

**Grants Managers Network, Inc.**

Financial Statements  
and Independent Auditors' Report

December 31, 2011 and 2010

**Grants Managers Network, Inc.**

Financial Statements  
December 31, 2011 and 2010

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To the Board of Directors  
Grants Managers Network, Inc.

We have audited the accompanying statements of financial position of Grants Managers Network, Inc. (GMN) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of GMN's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GMN as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses included at pages 11-12 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Vienna, Virginia  
March 18, 2012

## Grants Managers Network, Inc.

### Statements of Financial Position December 31, 2011 and 2010

	2011	2010
<b>Assets</b>		
Cash and cash equivalents	\$ 556,660	\$ 568,018
Contributions receivable	36,000	2,000
Prepaid expenses and deposit	31,626	-
Investments	76,614	-
Property and equipment, net	2,395	-
	<hr/>	<hr/>
Total assets	\$ 703,295	\$ 570,018
	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 34,954	\$ 15,613
Deferred conference revenue	60,970	45,350
	<hr/>	<hr/>
Total liabilities	95,924	60,963
	<hr/>	<hr/>
<b>Net Assets</b>		
Unrestricted	544,871	481,055
Temporarily restricted	62,500	28,000
	<hr/>	<hr/>
Total net assets	607,371	509,055
	<hr/>	<hr/>
Total liabilities and net assets	\$ 703,295	\$ 570,018
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes.

## Grants Managers Network, Inc.

### Statement of Activities For the Year Ended December 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenue and Support</b>			
Grants and contributions	\$ 561,920	\$ 36,000	\$ 597,920
Annual conference and workshops	345,200	26,000	371,200
Investment income	5,115	-	5,115
Guide sales	4,940	-	4,940
Other income	2,268	-	2,268
Net assets released from restrictions:			
Satisfaction of restrictions	27,500	(27,500)	-
	<u>946,943</u>	<u>34,500</u>	<u>981,443</u>
<b>Expenses</b>			
Program services:			
Annual conference	365,613	-	365,613
Engage members	173,094	-	173,094
Content	86,899	-	86,899
Project Streamline	55,099	-	55,099
Certification	48,121	-	48,121
Member services	46,785	-	46,785
Visibility	16,900	-	16,900
	<u>792,511</u>	<u>-</u>	<u>792,511</u>
Supporting services:			
Management and general	35,436	-	35,436
Fundraising	55,180	-	55,180
	<u>90,616</u>	<u>-</u>	<u>90,616</u>
Total expenses	<u>883,127</u>	<u>-</u>	<u>883,127</u>
<b>Change in Net Assets</b>	63,816	34,500	98,316
<b>Net Assets, beginning of year</b>	<u>481,055</u>	<u>28,000</u>	<u>509,055</u>
<b>Net Assets, end of year</b>	<u><u>\$ 544,871</u></u>	<u><u>\$ 62,500</u></u>	<u><u>\$ 607,371</u></u>

See accompanying notes.

## Grants Managers Network, Inc.

### Statement of Activities For the Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Support</b>			
Grants and contributions	\$ 538,914	\$ -	\$ 538,914
Annual conference and workshops	268,508	28,000	296,508
Investment income	2,828	-	2,828
Guide sales	4,515	-	4,515
Net assets released from restrictions:			
Satisfaction of restrictions	106,960	(106,960)	-
	921,725	(78,960)	842,765
<b>Expenses</b>			
Program services:			
Annual conference	300,399	-	300,399
Content	20,614	-	20,614
Project Streamline	137,305	-	137,305
Certification	7,543	-	7,543
Member services	96,819	-	96,819
Visibility	7,184	-	7,184
Member community	32,517	-	32,517
Green Grants	13,653	-	13,653
	616,034	-	616,034
Total program services			
Supporting services:			
Management and general	43,468	-	43,468
Fundraising	19,094	-	19,094
	62,562	-	62,562
Total supporting services			
	678,596	-	678,596
Total expenses			
<b>Change in Net Assets</b>	243,129	(78,960)	164,169
<b>Net Assets, beginning of year</b>	237,926	106,960	344,886
<b>Net Assets, end of year</b>	\$ 481,055	\$ 28,000	\$ 509,055

See accompanying notes.

**Grants Managers Network, Inc.**

Statements of Cash Flows  
For the Years Ended December 31, 2011 and 2010

	2011	2010
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 98,316	\$ 164,169
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized gain on investments	(708)	-
Change in operating assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	(34,000)	(2,000)
Prepaid expenses and deposit	(31,626)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	19,341	(861)
Deferred conference revenue	15,620	8,956
	66,943	170,264
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(75,906)	-
Purchases of property and equipment	(2,395)	-
	(78,301)	-
Net cash used in investing activities		
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(11,358)	170,264
<b>Cash and Cash Equivalents, beginning of year</b>	568,018	397,754
<b>Cash and Cash Equivalents, end of year</b>	\$ 556,660	\$ 568,018

*See accompanying notes.*

# Grants Managers Network, Inc.

Notes to Financial Statements  
December 31, 2011 and 2010

## 1. Nature of Operations

Grant Managers Network, Inc. (GMN) improves grantmaking by advancing the knowledge, skills, and abilities of grants management professionals, and by leading grantmakers to adopt and incorporate effective practices that benefit the philanthropic community. As the nation's only nonprofit membership organization devoted to grantmaking operations, GMN connects its more than 1,900 members to best practices and the collective knowledge of the field, innovative learning experiences, and peer-to-peer collaborations.

GMN was incorporated as an independent organization on September 2, 2005. GMN became a registered 501(c)(3) tax-exempt organization in December 2006.

GMN is governed by a Board of Directors, all of whom are elected by the membership for two-year terms.

In order to assist in meeting its goals and mission, GMN holds an annual conference; sponsors local meetings through its 13 regional chapters; publishes a newsletter, salary survey, and staffing guide; and manages an online knowledge community to connect members to each other and to resources that help them improve the efficiency and effectiveness of grant making. All regional chapter program operations are conducted under the management of GMN staff and all expenses are approved and paid by GMN. 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 and in accordance with generally accepted accounting principles for not-for-profit organizations. Net assets are reported based on the presence or absence of donor-imposed restrictions in the following classes:

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of GMN's general operations.
- *Temporarily restricted net assets* represent funds subject to donor-imposed restrictions that are met either by actions of GMN or through the passage of time. Temporarily restricted net assets were \$62,500 and \$28,000 at December 31, 2011 and 2010, respectively.



## Grants Managers Network, Inc.

Notes to Financial Statements  
December 31, 2011 and 2010

### 2. Summary of Significant Accounting Policies (continued)

#### Cash and Cash Equivalents

For the purpose of the statements of cash flows, GMN considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase.

#### Revenue Recognition

GMN's policy is to report all donor-restricted grants and contributions, including sponsorships, as an increase in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

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

All other revenues are recognized when earned.

#### Fair Value Measurements

GMN follows Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, for financial assets and liabilities. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad 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.

#### 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.

## Grants Managers Network, Inc.

Notes to Financial Statements  
December 31, 2011 and 2010

### 2. Summary of Significant Accounting Policies (continued)

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Reclassifications

Certain 2010 amounts have been reclassified to conform to the 2011 financial statement presentation. None of these reclassifications had any impact on the change in net assets.

#### Subsequent Events

GMN follows the guidance of FASB ASC 855, *Subsequent Events*, which establishes general standards of accounting for and disclosure of events that occur after the statement of financial position date but before the financial statements are issued. FASB ASC 855 also requires disclosure of the date through which an entity has evaluated subsequent events. In preparing these financial statements, GMN has evaluated events and transactions for potential recognition or disclosure through March 18, 2012, the date the financial statements were issued.

### 3. Concentration of Credit Risk

Financial instruments that potentially subject GMN to significant concentrations of credit risk consist of cash and investments. GMN maintains various cash deposit and transaction accounts with financial institutions, including interest-bearing accounts of \$443,250 that exceed insurable limits under the Federal Depository Insurance Corporation (FDIC). Also included are non-interest-bearing cash accounts totaling \$113,410, which are fully insured, without limit, through December 31, 2012, under the Dodd-Frank Financial Regulatory Reform legislation.

GMN also maintains investments with a financial institution amounting to \$76,614 at December 31, 2011, all of which is within insurable limits under the Securities Investor Protection Corporation (SIPC). GMN has not experienced any credit losses on its cash 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.

## Grants Managers Network, Inc.

Notes to Financial Statements  
December 31, 2011 and 2010

### 4. Contributions Receivable

Contributions receivable represent unconditional amounts committed to GMN, and are recognized as contribution revenue in the period promised or received. 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, 2011 and 2010. Contributions receivable consisted of the following amounts at December 31:

	<u>2011</u>	<u>2010</u>
Receivable due in less than one year	\$ 26,000	\$ 2,000
Receivable due in one to three years	<u>10,000</u>	<u>-</u>
	<u>\$ 36,000</u>	<u>\$ 2,000</u>

Amounts due beyond one year have not been discounted and recorded to their present value, due to immateriality.

### 5. Investments and Fair Value Measurements

Investments consist of a blended equity and fixed income mutual fund in the amount of \$76,614 at December 31, 2011. Investment income is comprised of interest, dividends, and realized and unrealized gains totaling \$1,614, and is included as part of investment income in the accompanying statement of activities for the year ended December 31, 2011.

Recorded at fair value at December 31, 2011, the mutual fund is classified as level 1, as the inputs are based on unadjusted quoted market prices within active markets. There were no level 2 or 3 financial assets at December 31, 2011.

### 6. Property and Equipment

Property and equipment and accumulated depreciation consist of the following at December 31:

	<u>2011</u>	<u>2010</u>
Furniture	\$ -	\$ 2,419
Equipment	<u>2,395</u>	<u>4,474</u>
Total property and equipment	2,395	6,893
Less: accumulated depreciation	<u>-</u>	<u>(6,893)</u>
Property and equipment, net	<u>\$ 2,395</u>	<u>\$ -</u>

## **Grants Managers Network, Inc.**

Notes to Financial Statements  
December 31, 2011 and 2010

### **7. Commitment and Contingency**

#### Hotel Commitment

GMN holds its annual conference at various hotels throughout the United States. This event is contracted with a hotel one year in advance. In the event that GMN cancels its agreement with the hotel, 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

GMN receives several grants from private foundations. Such grants 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.

### **8. Retirement Plan**

Effective January 1, 2010, GMN established a 401(k) profit sharing plan. All employees are eligible to participate in the plan after they meet certain eligibility requirements. GMN matches employees' contributions by contributing 100% of the first 3% of the employees' compensation. Additionally, GMN may make discretionary contributions to the plan. Contribution expense totaled \$4,286 and \$266 for the years ended December 31, 2011 and 2010, respectively.

### **9. Income Taxes**

GMN 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). For the years ended December 31, 2011 and 2010, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded. Management has determined that no significant uncertain tax positions qualify for either recognition or disclosure in the financial statements for the years ended December 31, 2011 and 2010.

**SUPPLEMENTAL INFORMATION**

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**Grants Managers Network, Inc.**

Schedule of Functional Expenses  
For the Year Ended December 31, 2011

	Program Services							Supporting Services			Total Expenses	
	Annual Conference	Engage Members	Content	Project Streamline	Certification	Member Services	Visibility	Total Program Services	Management and General	Fundraising		Total Supporting Services
Professional services	\$ 91,565	\$ 31,720	\$ 51,300	\$ 23,100	\$ 33,676	\$ -	\$ -	\$ 231,361	\$ 50,785	\$ 24,826	\$ 75,611	\$ 306,972
Salaries	11,035	64,118	11,035	16,553	5,517	5,518	11,035	124,811	17,005	16,553	33,558	158,369
Food & beverage	108,495	-	-	-	-	-	-	108,495	-	-	-	108,495
Computer software & services	-	-	1,589	-	-	33,179	-	34,768	7,434	-	7,434	42,202
Rent	19,546	-	-	2,940	-	-	-	22,486	13,560	-	13,560	36,046
Regional programs	-	29,017	-	-	-	-	-	29,017	-	-	-	29,017
Reception	28,607	-	-	-	-	-	-	28,607	-	-	-	28,607
Benefits	2,129	7,877	2,410	1,291	1,205	1,205	2,410	18,527	3,615	3,615	7,230	25,757
Meeting & travel	-	1,474	-	-	-	-	263	1,737	15,501	-	15,501	17,238
Board development	-	-	-	-	-	-	-	-	16,809	-	16,809	16,809
Employer taxes	1,142	4,888	861	3,615	430	430	861	12,227	1,291	1,291	2,582	14,809
Credit card fees	11,466	-	433	-	-	-	-	11,899	-	1,078	1,078	12,977
Mailing & photocopying	9,067	-	-	-	-	-	-	9,067	3,755	-	3,755	12,822
Speaker fees	11,891	-	-	-	-	-	-	11,891	-	-	-	11,891
Telephone	-	-	-	-	-	-	-	-	10,782	-	10,782	10,782
Volunteer support	-	9,990	-	-	-	-	-	9,990	-	-	-	9,990
Promotional items	9,717	-	-	-	-	-	-	9,717	-	-	-	9,717
Miscellaneous	9,597	-	-	-	-	-	-	9,597	-	-	-	9,597
Marketing	-	-	5,185	-	-	-	-	5,185	-	-	-	5,185
Supplies	931	-	-	-	-	-	-	931	3,753	-	3,753	4,684
Insurance	-	-	-	-	-	-	-	-	2,291	-	2,291	2,291
Office move expense	-	-	-	-	-	-	-	-	2,144	-	2,144	2,144
Maintenance & support	-	-	2,100	-	-	-	-	2,100	-	-	-	2,100
Membership dues	-	-	-	-	-	-	-	-	1,639	-	1,639	1,639
Corporate fees & filings	-	-	-	-	-	-	-	-	1,117	-	1,117	1,117
Subscription/reference	-	135	-	-	-	-	-	135	324	205	529	664
Incentives	-	-	-	-	656	-	-	656	-	-	-	656
Conferences	-	-	-	-	-	-	-	-	550	-	550	550
Allocation of administrative expenses	50,425	23,875	11,986	7,600	6,637	6,453	2,331	109,307	(116,919)	7,612	(109,307)	-
<b>Total Expenses</b>	<b>\$ 365,613</b>	<b>\$ 173,094</b>	<b>\$ 86,899</b>	<b>\$ 55,099</b>	<b>\$ 48,121</b>	<b>\$ 46,785</b>	<b>\$ 16,900</b>	<b>\$ 792,511</b>	<b>\$ 35,436</b>	<b>\$ 55,180</b>	<b>\$ 90,616</b>	<b>\$ 883,127</b>

**Grants Managers Network, Inc.**

Schedule of Functional Expenses  
For the Year Ended December 31, 2010

	Program Services									Supporting Services			Total Expenses
	Annual Conference	Content	Project Streamline	Certification	Member Services	Visibility	Member Community	Green Grants	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Professional services	\$ 66,898	\$ 5,615	\$ 83,784	\$ 500	\$ 24,373	\$ -	\$ 16,025	\$ 11,770	\$ 208,965	\$ 53,010	\$ 3,406	\$ 56,416	\$ 265,381
Salaries	10,660	10,660	21,320	5,330	15,990	5,330	10,660	-	79,950	15,990	10,660	26,650	106,600
Food & beverage	114,459	-	-	-	-	-	-	-	114,459	-	-	-	114,459
Computer software & services	-	-	-	-	-	-	-	-	-	5,824	-	5,824	5,824
Rent	-	-	3,483	-	-	-	-	-	3,483	13,933	-	13,933	17,416
Regional programs	-	-	-	-	25,911	-	-	-	25,911	-	-	-	25,911
Benefits	505	505	1,009	252	757	252	505	-	3,785	757	505	1,262	5,047
Meeting & travel	-	-	1,813	-	12,120	189	-	-	14,122	11,577	-	11,577	25,699
Board development	-	-	-	-	-	-	-	-	-	4,185	-	4,185	4,185
Employer taxes	842	842	1,683	421	1,262	421	842	-	6,313	1,262	842	2,104	8,417
Credit card fees	7,454	149	-	-	-	-	-	-	7,603	-	983	983	8,586
Telephone	-	-	-	-	-	-	-	-	-	13,091	-	13,091	13,091
Volunteer support	-	-	-	-	3,052	-	-	-	3,052	-	-	-	3,052
Promotional items	8,517	-	-	-	-	-	-	-	8,517	-	-	-	8,517
Miscellaneous	3,820	-	-	-	-	-	-	-	3,820	-	-	-	3,820
Mailing & photocopying	3,871	-	466	-	-	-	-	-	4,337	3,437	-	3,437	7,774
Supplies	-	-	-	-	-	-	-	-	-	2,575	-	2,575	2,575
Insurance	-	-	-	-	-	-	-	-	-	2,540	-	2,540	2,540
Membership dues	-	-	-	-	-	-	-	-	-	295	-	295	295
Speaker fees	6,024	-	-	-	-	-	-	-	6,024	-	-	-	6,024
Printing	13,244	-	4,808	-	-	-	-	-	18,052	-	-	-	18,052
Corporate fees & filings	-	-	-	-	-	-	-	-	-	742	-	742	742
Equipment rental	17,221	-	-	-	-	-	-	-	17,221	-	-	-	17,221
Conferences	-	-	-	-	-	-	-	-	-	968	-	968	968
Banking services	-	-	-	-	-	-	-	-	-	536	-	536	536
Entertainment	500	-	-	-	-	-	-	-	500	-	-	-	500
Subscription/reference	-	-	-	-	-	-	-	-	-	350	64	414	414
Conference scholarships	4,950	-	-	-	-	-	-	-	4,950	-	-	-	4,950
Allocation of administrative expenses	41,434	2,843	18,939	1,040	13,354	992	4,485	1,883	84,970	(87,604)	2,634	(84,970)	-
<b>Total Expenses</b>	<b>\$ 300,399</b>	<b>\$ 20,614</b>	<b>\$ 137,305</b>	<b>\$ 7,543</b>	<b>\$ 96,819</b>	<b>\$ 7,184</b>	<b>\$ 32,517</b>	<b>\$ 13,653</b>	<b>\$ 616,034</b>	<b>\$ 43,468</b>	<b>\$ 19,094</b>	<b>\$ 62,562</b>	<b>\$ 678,596</b>