

**Grants Managers Network, Inc.**

Financial Statements  
and Independent Auditors' Report

December 31, 2014 and 2013

**Grants Managers Network, Inc.**

Financial Statements  
December 31, 2014 and 2013

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Grants Managers Network, Inc.

We have audited the accompanying financial statements of Grants Managers Network, Inc. (GMN), which are comprised of the statements of financial position as of December 31, 2014 and 2013, the related statements of activities 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 of 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 GMN as of December 31, 2014 and 2013, 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.

***Other Matter***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information included on pages 13-14 is presented for purposes of additional analysis and is 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 audit 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.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The word "Rogers" is written in a large, stylized cursive font, followed by a plus sign and the words "Company PLLC" in a smaller, more straightforward cursive font.

Vienna, Virginia  
March 15, 2015

## Grants Managers Network, Inc.

### Statements of Financial Position December 31, 2014 and 2013

	2014	2013
<b>Assets</b>		
Cash and cash equivalents	\$ 295,049	\$ 688,749
Contributions receivable	78,639	40,000
Prepaid expenses and deposit	54,702	12,623
Investments	407,791	265,653
Property and equipment, net	82,060	1,763
Total assets	<u>\$ 918,241</u>	<u>\$ 1,008,788</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 132,502	\$ 20,500
Deferred conference revenue	78,532	120,385
Total liabilities	<u>211,034</u>	<u>140,885</u>
<b>Net Assets</b>		
Unrestricted:		
Undesignated	162,636	494,750
Board-designated operating reserve	407,791	265,653
Total unrestricted	570,427	760,403
Temporarily restricted	136,780	107,500
Total net assets	<u>707,207</u>	<u>867,903</u>
Total liabilities and net assets	<u>\$ 918,241</u>	<u>\$ 1,008,788</u>

## Grants Managers Network, Inc.

### Statement of Activities For the Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenue and Support</b>			
Grants and contributions	\$ 606,320	\$ 32,580	\$ 638,900
Annual conference and workshops	463,440	128,700	592,140
Membership dues	79,945	-	79,945
Investment income	18,590	-	18,590
Product sales	2,915	-	2,915
Other income	5,898	-	5,898
Net assets released from restrictions:			
Satisfaction of restrictions	132,000	(132,000)	-
<b>Total revenue and support</b>	<u>1,309,108</u>	<u>29,280</u>	<u>1,338,388</u>
<b>Expenses</b>			
Program services:			
Learning programs	813,582	-	813,582
Effective practices	142,476	-	142,476
Member engagement	181,236	-	181,236
<b>Total program services</b>	<u>1,137,294</u>	<u>-</u>	<u>1,137,294</u>
Supporting services:			
Management and general	119,455	-	119,455
Fundraising	242,335	-	242,335
<b>Total supporting services</b>	<u>361,790</u>	<u>-</u>	<u>361,790</u>
<b>Total expenses</b>	<u>1,499,084</u>	<u>-</u>	<u>1,499,084</u>
<b>Change in Net Assets</b>	(189,976)	29,280	(160,696)
<b>Net Assets, beginning of year</b>	<u>760,403</u>	<u>107,500</u>	<u>867,903</u>
<b>Net Assets, end of year</b>	<u>\$ 570,427</u>	<u>\$ 136,780</u>	<u>\$ 707,207</u>

See accompanying notes.

## Grants Managers Network, Inc.

### Statement of Activities For the Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenue and Support</b>			
Grants and contributions	\$ 594,943	\$ 94,000	\$ 688,943
Annual conference and workshops	346,840	147,500	494,340
Membership dues	92,233	-	92,233
Investment income	14,048	-	14,048
Product sales	3,909	-	3,909
Other income	16,113	-	16,113
Net assets released from restrictions:			
Satisfaction of restrictions	225,719	(225,719)	-
<b>Total revenue and support</b>	<u>1,293,805</u>	<u>15,781</u>	<u>1,309,586</u>
<b>Expenses</b>			
Program services:			
Learning programs	757,918	-	757,918
Effective practices	153,494	-	153,494
Member engagement	139,398	-	139,398
<b>Total program services</b>	<u>1,050,810</u>	<u>-</u>	<u>1,050,810</u>
Supporting services:			
Management and general	43,501	-	43,501
Fundraising	74,909	-	74,909
<b>Total supporting services</b>	<u>118,410</u>	<u>-</u>	<u>118,410</u>
<b>Total expenses</b>	<u>1,169,220</u>	<u>-</u>	<u>1,169,220</u>
<b>Change in Net Assets</b>	124,585	15,781	140,366
<b>Net Assets, beginning of year</b>	<u>635,818</u>	<u>91,719</u>	<u>727,537</u>
<b>Net Assets, end of year</b>	<u>\$ 760,403</u>	<u>\$ 107,500</u>	<u>\$ 867,903</u>

See accompanying notes.

## Grants Managers Network, Inc.

### Statements of Cash Flows For the Years Ended December 31, 2014 and 2013

	2014	2013
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (160,696)	\$ 140,366
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization expense	5,258	1,441
Unrealized gain on investments	(9,846)	(4,383)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	(38,639)	34,138
Prepaid expenses and deposit	(42,079)	8,769
Increase (decrease) in:		
Accounts payable and accrued expenses	112,002	(18,670)
Deferred conference revenue	(41,853)	17,080
	(175,853)	178,741
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(132,292)	(99,253)
Purchases of property and equipment	(85,555)	-
	(217,847)	(99,253)
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(393,700)	79,488
<b>Cash and Cash Equivalents, beginning of year</b>	688,749	609,261
<b>Cash and Cash Equivalents, end of year</b>	\$ 295,049	\$ 688,749

*See accompanying notes.*



# Grants Managers Network, Inc.

Notes to Financial Statements  
December 31, 2014 and 2013

## 1. Nature of Operations

Grants 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 2,800 members to effective practices, innovative learning experiences, and each other, building the collective knowledge of the field.

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 three-year terms.

To accomplish its mission, GMN 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 GMN staff and all expenses are approved and paid for 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. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of GMN's general operations. At December 31, 2014 and 2013, unrestricted net assets include \$407,791 and \$265,653, respectively, of Board-designated amounts set aside as an operating reserve.
- *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.

## Grants Managers Network, Inc.

Notes to Financial Statements  
December 31, 2014 and 2013

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

#### 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

GMN 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.

#### Contributions Receivable

Contributions receivable represent unconditional amounts committed to GMN. 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, 2014 and 2013.

#### 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. 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.

## Grants Managers Network, Inc.

Notes to Financial Statements  
December 31, 2014 and 2013

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

#### 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 accompanying statement 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 temporarily restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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 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.

#### 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.

#### Subsequent Events

In preparing these financial statements, GMN has evaluated events and transactions for potential recognition or disclosure through March 15, 2015, the date the financial statements were available to be issued.

## Grants Managers Network, Inc.

Notes to Financial Statements  
December 31, 2014 and 2013

### 3. Concentration of Credit Risk

Financial instruments that potentially subject GMN to significant concentrations of credit risk consist of cash and cash equivalents, and investments. GMN maintains various cash deposit and transaction accounts with financial institutions that at times exceed Federal Deposit Insurance Corporation (FDIC) limits. GMN also maintains investments with a financial institution that at times may exceed insurable limits under the Securities Investor Protection Corporation (SIPC). GMN 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.

### 4. Contributions Receivable

Contributions receivable consists of the following at December 31:

	2014	2013
Receivable due in less than one year	\$ 68,639	\$ 15,000
Receivable due in one to three years	10,000	25,000
Contributions receivable	<u>\$ 78,639</u>	<u>\$ 40,000</u>

### 5. Investments and Fair Value Measurements

GMN follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 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. GMN recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

## Grants Managers Network, Inc.

Notes to Financial Statements  
December 31, 2014 and 2013

### 5. Investments and Fair Value Measurements (continued)

Investments consist of a blended equity and fixed income mutual fund in the amount of \$407,791 and \$265,653 at December 31, 2014 and 2013, respectively. GMN uses quoted prices in active markets for identical assets to determine the fair value of its investment, and, accordingly, the mutual fund is classified as a Level 1 investment.

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

	2014	2013
Interest and dividends	\$ 8,744	\$ 9,665
Unrealized gain	9,846	4,383
Total investment income	<u>\$ 18,590</u>	<u>\$ 14,048</u>

### 6. Property and Equipment

Property and equipment consists of the following at December 31:

	2014	2013
Software	\$ 78,603	\$ -
Equipment	11,276	4,324
Total property and equipment	89,879	4,324
Less: accumulated depreciation and amortization	<u>(7,819)</u>	<u>(2,561)</u>
Property and equipment, net	<u>\$ 82,060</u>	<u>\$ 1,763</u>

### 7. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31:

	2014	2013
Purpose restricted:		
Conference sponsorships	\$ 83,200	\$ 62,500
Time restricted	53,580	45,000
Total temporarily restricted net assets	<u>\$ 136,780</u>	<u>\$ 107,500</u>

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

Notes to Financial Statements  
December 31, 2014 and 2013

### **8. 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.

### **9. Retirement Plan**

GMN maintains 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 \$5,914 and \$6,175 for the years ended December 31, 2014 and 2013, respectively.

### **10. Tax Status**

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), and is not a private foundation pursuant to Section 509(a)(1) of the IRC. For the years ended December 31, 2014 and 2013, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded.

Management has evaluated GMN's tax positions and has concluded that GMN has taken no uncertain tax positions that qualify for either recognition or disclosure in the financial statements for the years ended December 31, 2014 and 2013.

GMN files forms 990 in the U.S. federal jurisdiction, and is generally no longer subject to examination by the Internal Revenue Service for years before 2011.

**SUPPLEMENTAL INFORMATION**

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**Grants Managers Network, Inc.**

Schedule of Functional Expenses  
For the Year Ended December 31, 2014

	Program Services				Supporting Services			Total Expenses
	Learning Programs	Effective Practices	Member Engagement	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and benefits	\$ 103,794	\$ 68,532	\$ 80,257	\$ 252,583	\$ 119,456	\$ 126,767	\$ 246,223	\$ 498,806
Professional services	210,297	46,562	10,934	267,793	100,657	68,138	168,795	436,588
Food and beverage	233,790	-	8,719	242,509	7,197	41	7,238	249,747
Travel	31,968	2,131	5,177	39,276	21,398	3,542	24,940	64,216
Rent	650	-	-	650	57,600	-	57,600	58,250
Technology	9,472	-	33,341	42,813	14,869	-	14,869	57,682
Miscellaneous	33,824	199	185	34,208	7,722	-	7,722	41,930
Office expenses	19,578	8	6,514	26,100	14,520	1,193	15,713	41,813
Insurance	20,281	-	-	20,281	6,568	58	6,626	26,907
Promotional items	6,269	-	1,634	7,903	-	-	-	7,903
Depreciation	652	-	1,323	1,975	3,283	-	3,283	5,258
Membership dues	-	-	-	-	3,005	-	3,005	3,005
Professional development	-	-	-	-	2,920	-	2,920	2,920
Subscription/reference	-	-	1,295	1,295	784	-	784	2,079
Recruitment	-	-	-	-	1,980	-	1,980	1,980
Allocation of administrative expenses	143,007	25,044	31,857	199,908	(242,504)	42,596	(199,908)	-
<b>Total Expenses</b>	<b>\$ 813,582</b>	<b>\$ 142,476</b>	<b>\$ 181,236</b>	<b>\$ 1,137,294</b>	<b>\$ 119,455</b>	<b>\$ 242,335</b>	<b>\$ 361,790</b>	<b>\$ 1,499,084</b>



**Grants Managers Network, Inc.**

Schedule of Functional Expenses  
For the Year Ended December 31, 2013

	Program Services				Supporting Services			Total Expenses
	Learning Programs	Effective Practices	Member Engagement	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Professional services	\$ 220,092	\$ 70,846	\$ 18,147	\$ 309,085	\$ 75,638	\$ -	\$ 75,638	\$ 384,723
Salaries and benefits	136,280	45,903	85,173	267,356	43,527	56,154	99,681	367,037
Food and beverage	160,079	36	7,263	167,378	6,677	-	6,677	174,055
Office expenses	19,443	-	2,158	21,601	22,437	1,519	23,956	45,557
Rent	250	-	-	250	44,928	-	44,928	45,178
Travel	24,755	3,299	1,472	29,526	14,151	-	14,151	43,677
Publications	21,312	7,957	-	29,269	-	-	-	29,269
A/V rental/services	25,244	-	-	25,244	-	-	-	25,244
Credit card fees	14,470	-	-	14,470	-	4,892	4,892	19,362
Technology	204	159	-	363	9,634	-	9,634	9,997
Promotional items	6,052	-	720	6,772	-	-	-	6,772
Miscellaneous	4,842	-	199	5,041	240	-	240	5,281
Membership dues	-	-	-	-	3,115	-	3,115	3,115
Insurance	-	-	-	-	2,197	-	2,197	2,197
Subscription/reference	-	-	1,295	1,295	769	-	769	2,064
Banking services	-	-	-	-	1,847	-	1,847	1,847
Depreciation	-	-	-	-	1,441	-	1,441	1,441
Recruitment	-	-	-	-	1,289	-	1,289	1,289
Corporate fees and filings	-	-	-	-	1,115	-	1,115	1,115
Allocation of administrative expenses	124,895	25,294	22,971	173,160	(185,504)	12,344	(173,160)	-
<b>Total Expenses</b>	<b>\$ 757,918</b>	<b>\$ 153,494</b>	<b>\$ 139,398</b>	<b>\$ 1,050,810</b>	<b>\$ 43,501</b>	<b>\$ 74,909</b>	<b>\$ 118,410</b>	<b>\$ 1,169,220</b>