

GRANTS MANAGERS NETWORK, INC.

**FINANCIAL AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2008

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Grants Managers Network, Inc.

We have audited the accompanying statement of financial position of the **Grants Managers Network, Inc. (GMN)** as of December 31, 2008, and the related statements of activities, functional expenses and cash flows for the year 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 audit.

We conducted our audit 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 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 audit provides 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 the **Grants Managers Network, Inc.** as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Bruno & Tervalon LLP".

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

April 2, 2009

GRANTS MANAGERS NETWORK, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008

ASSETS	
Cash (NOTE 2F)	\$469,099
Prepaid expenses	5,150
Grant receivable	<u>39,150</u>
Total assets	<u>\$513,399</u>
 LIABILITIES	
Deferred revenues (NOTE 2E)	\$141,047
Accounts payable	<u>20,670</u>
Total liabilities	<u>161,717</u>
 NET ASSETS	
Unrestricted net assets	<u>351,682</u>
Total net assets	<u>351,682</u>
Total liabilities and net assets	<u>\$513,399</u>

The accompanying notes are an integral part of these financial statements.

GRANTS MANAGERS NETWORK, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Total</u>
REVENUES AND OTHER SUPPORT	
Grants (NOTES 6)	\$306,066
Contributions (NOTE 7)	245,813
Conference income	186,382
Interest income	7,059
GM Guide Income	<u>6,990</u>
Total operating revenues	<u>752,310</u>
EXPENSES	
Program services	539,188
Management and general	120,348
Fundraising	<u>11,349</u>
Total expenses	<u>670,885</u>
Change in net assets	81,425
Net assets at beginning of year	<u>270,257</u>
Net assets at end of year	<u>\$351,682</u>

The accompanying notes are an integral part of these financial statements.

GRANTS MANAGER NETWORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Program Services					Supporting Services			
	Project Streamline	Annual Conference	Collective Knowledge	Communications	Membership	Total Program Services	Management and General	Fundraising	Total Expenses
Professional services	\$ 84,299	\$ 86,913	\$ 9,722	\$ 3,602	\$ 4,142	\$ 188,678	\$ 23,292	\$ 3,602	\$ 215,572
Meeting and travel	13,286	-	-	-	-	13,286	11,252	-	24,538
Conferences	-	-	-	-	-	-	1,829	-	816
Membership dues	-	-	-	-	-	-	611	205	816
Banner and signs	-	1,414	-	-	-	1,414	-	-	1,414
Board	-	-	-	-	-	-	5,454	-	5,454
Scholarships	-	1,485	-	-	-	1,485	-	-	1,485
Rentals	-	2,594	-	-	-	2,594	-	-	2,594
Food and beverage	-	131,571	-	-	-	131,571	-	-	131,571
Program and cards	-	13,118	-	-	-	13,118	-	-	13,118
Credit card fees	-	8,595	194	-	-	8,789	-	-	8,789
Speaker fees	-	17,077	-	-	-	17,077	-	-	17,077
Gift bags	-	3,505	-	-	-	3,505	-	-	3,505
Registration packets	-	1,237	-	-	-	1,237	-	-	1,237
Mailing and photocopying	2,638	4,277	-	-	-	6,915	1,744	-	8,659
Miscellaneous	325	2,384	-	-	-	2,709	256	-	2,965
Entertainment	-	5,715	-	-	-	5,715	-	-	5,715
Books	-	1,022	-	-	-	1,022	-	-	1,022
Printing	9,724	-	-	-	-	9,724	-	-	9,724
Rent	1,540	-	-	-	-	1,540	6,160	-	7,700
Design	5,150	-	-	-	-	5,150	-	-	5,150
Depreciation	-	-	-	-	-	-	7,497	-	7,497
Supplies	296	-	-	-	-	296	1,180	-	1,476
Certification	-	-	-	-	-	-	-	-	-
Technology	-	-	4,050	-	-	4,050	-	-	4,050
Marketing	-	-	-	21,788	-	21,788	3,465	-	25,253
Regional program and development	-	-	-	4,800	-	4,800	-	-	4,800
Human resource	-	-	-	8,464	-	8,464	-	-	8,464
Office expenses	-	-	-	-	-	-	4,055	-	4,055
Payroll Services	-	-	-	-	-	-	6,556	-	6,556
Salaries	12,980	6,490	9,735	9,735	9,735	48,675	9,735	6,490	64,900
Employer Taxes	1,068	534	800	800	800	4,002	800	534	5,336
Benefits	1,035	518	777	777	777	3,884	777	518	5,179
Audit	-	-	-	-	-	-	6,000	-	6,000
Accounting	-	-	-	-	-	-	21,375	-	21,375
Banking services	-	-	-	-	-	-	700	-	700
Insurance	-	-	-	-	-	-	3,747	-	3,747
Legal fees	-	-	-	-	-	-	2,927	-	2,927
GM guide	-	-	25,160	-	-	25,160	-	-	25,160
Discretionary projects	-	-	2,540	-	-	2,540	-	-	2,540
Total	\$ 132,341	\$ 288,449	\$ 52,978	\$ 41,502	\$ 23,918	\$ 539,188	\$ 120,348	\$ 11,349	\$ 670,885

The accompanying notes are an integral part of these financial statements.

GRANTS MANAGERS NETWORK, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

Cash Flows from Operating Activities:	
Change in net assets	\$ 81,425
Decrease in operating assets:	
Grant receivable	10,850
Prepaid expenses	65,916
(Decrease) in operating liabilities:	
Accounts payable	(8,112)
Deferred revenue	<u>(23,090)</u>
Net cash provided by operating activities	<u>126,989</u>
Net increase in cash	126,989
Cash, beginning of year	<u>342,110</u>
Cash, end of year	\$ <u><u>469,099</u></u>

The accompanying notes are an integral part of these financial statements.

GRANTS MANAGERS NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND OPERATIONS:

The Grants Managers Network, Inc. (GMN) improves philanthropy by leading the field of grants management to achieve efficient and effective grantmaking. **GMN** connects more than 1,250 grants management professionals from more than 800 small family foundations, national foundations, community foundations, grantmaking public charities, and socially responsible corporations.

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

GMN is governed by a 16-member 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 12 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 grantmaking.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A) Principles of Accounting

GMN is a non-profit whose financial statements are prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America. 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 reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those statements.

GRANTS MANAGERS NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

B) Basis of Reporting

In accordance with the provision of Statement of Financial Accounting Standards No. 117, which established standards for external financial reporting by not-for-profit organizations, GMN classifies resources for accounting and reporting purposes into three net asset categories, which are unrestricted, temporarily restricted and permanently restricted net assets according to externally (donor) imposed restrictions.

A description of the three net asset categories is as follows:

- o Unrestricted net assets include contributions not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of GMN are included in this category
- o Temporarily restricted net assets include realized gains and losses, investment income, gifts and contributions for which donor-imposed restrictions have not been met. There are no temporarily restricted net assets.
- o Permanently restricted net assets are contributions stipulated by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operation in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor-imposed restrictions. There are no permanently restricted net assets.

C) Support and Revenues

Restricted revenues received under grant programs are recognized when earned.

Contributions are considered to be available for unrestricted use unless specifically restricted by donors.

GRANTS MANAGERS NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

D) Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services, management and general, and fundraising.

E) Deferred Revenues

GMN reports as deferred revenue grants received earlier than the time for revenue recognition.

Deferred revenues consist of the following:

Project Streamline	\$133,297
New York Regional - 2009	1,000
Membership Contributions - 2009	4,750
Conference Exhibitors - 2009	<u>2,000</u>
	<u>\$141,047</u>

F) Cash and Cash Equivalents:

Cash and cash equivalents consist of the following:

Checking account	\$ 337,007
Savings account	<u>132,092</u>
Total	<u>\$ 469,099</u>

GRANTS MANAGERS NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - ECONOMIC DEPENDENCY:

The primary sources of revenues for **GMN** are contributions and grants. The continued success of **GMN** is dependent upon the receipt of contributions and grants.

NOTE 4 - INCOME TAXES:

GMN is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 5 - CONTINGENCY:

GMN is a recipient of several grants and awards of private foundation funds. These grants and awards are governed by various private foundation guidelines and contractual agreements.

The administration of the program and activities funded by these grants and awards is under the contract administration of **GMN** and is subject to audit and/or review by the applicable funding sources. Any grant or award funds found to be not properly spent in accordance with the terms and conditions of the funding sources may be subject to recapture.

GRANTS MANAGERS NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - GRANTS

At December 31, 2008, grant revenue consisted of the following:

<u>Funding Source</u>	<u>Amount</u>
Annie E. Casey Foundation	\$ 10,000
Coca-Cola Company	5,000
Doris Duke Charitable Foundation	5,000
Ford Foundation	10,750
Saint Luke's Foundation	6,500
Arie and Ida Crown Memorial	5,000
California Wellness Foundation	9,600
Ford Foundation	5,000
Gaylord and Dorothy Donnelley Foundation	15,000
KPMG	25,000
Other Grants (under \$5,000)	<u>209,216</u>
Total Grants	<u>\$ 306,066</u>

NOTE 7 - CONTRIBUTIONS

At December 31, 2008, contributions revenue consisted of the following:

<u>Funding Source</u>	<u>Amount</u>
California Wellness Foundation	\$ 5,000
Kresge Foundation	10,000
Robert Wood Johnson Foundation	10,000
Rockefeller Foundation	10,000
Shell Oil Company	5,000
William and Flora Hewlett Foundation	5,000
Other Contributions (under \$5,000)	<u>200,813</u>
Total Contributions	<u>\$245,813</u>

GRANTS MANAGERS NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - CONCENTRATION OF CREDIT RISK:

GMN maintains cash balances at a local bank. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) for amounts up to \$250,000. At December 31, 2008, **GMN** had \$219,099 of funds in excess of FDIC coverage.