

PEAK Grantmaking, Inc.

Financial Statements
and Independent Auditors' Report

December 31, 2018 and 2017

PEAK Grantmaking, Inc.

Financial Statements
December 31, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
PEAK Grantmaking, Inc.

We have audited the accompanying financial statements of PEAK Grantmaking, Inc. ("PEAK Grantmaking"), which are comprised of 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

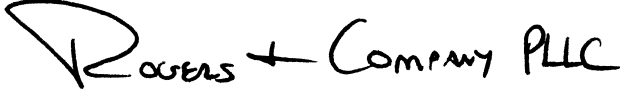
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PEAK Grantmaking as of December 31, 2018 and 2017, 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.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The "R" is large and stylized, with a loop at the top. The rest of the text is in a cursive, handwritten style.

Vienna, Virginia
March 10, 2019

PEAK Grantmaking, Inc.

Statements of Financial Position
December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 708,986	\$ 1,136,293
Grants and contributions receivable	228,407	81,425
Prepaid expenses and deposit	32,672	103,161
Investments	814,599	749,873
Property and equipment, net	18,210	31,889
Total assets	<u>\$ 1,802,874</u>	<u>\$ 2,102,641</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 28,872	\$ 43,707
Deferred revenue	530,319	341,238
Total liabilities	<u>559,191</u>	<u>384,945</u>
Net Assets		
Without donor restrictions:		
Undesignated	21,219	815,965
Board-designated operating reserve	814,599	749,873
Total without donor restrictions	835,818	1,565,838
With donor restrictions	407,865	151,858
Total net assets	<u>1,243,683</u>	<u>1,717,696</u>
Total liabilities and net assets	<u>\$ 1,802,874</u>	<u>\$ 2,102,641</u>

PEAK Grantmaking, Inc.

Statement of Activities
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 709,243	\$ 351,000	\$ 1,060,243
Annual conference	749,735	187,125	936,860
Other registration fees	7,490	-	7,490
Membership dues	354,035	-	354,035
Investment loss	(33,643)	-	(33,643)
Product sales	455	-	455
Other income	8,962	-	8,962
Released from restrictions	282,118	(282,118)	-
Total revenue and support	<u>2,078,395</u>	<u>256,007</u>	<u>2,334,402</u>
Expenses			
Program services:			
Developing experts and leaders	1,023,756	-	1,023,756
Effective practices	700,484	-	700,484
Member engagement	681,140	-	681,140
Total program services	<u>2,405,380</u>	<u>-</u>	<u>2,405,380</u>
Supporting services:			
Management and general	284,444	-	284,444
Fundraising	118,591	-	118,591
Total supporting services	<u>403,035</u>	<u>-</u>	<u>403,035</u>
Total expenses	<u>2,808,415</u>	<u>-</u>	<u>2,808,415</u>
Change in Net Assets	(730,020)	256,007	(474,013)
Net Assets, beginning of year	<u>1,565,838</u>	<u>151,858</u>	<u>1,717,696</u>
Net Assets, end of year	<u>\$ 835,818</u>	<u>\$ 407,865</u>	<u>\$ 1,243,683</u>

See accompanying notes.

PEAK Grantmaking, Inc.

Statement of Activities
For the Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 1,189,209	\$ 57,800	\$ 1,247,009
Annual conference	561,455	145,500	706,955
Other registration fees	11,250	100,000	111,250
Membership dues	327,460	-	327,460
Investment income	56,987	-	56,987
Product sales	825	-	825
Other income	13,715	-	13,715
Released from restrictions	577,342	(577,342)	-
Total revenue and support	<u>2,738,243</u>	<u>(274,042)</u>	<u>2,464,201</u>
Expenses			
Program services:			
Developing experts and leaders	1,049,886	-	1,049,886
Effective practices	784,554	-	784,554
Member engagement	552,556	-	552,556
Total program services	<u>2,386,996</u>	<u>-</u>	<u>2,386,996</u>
Supporting services:			
Management and general	249,133	-	249,133
Fundraising	147,414	-	147,414
Total supporting services	<u>396,547</u>	<u>-</u>	<u>396,547</u>
Total expenses	<u>2,783,543</u>	<u>-</u>	<u>2,783,543</u>
Change in Net Assets	(45,300)	(274,042)	(319,342)
Net Assets, beginning of year	<u>1,611,138</u>	<u>425,900</u>	<u>2,037,038</u>
Net Assets, end of year	<u><u>\$ 1,565,838</u></u>	<u><u>\$ 151,858</u></u>	<u><u>\$ 1,717,696</u></u>

See accompanying notes.

PEAK Grantmaking, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services				Supporting Services			Total Expenses
	Developing Experts and Leaders	Effective Practices	Member Engagement	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and benefits	\$ 304,614	\$ 304,836	\$ 340,768	\$ 950,218	\$ 209,341	\$ 96,319	\$ 305,660	\$ 1,255,878
Professional services	56,413	192,787	72,968	322,168	115,992	-	115,992	438,160
Food and beverage	302,724	131	16,896	319,751	19,535	-	19,535	339,286
Travel	15,788	55,938	35,470	107,196	45,362	361	45,723	152,919
Rent	-	-	-	-	93,426	-	93,426	93,426
Technology	108,346	12,654	73,949	194,949	41,626	1,690	43,316	238,265
Miscellaneous	11,114	3,150	457	14,721	1,577	-	1,577	16,298
Office expenses	-	889	1,478	2,367	20,839	-	20,839	23,206
Promotional items	4,581	-	2,367	6,948	-	-	-	6,948
Printing and mailing	18,891	4,111	2,856	25,858	6,516	-	6,516	32,374
Fees and insurance	28,741	-	-	28,741	13,871	-	13,871	42,612
Legal and accounting	-	-	-	-	75,102	-	75,102	75,102
Speaker fees	8,075	-	9,336	17,411	-	-	-	17,411
Depreciation and amortization	1,422	1,199	16,347	18,968	3,996	-	3,996	22,964
Membership dues	-	10,990	-	10,990	3,927	-	3,927	14,917
Professional development	350	-	-	350	29,614	-	29,614	29,964
Subscription/reference	-	2,477	-	2,477	2,353	1,374	3,727	6,204
Recruitment	-	-	-	-	2,481	-	2,481	2,481
Allocation of administrative expenses	162,697	111,322	108,248	382,267	(401,114)	18,847	(382,267)	-
Total Expenses	\$ 1,023,756	\$ 700,484	\$ 681,140	\$ 2,405,380	\$ 284,444	\$ 118,591	\$ 403,035	\$ 2,808,415

See accompanying notes.

PEAK Grantmaking, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2017

	Program Services				Supporting Services			Total Expenses
	Developing Experts and Leaders	Effective Practices	Member Engagement	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and benefits	\$ 322,309	\$ 231,966	\$ 263,335	\$ 817,610	\$ 249,122	\$ 91,415	\$ 340,537	\$ 1,158,147
Professional services	73,046	333,884	44,045	450,975	131,070	29,850	160,920	611,895
Food and beverage	311,899	184	21,134	333,217	19,984	-	19,984	353,201
Travel	16,935	58,475	18,327	93,737	45,502	-	45,502	139,239
Rent	1,414	-	-	1,414	90,331	-	90,331	91,745
Technology	75,475	629	77,163	153,267	33,288	1,233	34,521	187,788
Miscellaneous	7,425	1,681	555	9,661	1,247	-	1,247	10,908
Office expenses	112	863	497	1,472	22,451	-	22,451	23,923
Promotional items	596	10,478	2,114	13,188	315	-	315	13,503
Post-conference event	2,085	-	-	2,085	-	-	-	2,085
Printing and mailing	22,216	7,461	11,725	41,402	1,711	224	1,935	43,337
Fees and insurance	31,400	480	-	31,880	17,667	-	17,667	49,547
Speaker fees	6,635	500	7,000	14,135	-	-	-	14,135
Depreciation and amortization	8,300	1,016	15,666	24,982	5,781	-	5,781	30,763
Membership dues	-	11,853	2,100	13,953	4,072	-	4,072	18,025
Professional development	3,401	212	454	4,067	22,541	-	22,541	26,608
Subscription/reference	13	357	746	1,116	4,103	1,295	5,398	6,514
Recruitment	-	-	-	-	2,180	-	2,180	2,180
Allocation of administrative expenses	166,625	124,515	87,695	378,835	(402,232)	23,397	(378,835)	-
Total Expenses	\$ 1,049,886	\$ 784,554	\$ 552,556	\$ 2,386,996	\$ 249,133	\$ 147,414	\$ 396,547	\$ 2,783,543

See accompanying notes.

PEAK Grantmaking, Inc.

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

	2018	2017
Cash Flows from Operating Activities		
Change in net assets	\$ (474,013)	\$ (319,342)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization expense	22,964	30,763
Unrealized loss (gain) on investments	55,966	(36,565)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Grants and contributions receivable	(146,982)	215,475
Prepaid expenses and deposit	70,489	(34,041)
Increase (decrease) in:		
Accounts payable and accrued expenses	(14,835)	(19,143)
Deferred revenue	189,081	32,036
	(297,330)	(130,817)
Cash Flows from Investing Activities		
Purchases of investments	(100,000)	(100,000)
Reinvested interest and dividends	(20,692)	(17,819)
Purchases of property and equipment	(9,285)	(10,218)
	(129,977)	(128,037)
Net cash used in investing activities	(129,977)	(128,037)
Net Decrease in Cash and Cash Equivalents	(427,307)	(258,854)
Cash and Cash Equivalents, beginning of year	1,136,293	1,395,147
Cash and Cash Equivalents, end of year	\$ 708,986	\$ 1,136,293

See accompanying notes.

PEAK Grantmaking, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

1. Nature of Operations

PEAK Grantmaking, Inc. (“PEAK Grantmaking”) advances grantmaking so that grantmakers and grantseekers can best achieve their missions. PEAK Grantmaking was formerly known as Grants Managers Network, Inc. before changing its name in 2017. PEAK Grantmaking connects, convenes, and trains grantmakers to create momentum for change, making best practices standard practices, improving the ways grantmakers deliver resources directly to mission-driven activities, leading to better outcomes for grantmakers and grantseekers alike. As the nation’s only nonprofit membership organization devoted to grantmaking operations, PEAK Grantmaking connects its more than 3,500 members to effective practices, innovative learning experiences, and each other, building the collective knowledge of the field.

PEAK Grantmaking was incorporated as an independent organization on September 2, 2005. PEAK Grantmaking became a registered 501(c)(3) tax-exempt organization in December 2006. PEAK Grantmaking is governed by a Board of Directors, all of whom are elected by the membership for three-year terms. To accomplish its mission, PEAK Grantmaking delivers professional development that helps grant managers achieve more in their jobs through an annual conference, local meetings through its 14 regional chapters, webinars, workshops, and an active online member community. It identifies, develops, and promotes effective grantmaking practices through programs, tools, research, and publications.

All regional chapter program operations are conducted under the management of PEAK Grantmaking staff and all expenses are approved and paid for by PEAK Grantmaking. Accordingly, the accounts and operations of the regional chapters are included in the accompanying financial statements.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net Assets without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing Board has designated, from net assets without donor restrictions, net assets for an operating reserve.

PEAK Grantmaking, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Presentation (continued)

- *Net Assets with Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

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 affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents

PEAK Grantmaking considers all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase, to be cash equivalents.

Grants and Contributions Receivable

Grants and contributions receivable represent unconditional amounts committed to PEAK Grantmaking. All grants and contributions receivable are deemed to be fully collectible and are reflected at either net realizable value or at net present value based on projected cash flows. No discount was recorded on multi-year receivables during the years ended December 31, 2018 and 2017, due to immateriality. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience. Based on these reviews, management did not deem the use of an allowance for uncollectible receivables to be necessary at December 31, 2018 and 2017.

PEAK Grantmaking, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Investments

Investments are stated at fair value. Interest and dividend income is accounted for on the accrual basis. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Property and Equipment

Property and equipment with a cost in excess of \$1,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation and amortization on property and equipment is computed using the straight-line method over the estimated useful lives of the related assets, which is 3 years for software and equipment. Repairs and maintenance costs are expensed as incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss is included in revenues or expenses.

Revenue Recognition

Contributions, including sponsorships, are recognized as revenue in the earlier of the period promised or received. Contributions also include voluntary membership dues, which are recognized as unrestricted contributions when received, except for the portion related to the estimated fair value of tangible benefits to be received by members. This portion of the contribution is classified as membership dues on the accompany statements of activities and is recognized as revenue ratably over the membership period. Grants are recognized as revenue in the period such promises or agreements are made. Grants and contributions received are considered to be available for use unless specifically restricted by the grantor or donor. Amounts received that are designated for a future period, or are restricted by the grantor or donor for specific purposes, are reported as restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period as received.

Revenue from the conference and other program fees is recognized as revenue when the events or programs are held. Deferred conference fees represent advance payments received that are applicable to future periods.

All other revenues are recognized when earned.

PEAK Grantmaking, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs

Advertising costs are expensed as incurred, and approximated \$6,948 and \$13,501 during the years ended December 31, 2018 and 2017, respectively.

Change in Accounting Principle

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. PEAK Grantmaking has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. The implementation had no impact on previously reported net assets.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2020.

Subsequent Events

In preparing these financial statements, PEAK Grantmaking has evaluated events and transactions for potential recognition or disclosure through March 10, 2019, the date the financial statements were available to be issued.

PEAK Grantmaking, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

3. Liquidity and Availability

PEAK Grantmaking has \$1,244,127 of financial assets available within one year of the statement of financial position date. The grants and contributions receivable are subject to purpose and time restrictions, but will be collected within one year. PEAK Grantmaking strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. As part of this liquidity management, PEAK Grantmaking invests cash in excess of daily requirements in money market funds and other short-term investments.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$	708,986
Grants and contributions receivable, current portion		128,407
Investments appropriated for current use		814,599
Less: restricted by donors with purpose and time restrictions		<u>(407,865)</u>
Total available for general expenditures	\$	<u>1,244,127</u>

4. Concentration of Credit Risk

Financial instruments that potentially subject PEAK Grantmaking to significant concentrations of credit risk consist of cash and cash equivalents, and investments. PEAK Grantmaking maintains various cash deposit and transaction accounts with financial institutions that at times exceed Federal Deposit Insurance Corporation (FDIC) limits. PEAK Grantmaking also maintains investments with a financial institution that at times may exceed insurable limits under the Securities Investor Protection Corporation (SIPC). PEAK Grantmaking has not experienced any credit losses on its cash and cash equivalents, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

PEAK Grantmaking, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

5. Grants and Contributions Receivable

Grants and contributions receivable consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Receivable due in less than one year	\$ 128,407	\$ 57,525
Receivable due in one to three years	<u>100,000</u>	<u>23,900</u>
Total grants and contributions receivable	<u>\$ 228,407</u>	<u>\$ 81,425</u>

6. Investments and Fair Value Measurements

Investment (loss) income consists of the following for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 22,323	\$ 20,422
Unrealized (loss) gain	<u>(55,966)</u>	<u>36,565</u>
Total investment (loss) income	<u>\$ (33,643)</u>	<u>\$ 56,987</u>

PEAK Grantmaking follows FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. PEAK Grantmaking recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

PEAK Grantmaking uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

PEAK Grantmaking, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

6. Investments and Fair Value Measurements (continued)

The following table presents PEAK Grantmaking's fair value hierarchy for those investments measured at December 31:

	Total fair value	Level 1	Level 2	Level 3
<u>2018:</u>				
Money market funds	\$ 112	\$ 112	\$ -	\$ -
Bond funds:				
Intermediate term bond	401,856	401,856	-	-
High yield bond	16,108	16,108	-	-
Equity funds:				
Mid-cap blend	29,408	29,408	-	-
Large blend	274,733	274,733	-	-
Diversified emerging markets	15,315	15,315	-	-
Small blend	16,389	16,389	-	-
Foreign large blend	60,678	60,678	-	-
Total investments	\$ 814,599	\$ 814,599	\$ -	\$ -
<u>2017:</u>				
Blended equity and fixed income fund	\$ 749,873	\$ 749,873	\$ -	\$ -
Total investments	\$ 749,873	\$ 749,873	\$ -	\$ -

7. Property and Equipment

Property and equipment consists of the following at December 31:

	2018	2017
Software	\$ 131,447	\$ 129,467
Equipment	28,312	28,312
Total property and equipment	159,759	157,779
Less: accumulated depreciation and amortization	(141,549)	(125,890)
Property and equipment, net	\$ 18,210	\$ 31,889

PEAK Grantmaking, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

8. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Purpose restricted:		
Racial equity program activities	\$ 250,599	\$ -
Conference sponsorships	134,000	94,058
Time restricted	<u>23,266</u>	<u>57,800</u>
Total net assets with donor restrictions	<u>\$ 407,865</u>	<u>\$ 151,858</u>

9. Commitments and Contingencies

Operating Lease

PEAK Grantmaking leased office space under an operating lease, with term of the lease commencing on April 1, 2017 and expiring on May 31, 2018. Upon expiration of the lease, PEAK Grantmaking renewed the lease for an additional one year through May 31, 2019. The lease requires fixed monthly rent payments of \$7,912. Future minimum lease payments for the year ending December 31, 2019 are \$39,560.

Rent expense for the years ended December 31, 2018 and 2017 totaled \$93,426 and \$91,745, respectively.

Hotel Commitments

PEAK Grantmaking holds its annual conference at various hotels throughout the United States. These events are contracted with hotels for its future meetings through 2020. In the event that PEAK Grantmaking cancels its agreement with the hotels, it can be held liable for liquidated damages up to the amount of lost profit less the hotel's mitigation, depending upon the date of cancellation.

Grants Contingency

Certain grants received by PEAK Grantmaking are governed by various guidelines and contractual agreements, and are subject to audit or review by the applicable funding source that could result in requests for reimbursements for expenditures that are not allowed. Therefore, a contingency to refund amounts received in excess of allowable costs exists. Management is of the opinion that no material liability currently exists.

PEAK Grantmaking, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

9. Commitments and Contingencies (continued)

Service Organization

During 2015, PEAK Grantmaking began contracting with Insperity PEO Services, L.P. (“Insperity”) as their professional employer organization. Insperity is the employer of record for tax, benefits, and insurance purposes for PEAK Grantmaking’s employees. This co-employment relationship allows PEAK Grantmaking to maintain direct control of the day-to-day activities of employees, while Insperity assumes the administrative functions of human resources and absorbs many employer-related liabilities.

10. Retirement Plan

PEAK Grantmaking maintains a 401(k) profit sharing plan that is administered by Insperity as part of its co-employment agreement. All employees are eligible to participate in the plan after they meet certain eligibility requirements. PEAK Grantmaking matches employees’ contributions by contributing 100% of the first 3% of the employees’ compensation and 50% up to the first 5% of the employees’ compensation. Additionally, PEAK Grantmaking may make discretionary contributions to the plan. Contribution expense totaled \$29,805 and \$25,663 for the years ended December 31, 2018 and 2017, respectively.

11. Methods Used for Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, and payroll taxes, which are allocated on the basis of monthly percentages of the total administrative allowable costs against the total program expenses. These monthly percentages are based on estimates of time and effort.

12. Income Taxes

PEAK Grantmaking is exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code (IRC), and is not a private foundation pursuant to IRC Section 509(a)(1). For the years ended December 31, 2018 and 2017, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded.

Management has evaluated PEAK Grantmaking’s tax positions and has concluded that PEAK Grantmaking has taken no uncertain tax positions that qualify for either recognition or disclosure in the financial statements for the years ended December 31, 2018 and 2017.