

Grants Managers Network, Inc.

Financial Statements
and Independent Auditors' Report

December 31, 2015 and 2014

Grants Managers Network, Inc.

Financial Statements
December 31, 2015 and 2014

Contents

Independent Auditors' Report.....	1-2
<i>Financial Statements</i>	
Statements of Financial Position.....	3
Statements of Activities	4-5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7-13
<i>Supplementary Information</i>	
Schedules of Functional Expenses.....	14-15

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, 2015 and 2014, 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, 2015 and 2014, 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 supplementary information included on pages 14-15 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 "R" is large and stylized, and the rest of the text is written in a cursive, handwritten style.

Vienna, Virginia
March 15, 2016

Grants Managers Network, Inc.

Statements of Financial Position December 31, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	\$ 788,392	\$ 295,049
Contributions receivable	410,000	78,639
Prepaid expenses and deposit	92,277	54,702
Investments	407,089	407,791
Property and equipment, net	85,651	82,060
Total assets	<u>\$ 1,783,409</u>	<u>\$ 918,241</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 75,281	\$ 132,502
Deferred revenue	338,955	78,532
Total liabilities	<u>414,236</u>	<u>211,034</u>
Net Assets		
Unrestricted:		
Undesignated	494,084	162,636
Board-designated operating reserve	407,089	407,791
Total unrestricted	901,173	570,427
Temporarily restricted	468,000	136,780
Total net assets	<u>1,369,173</u>	<u>707,207</u>
Total liabilities and net assets	<u>\$ 1,783,409</u>	<u>\$ 918,241</u>

Grants Managers Network, Inc.

Statement of Activities For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Grants and contributions	\$ 762,375	\$ 700,000	\$ 1,462,375
Annual conference	510,709	103,000	613,709
Other registration fees	46,195	11,500	57,695
Membership dues	260,227	-	260,227
Investment loss	(73)	-	(73)
Product sales	45	-	45
Other income	4,948	-	4,948
Net assets released from restrictions:			
Satisfaction of restrictions	483,280	(483,280)	-
Total revenue and support	<u>2,067,706</u>	<u>331,220</u>	<u>2,398,926</u>
Expenses			
Program services:			
Learning programs	880,669	-	880,669
Effective practices	249,131	-	249,131
Member engagement	248,917	-	248,917
Total program services	<u>1,378,717</u>	<u>-</u>	<u>1,378,717</u>
Supporting services:			
Management and general	115,634	-	115,634
Fundraising	242,609	-	242,609
Total supporting services	<u>358,243</u>	<u>-</u>	<u>358,243</u>
Total expenses	<u>1,736,960</u>	<u>-</u>	<u>1,736,960</u>
Change in Net Assets	330,746	331,220	661,966
Net Assets, beginning of year	<u>570,427</u>	<u>136,780</u>	<u>707,207</u>
Net Assets, end of year	<u>\$ 901,173</u>	<u>\$ 468,000</u>	<u>\$ 1,369,173</u>

See accompanying notes.

Grants Managers Network, Inc.

Statement of Activities For the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Grants and contributions	\$ 606,320	\$ 32,580	\$ 638,900
Annual conference	448,095	128,700	576,795
Other registration fees	15,345	-	15,345
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)	-
Total revenue and support	<u>1,309,108</u>	<u>29,280</u>	<u>1,338,388</u>
Expenses			
Program services:			
Learning programs	813,582	-	813,582
Effective practices	142,476	-	142,476
Member engagement	181,236	-	181,236
Total program services	<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
Total supporting services	<u>361,790</u>	<u>-</u>	<u>361,790</u>
Total expenses	<u>1,499,084</u>	<u>-</u>	<u>1,499,084</u>
Change in Net Assets	(189,976)	29,280	(160,696)
Net Assets, beginning of year	<u>760,403</u>	<u>107,500</u>	<u>867,903</u>
Net Assets, end of year	<u>\$ 570,427</u>	<u>\$ 136,780</u>	<u>\$ 707,207</u>

See accompanying notes.

Grants Managers Network, Inc.

Statements of Cash Flows For the Years Ended December 31, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities		
Change in net assets	\$ 661,966	\$ (160,696)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	44,751	5,258
Unrealized loss (gain) on investments	14,727	(9,846)
Change in operating assets and liabilities:		
Increase in:		
Contributions receivable	(331,361)	(38,639)
Prepaid expenses and deposit	(37,575)	(42,079)
Increase (decrease) in:		
Accounts payable and accrued expenses	(57,221)	112,002
Deferred conference revenue	260,423	(41,853)
Net cash provided by (used in) operating activities	555,710	(175,853)
Cash Flows from Investing Activities		
Purchases of investments	(14,025)	(132,292)
Purchases of property and equipment	(48,342)	(85,555)
Net cash used in investing activities	(62,367)	(217,847)
Net Increase (Decrease) in Cash and Cash Equivalents	493,343	(393,700)
Cash and Cash Equivalents, beginning of year	295,049	688,749
Cash and Cash Equivalents, end of year	\$ 788,392	\$ 295,049

See accompanying notes.

Grants Managers Network, Inc.

Notes to Financial Statements
December 31, 2015 and 2014

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, 2015 and 2014, unrestricted net assets include \$407,089 and \$407,791, 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, 2015 and 2014

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 represents unconditional amounts committed to GMN. All 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 contributions receivable during the years ended December 31, 2015 and 2014, 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, 2015 and 2014.

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, 2015 and 2014

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 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 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.

Reclassifications

Certain amounts in the 2014 financial statements have been reclassified to conform to the 2015 presentation. These reclassifications have no effect on the change in net assets previously reported.

Subsequent Events

In preparing these financial statements, GMN has evaluated events and transactions for potential recognition or disclosure through March 15, 2016, the date the financial statements were available to be issued.

Grants Managers Network, Inc.

Notes to Financial Statements
December 31, 2015 and 2014

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 consist of the following at December 31:

	2015	2014
Receivable due in less than one year	\$ 260,000	\$ 68,639
Receivable due in one to three years	150,000	10,000
Contributions receivable	<u>\$ 410,000</u>	<u>\$ 78,639</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, 2015 and 2014

5. Investments and Fair Value Measurements (continued)

Investments consist of a blended equity and fixed income mutual fund in the amount of \$407,089 and \$407,791 at December 31, 2015 and 2014, 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 (loss) income consists of the following for the years ended December 31:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 14,654	\$ 8,744
Unrealized (loss) gain	<u>(14,727)</u>	<u>9,846</u>
Total investment (loss) income	<u>\$ (73)</u>	<u>\$ 18,590</u>

6. Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2015</u>	<u>2014</u>
Software	\$ 125,867	\$ 78,603
Equipment	<u>12,355</u>	<u>11,276</u>
Total property and equipment	138,222	89,879
Less: accumulated depreciation and amortization	<u>(52,571)</u>	<u>(7,819)</u>
Property and equipment, net	<u>\$ 85,651</u>	<u>\$ 82,060</u>

7. Temporarily Restricted Net Assets

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

	<u>2015</u>	<u>2014</u>
Purpose restricted:		
Conference sponsorships	\$ 58,000	\$ 83,200
Time restricted	<u>410,000</u>	<u>53,580</u>
Total temporarily restricted net assets	<u>\$ 468,000</u>	<u>\$ 136,780</u>

Grants Managers Network, Inc.

Notes to Financial Statements
December 31, 2015 and 2014

8. Commitments and Contingencies

Operating Lease

GMN leases office space under an operating lease, which expired on May 14, 2015. The lease requires fixed monthly rent payments in the amount of \$1,450. Upon expiration, the lease was automatically extended on a month-to-month basis at the same monthly payment. Rent expense for the years ended December 31, 2015 and 2014 were \$67,538 and \$58,250, respectively.

Hotel Commitment

GMN holds its annual conference at various hotels throughout the United States. These events are contracted with hotels for its future meetings through 2017. In the event that GMN 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 GMN 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.

Service Organization

During 2015, GMN 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 GMN's employees. This co-employment relationship allows GMN 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.

9. Retirement Plan

During the year ended December 31, 2014, GMN maintained 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.

Grants Managers Network, Inc.

Notes to Financial Statements
December 31, 2015 and 2014

9. Retirement Plan (continued)

During the year ended December 31, 2015, the administration of the retirement plan was transferred to Insperity as part of its co-employment agreement. Contribution expense totaled \$5,650 and \$5,914 for the years ended December 31, 2015 and 2014, 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 IRC Section 509(a)(1). For the years ended December 31, 2015 and 2014, 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, 2015 and 2014.

SUPPLEMENTARY INFORMATION

Grants Managers Network, Inc.

Schedule of Functional Expenses
For the Year Ended December 31, 2015

	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	\$ 192,847	\$ 95,591	\$ 105,441	\$ 393,879	\$ 115,632	\$ 90,143	\$ 205,775	\$ 599,654
Professional services	172,122	112,016	4,903	289,041	78,411	111,271	189,682	478,723
Food and beverage	225,121	61	9,024	234,206	11,325	-	11,325	245,531
Travel	21,176	4,029	5,754	30,959	20,471	2,347	22,818	53,777
Rent	-	-	-	-	67,538	-	67,538	67,538
Technology	72,823	-	45,362	118,185	12,383	450	12,833	131,018
Miscellaneous	10,726	206	619	11,551	398	-	398	11,949
Office expenses	528	-	706	1,234	13,434	-	13,434	14,668
Promotional items	6,776	-	1,397	8,173	-	-	-	8,173
Post-conference event	3,627	-	-	3,627	-	-	-	3,627
Printing and mailing	13,683	411	4,754	18,848	948	482	1,430	20,278
Fees and insurance	18,343	-	-	18,343	14,308	-	14,308	32,651
Speaker fees	7,787	-	4,520	12,307	-	-	-	12,307
Depreciation and amortization	7,826	-	29,215	37,041	5,510	2,200	7,710	44,751
Membership dues	-	710	-	710	793	-	793	1,503
Professional development	-	-	-	-	4,224	700	4,924	4,924
Subscription/reference	175	150	1,295	1,620	1,568	-	1,568	3,188
Recruitment	-	-	-	-	2,700	-	2,700	2,700
Allocation of administrative expenses	127,109	35,957	35,927	198,993	(234,009)	35,016	(198,993)	-
Total Expenses	\$ 880,669	\$ 249,131	\$ 248,917	\$ 1,378,717	\$ 115,634	\$ 242,609	\$ 358,243	\$ 1,736,960

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 and amortization	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)	-
Total Expenses	\$ 813,582	\$ 142,476	\$ 181,236	\$ 1,137,294	\$ 119,455	\$ 242,335	\$ 361,790	\$ 1,499,084