expense: CEP’s policy is to expense advertising costs as incurred. Advertising expense were $6,229 and $5,150 for the years ended December 31, 2017 and 2016, respectively.

Income taxes: CEP is organized and operated exclusively for charitable purposes. Income related to these purposes is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Unrelated business income would be taxable according to applicable Internal Revenue Code sections.

Note 2. Summary of Significant Accounting Policies (Continued)

CEP follows Financial Accounting Standards Board (FASB) ASC 740 - *Income Taxes*, which clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. CEP regularly reviews and evaluates its tax positions taken in its filed returns and recognizes the benefit from a tax position only if it is more likely than not that the position would be sustained upon audit based solely on the technical merits of the tax position. Management evaluated CEP's tax positions and concluded that CEP has no material uncertainties in income taxes as of December 31, 2018 and 2017. CEP files federal, California and Massachusetts tax returns. CEP is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2015. CEP will account for interest and penalties related to uncertain tax positions, if any, as part of tax expense.

Recent accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amounts of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*. The updated standard will be effective for annual reporting periods beginning after December 15, 2018. CEP has selected the retrospective with cumulative effect transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

In February 2016, the 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 balance sheet 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. A modified retrospective transition approach is required. An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. CEP expects to adopt the guidance retrospectively at the beginning of the period of adoption, January 1, 2020, through a cumulative-effect adjustment, and will not apply the new standard to comparative periods presented. The new standard provides a number of practical expedients. Upon adoption, CEP expects to elect all the practical expedients available. ASC 842 is expected to impact CEP's financial statements as the CEP has certain operating lease arrangements for which it is the lessee. CEP is in the process of evaluating the impact of this new guidance on the financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU 2016-15 will be effective for fiscal years beginning after December 15, 2018, and will require adoption on a retrospective basis unless it is impracticable to apply, in which case we would be required to apply the amendments prospectively as of the earliest date practicable. CEP is in the process of evaluating the impact of this new guidance on the financial statements.

Note 2. Summary of Significant Accounting Policies (Continued)

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.* The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for Profit Entities,* or as exchange (reciprocal) transactions subject to other guidance, and (2) determining whether a contribution is contingent. ASU 2018-08 is effective for annual periods, in which it is the resource recipient, beginning after December 15, 2018, and annual and interim periods thereafter. Early adoption is permitted. The amendments in this update should be applied on a modified prospective basis. CEP is currently evaluating the impact of this ASU on the financial statements and disclosures.

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*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. An entity is permitted to early adopt any removed or modified disclosures and delay adoption of the additional disclosures until their effective date. The adoption of ASU 2018-13 is not expected to have a material impact on the financial statements.

Note 3. Adoption of ASU 2016-14

During 2018, CEP adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which amends the requirements for financial statements and notes in Topic 958 to require CEP to make reporting changes affecting the following:

- Net asset classifications and related disclosures.
- Additional disclosures useful in assessing liquidity within one year of the statement of financial position date.
- New reporting requirements related to expenses including disclosure of expenses by both nature and function
- Recognition of the expiration of restrictions under the placed-in-service approach for all capital gifts.
- Reporting of net investment return.

CEP made changes to terminology and classification as described above as well as additional and modified disclosures, particularly in Note 4 to the financial statements. Amounts previously reported for the year ended December 31, 2017 have been reclassified, on a retrospective basis, to achieve consistent presentation. Amounts previously reported as temporarily or permanently restricted have been reclassified to be reported as with donor restrictions.

Note 4. Financial Assets Available and Liquidity

The following reflects CEP's financial assets as of December 31, 2018, reduced by amounts not available for general expenditures due to contractual or donor-imposed restrictions within one year. Management estimates all purpose restricted funds will be expended within one year. Amounts not available include amounts set aside for board designated funds that could be drawn only upon approval of the Board.

Financial assets at year end:	
Cash and cash equivalents	$ 3,360,697
Accounts receivable, net	1,128,976
Pledges receivable	1,179,295
Investments	2,040,340
Financial assets as of December 31, 2018	7,709,308
Less amounts not available to be used within one year:	
Board designated funds	(2,726,069)
Financial assets available to meet general expenditures over the next twelve months	$ 4,983,239

To manage liquidity, CEP has access to an operating line of credit with available borrowings up to $1,000,000 to be drawn upon as needed during the year to manage cash flows. In addition, as of December 31, 2018, CEP has $2,726,069 in the board-restricted funds which is available for general expenditures with Board approval.

Note 5. Pledges Receivable

As of December 31, pledges receivable were due to be collected as follows:

	2018	2017
Less than one year	$ 1,179,295	$ 1,502,002
One year to five years	-	416,795
	1,179,295	1,918,797
Less unamortized discount	-	31,422
Pledges receivable, net	$ 1,179,295	$ 1,887,375

Amounts as of December 31, 2017 were discounted to their present value using a rate of 4%. There was no discount at December 31, 2018 as all amounts are to be collected in less than one year.

Note 6. Investments and Fair Value Measurements

Investments at December 31, 2018 and 2017 consisted of the following at fair value:

	2018	2017
Mutual funds	$ 2,040,340	$ 2,098,955

Under the FASB's authoritative guidance on fair value measurements, fair value is 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. In determining fair value, CEP uses a market approach. Based on this approach, CEP often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. CEP utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, CEP is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level 2: Observable inputs other than Level 1, including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other inputs that can be corroborated by observable market data.

Level 3: Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

CEP has various processes and controls in place to ensure that fair value is reasonably estimated. While CEP believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Mutual funds**:** The fair value of mutual funds is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

During the years ended December 31, 2018 and 2017, there were no changes to CEP's valuation techniques that had, or are expected to have, a material impact on its balance sheets or results of operations.

Note 6. Investments and Fair Value Measurements (Continued)

The following tables present CEP's fair value hierarchy for its financial assets measured at fair value on a recurring basis as of December 31:

	2018			
	Total	Level 1	Level 2	Level 3
Investments				
Mutual funds:				
Fixed income	$ 1,270,063	$ 1,270,063	$ -	$ -
Domestic equities	510,189	510,189	-	-
International equities	164,200	164,200	-	-
Commodities	95,888	95,888	-	-
Total investments, at fair value	$ 2,040,340	$ 2,040,340	$ -	$ -

	2017			
	Total	Level 1	Level 2	Level 3
Investments				
Mutual funds:				
Fixed income	$ 1,351,038	$ 1,351,038	$ -	$ -
Domestic equities	470,450	470,450	-	-
International equities	244,928	244,928	-	-
Commodities	32,539	32,539	-	-
Total investments, at fair value	$ 2,098,955	$ 2,098,955	$ -	$ -

Note 7. Property and Equipment

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

	2018	2017
Office furniture and equipment	$ 212,504	$ 277,523
Leasehold improvements	310,127	263,142
Computer equipment and software	270,720	304,890
	793,351	845,555
Less accumulated depreciation	(522,684)	(536,667)
	$ 270,667	$ 308,888

Note 8. Line of Credit

CEP has a $1,000,000 revolving line of credit agreement available with a bank. Borrowings are due on demand and interest is payable monthly at a rate equal to 5.75% and 4.75% at December 31, 2018 and 2017, respectively. As of December 31, 2018 and 2017, there were no amounts outstanding under this facility. The line is secured by cash deposits held by the bank. The line automatically renews annually unless terminated by the bank.

Note 9. Net Assets

Net assets without donor restrictions include the following at December 31:

		2018		2017
Operating	$	787,925	$	844,362
Board designated funds for operations		2,726,069		2,608,731
Property and equipment		270,667		308,888
Net assets without donor restrictions	$	3,784,661	$	3,761,981

Net assets with donor restrictions include the following at December 31:

		2018		2017
Cash and pledges subject to time restrictions	$	989,573	$	1,084,887
Cash and pledges subject to purpose restriction		2,365,189		1,911,667
Net assets with donor restrictions	$	3,354,762	$	2,996,554

Net assets released from donor restrictions by incurring expenses or costs satisfying the restricted purposes or by occurrence of the passage of time or other events specified by the donors were as follows:

		2018		2017
Satisfaction of purpose restrictions	$	1,136,949	$	1,322,559
Satisfaction of time restrictions		1,991,561		1,738,864
Total net assets released from restriction	$	3,128,510	$	3,061,423

Board designated net assets consist of assets which may be accessed only with the prior approval of the Board of Directors. For the year ended December 31, 2018 and 2017, the Board approved transfers of $117,338 and $29,464, respectively, to board designated net assets. No uses of these net assets were requested in 2018 and 2017.

Note 10. Deferred Revenue

Deferred revenue includes the following at December 31:

		2018		2017
Conference fees	$	157,150	$	-
Assessment and advisory services		289,135		197,338
Total	$	446,285	$	197,338

Note 11. Commitments

CEP has a five year lease agreement for office space in Cambridge, MA expiring December 31, 2022. The terms of the lease require minimum monthly payments for 2019 through 2022 ranging from $38,740 to $40,690. CEP has a five year lease agreement for office space in San Francisco, CA expiring November 30, 2020. The terms of the lease require minimum monthly payments for 2019 and 2010 ranging from $19,804 to $20,208. Deferred rent related to leases with escalating rental payments over the term of the lease amounted to $14,876 at December 31, 2018 and 2017 and is recorded in accrued expenses on the statements of financial position.

Rent expenses under these lease agreements were $709,174 and $548,848 for the years ended December 31, 2018 and 2017, respectively.

The total lease commitment over the remaining lease terms is as follows for the years ending December 31:

2019	$	702,530
2020		715,180
2021		480,480
2022		488,280
Total	$	2,386,470

Note 12. Retirement Plan

CEP sponsors a qualified retirement plan for all eligible employees, whereby employees may elect to defer a portion of their salary on a pre-tax or post tax basis. CEP matches 100% of the first 5% of deferrals for eligible employees. Matching contributions for the years ended December 31, 2018 and 2017 totaled $219,549 and $212,816, respectively.

CEP sponsors a non-qualified 457(b) deferred compensation plan whereby participants may elect to have their compensation deferred into the plan within annual limits. CEP's discretionary credits into the plan totaled $4,500 for the years ended December 31, 2018 and 2017, respectively. 457(b) plan assets are presented with investments and totaled $42,435 and $31,453 respectively, at December 31, 2018 and 2017 and the corresponding liability is presented with accrued expenses in the statements of financial position.

Note 13. Major Contributors and Assessment and Advisory Services Subscribers

During the year ended December 31, 2018, CEP received three grants totaling $1.6 million from three funders. This amount represented approximately 21% of total revenue and support received during the year. As of December 31, 2018, $687,500 of these grants had not been received and was recorded as a current pledge receivable.

As of December 31, 2018, CEP had accounts receivable that had not been received from one customer totaling $130,500 representing 12% of accounts receivable. CEP had pledges receivable outstanding totaling $987,500 from four funders which individually made up over 10% of the pledges receivable balance.

During the year ended December 31, 2017, CEP received three grants totaling $1,975,000 from three funders. This amount represented approximately 26% of total revenue and support received during the year. As of December 31, 2017, $966,795 of these grants had not been received and was recorded as a current pledge receivable.

Note 13. Major Contributors and Assessment and Advisory Services Subscribers (Continued)

As of December 31, 2017, CEP had accounts receivable that had not been received from one customer totaling $137,249 representing 24% of accounts receivable. CEP had pledges receivable outstanding totaling $1,652,002 from three funders which individually made up over 10% of the pledges receivable balance.

During the years ended December 31, 2018 and 2017, revenue from any assessment and advisory services client did not exceed 10% of revenue.

Note 14. Subsequent Events

CEP has evaluated subsequent events through May 13, 2019, the date on which the financial statements were available to be issued.