



**City of Philadelphia
Office of the City Controller**

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Office of the City Controller Releases Review of the Philadelphia Activities Fund

Philadelphia, PA – The Office of the City Controller released its review of the Philadelphia Activities Fund, Inc., a City of Philadelphia-run nonprofit organization that provides grants to Philadelphia nonprofit and community-based organizations for recreational activities. The review found issues with oversight by the Fund’s Board of Directors, a lack of an accounting function, and instances of non-compliance in the grant awarding process established by the Fund.

“The Philadelphia Activities Fund was created to provide grants to small, community-based organizations in Philadelphia and it’s important that this process is managed well,” said City Controller Rebecca Rhynhart. “However, my office’s review found that the oversight and management of the Fund needed to be improved. I appreciate the Board’s efforts to address the long-standing issues our review identified and encourage the Board to continue this work and resolve the remaining findings from my office’s report.”

The review came at the request of Fund Board Chair and Councilmember Brian O’Neill in response to 2019 reporting that the Fund’s 501(c)(3) status had been revoked by the IRS in 2010. The review focused on the Fund’s governance, fiscal and cash management, and the grant awarding process and grantees for the period of July 1, 2015 through June 30, 2020.

Key findings from the report include:

Lack of Oversight by the Board

The Department of Parks and Recreation is responsible for administering the grants awarded by the Fund, while the Board is responsible for all operational and fiscal decisions relating to the Fund. This includes approval of all grant awardees once selected by district City Council offices. The review found that the Board was inactive from July 1, 2015 through June 30, 2017. As a result, District City Council offices awarded all grants for their districts without any oversight. The Board was reconstituted in 2017, however,

additional issues with oversight, such as the Fund's financial management, were noted throughout the review period, as detailed below.

Issues with Fiscal and Cash Management

The review found that the Fund lacked an accounting function and failed to prepare financial statements and budget reports, file its 990s, and reconcile its bank accounts during the review period. Moreover, as a result of improper fiscal management, the Fund disbursed more funding than was available in 2016. As the Board was inactive during this time, they could not intervene to address the over-expenditure.

Non-compliance in the Grant Awarding Process

Per the contract between the grantee and the Fund, awardees are required to submit several financial reports in order to be eligible for future funding. Despite these requirements, grantees who did not provide the required reports incurred no penalties by the Fund. Additionally, the grant awarding process stated that only nonprofit and community-based organizations were eligible to receive grants. However, our review found grants were also awarded to for-profit organizations. Of the 150 approved grant recipients reviewed, the Fund awarded grants to 27 for-profit organizations, totaling more than \$100,000.

As part of the report, the Fund submitted a response to the review detailing the steps being taken to address the issues identified in line with the review's recommendations. These steps include strengthening the Fund's governing documents, allowing for additional Board members, retaining an independent third-party grant administrator, and working to improve the grant awarding process, fund administration, and fiscal management functions. It should also be noted that the Fund's 501(c)(3) status was restored in 2021.

[Read the full report, including recommendations and the Fund's response, here.](#)