

**Grants Managers Network, Inc.**

Financial Statements  
and Independent Auditors' Report

December 31, 2010 and 2009

**Grants Managers Network, Inc.**

Financial Statements  
December 31, 2010 and 2009

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To the Board of Directors  
Grants Managers Network, Inc.

We have audited the accompanying statement of financial position of Grants Managers Network, Inc. (GMN) as of December 31, 2010, and the related statements of activities 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. The financial statements of GMN as of December 31, 2009, were audited by other auditors whose report dated March 14, 2010 expressed an unqualified opinion on those statements. As discussed in Note 8, GMN restated its net assets to comply with certain accounting principles generally accepted in the United States of America. The effect of this restatement is discussed in Note 8 to the financial statements. The other auditors reported on the December 31, 2009 financial statements before the restatement.

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 2010 financial statements referred to above present fairly, in all material respects, the financial position of Grants Managers Network, Inc. as of December 31, 2010, 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.

We also audited the adjustments described in Note 8 that were applied to restate the December 31, 2009 financial statements. In our opinion, such adjustments are appropriate and have been appropriately applied.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information included on page 11 is presented for purposes of additional analysis of the basic financial statements and is not required as part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2010 financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The supplemental information on page 12 was included in the 2009 basic financial statements, which were audited by other auditors whose report dated March 14, 2010 expressed an unqualified opinion on those statements.



Vienna, Virginia  
April 21, 2011

## Grants Managers Network, Inc.

### Statements of Financial Position December 31, 2010 and 2009

	2010	2009 (Restated)
<b>Assets</b>		
Cash and cash equivalents	\$ 568,018	\$ 397,754
Account receivable	2,000	-
Property and equipment, net	-	-
	<hr/>	<hr/>
Total assets	<u>\$ 570,018</u>	<u>\$ 397,754</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 15,613	\$ 16,474
Deferred conference fees	45,350	36,394
	<hr/>	<hr/>
Total liabilities	<u>60,963</u>	<u>52,868</u>
<b>Net Assets</b>		
Unrestricted	481,055	237,926
Temporarily restricted	28,000	106,960
	<hr/>	<hr/>
Total net assets	<u>509,055</u>	<u>344,886</u>
Total liabilities and net assets	<u>\$ 570,018</u>	<u>\$ 397,754</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
Interest	2,828	-	2,828
Guide sales	4,515	-	4,515
Net assets released from restrictions:			
Satisfaction of restrictions	106,960	(106,960)	-
<b>Total revenue and support</b>	<u>921,725</u>	<u>(78,960)</u>	<u>842,765</u>
<b>Expenses</b>			
Program services:			
Annual conference	258,965	-	258,965
Project Streamline	118,366	-	118,366
Membership	83,465	-	83,465
Member community	28,032	-	28,032
Content	17,771	-	17,771
Green Grants	11,770	-	11,770
Certification	6,503	-	6,503
Visibility	6,192	-	6,192
<b>Total program services</b>	<u>531,064</u>	<u>-</u>	<u>531,064</u>
Supporting services:			
Management and general	131,072	-	131,072
Fundraising	16,460	-	16,460
<b>Total supporting services</b>	<u>147,532</u>	<u>-</u>	<u>147,532</u>
<b>Total expenses</b>	<u>678,596</u>	<u>-</u>	<u>678,596</u>
<b>Change in Net Assets</b>	243,129	(78,960)	164,169
<b>Net Assets, beginning of year</b>	<u>237,926</u>	<u>106,960</u>	<u>344,886</u>
<b>Net Assets, end of year</b>	<u>\$ 481,055</u>	<u>\$ 28,000</u>	<u>\$ 509,055</u>

See accompanying notes.

## Grants Managers Network, Inc.

### Statement of Activities For the Year Ended December 31, 2009 (Restated)

	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Support</b>			
Grants and contributions	\$ 309,797	\$ 101,960	\$ 411,757
Annual conference and workshops	184,514	5,000	189,514
Interest	2,133	-	2,133
Guide sales	7,560	-	7,560
Net assets released from restrictions:			
Satisfaction of restrictions	133,297	(133,297)	-
	637,301	(26,337)	610,964
<b>Expenses</b>			
Program services:			
Annual conference	235,816	-	235,816
Project Streamline	133,337	-	133,337
Membership	61,164	-	61,164
Certification	25,368	-	25,368
Communications	119,722	-	119,722
Collective Knowledge	37,232	-	37,232
	612,639	-	612,639
Supporting services:			
Management and general	119,916	-	119,916
Fundraising	18,502	-	18,502
	138,418	-	138,418
Total expenses	751,057	-	751,057
<b>Change in Net Assets</b>	(113,756)	(26,337)	(140,093)
<b>Net Assets, beginning of year,</b> as previously reported	351,682	-	351,682
Prior period adjustment	-	133,297	133,297
	351,682	133,297	484,979
<b>Net Assets, beginning of year, as restated</b>	351,682	133,297	484,979
<b>Net Assets, end of year</b>	\$ 237,926	\$ 106,960	\$ 344,886

*See accompanying notes.*

## Grants Managers Network, Inc.

### Statements of Cash Flows For the Years Ended December 31, 2010 and 2009

	2010	2009 (Restated)
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 164,169	\$ (140,093)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(2,000)	39,150
Prepaid expenses	-	5,150
Increase (decrease) in:		
Accounts payable	(861)	(4,196)
Deferred conference fees	8,956	28,644
Net cash provided by (used in) operating activities	<u>170,264</u>	<u>(71,345)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	170,264	(71,345)
<b>Cash and Cash Equivalents, beginning of year</b>	<u>397,754</u>	<u>469,099</u>
<b>Cash and Cash Equivalents, end of year</b>	<u><u>\$ 568,018</u></u>	<u><u>\$ 397,754</u></u>

# Grants Managers Network, Inc.

Notes to Financial Statements  
December 31, 2010 and 2009

## 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 1,700 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 of 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.

## 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. There were \$28,000 and \$106,960 of temporarily restricted net assets at December 31, 2010 and 2009, respectively.

## Grants Managers Network, Inc.

Notes to Financial Statements  
December 31, 2010 and 2009

### 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 (which include sponsorships) as an increase in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other temporarily 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. Accordingly, this standard currently had no impact on GMN's financial position for the years ended December 31, 2010 and 2009.

#### 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, 2010 and 2009

### 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.

#### Subsequent Events

In preparing these financial statements, GMN has evaluated events and transactions for potential recognition or disclosure through April 21, 2011, the date the financial statements were issued.

### 3. Concentration of Credit Risk

In the normal course of operations, GMN maintains cash deposits with major financial institutions which from time to time may exceed federally insured limits. Management periodically assesses the financial condition of the institutions and believes that the concentration risk is minimal.

### 4. Property and Equipment

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

	<u>2010</u>	<u>2009</u>
Furniture	\$ 2,419	\$ 2,419
Equipment	<u>4,474</u>	<u>4,474</u>
Total property and equipment	6,893	6,893
Less: accumulated depreciation	<u>(6,893)</u>	<u>(6,893)</u>
Property and equipment, net	<u>\$ -</u>	<u>\$ -</u>

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

Notes to Financial Statements  
December 31, 2010 and 2009

### **5. Commitment and Contingency**

#### Hotel Commitment

GMN holds meetings at various hotels throughout the United States. These events are contracted with the hotels years in advance. In the event that the Organization cancels its agreements 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

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.

### **6. 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 the 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 \$266 for the year ended December 31, 2010.

### **7. Income Taxes**

GMN is exempt from 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, 2010 and 2009, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded.

Effective January 1, 2010, GMN adopted the guidance on the income tax standard regarding the recognition and measurement of uncertain tax positions. The policy prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be recognized. The adoption of this standard had no impact on GMN's financial statements.

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

Notes to Financial Statements  
December 31, 2010 and 2009

### **8. Restatement**

GMN has restated its December 31, 2009 statements of financial position and activities to reflect certain contributions that had previously been recognized as deferred revenue to be in compliance with generally accepted accounting principles. The effect of this change increased temporarily restricted net assets as of January 1, 2009 by \$133,297; decreased the year ended December 31, 2009 change in net assets by \$26,337, and decreased deferred revenue at December 31, 2009 by \$106,960.

**SUPPLEMENTAL INFORMATION**

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**Grants Managers Network, Inc.**

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

	Program Services									Supporting Services		Total Expenses
	Annual Conference	Project Streamline	Membership	Member Community	Content	Green Grants	Certification	Visibility	Total Program Services	Management and General	Fundraising	
Professional services	\$ 66,898	\$ 83,784	\$ 24,373	\$ 16,025	\$ 5,615	\$ 11,770	\$ 500	\$ -	\$ 208,965	\$ 53,010	\$ 3,406	\$ 265,381
Meeting & travel	-	1,813	12,120	-	-	-	-	189	14,122	11,577	-	25,699
Conferences	-	-	-	-	-	-	-	-	-	968	-	968
Membership dues	-	-	-	-	-	-	-	-	-	295	-	295
Board development	-	-	-	-	-	-	-	-	-	4,185	-	4,185
Conference scholarships	4,950	-	-	-	-	-	-	-	4,950	-	-	4,950
Equipment rental	17,221	-	-	-	-	-	-	-	17,221	-	-	17,221
Food & beverage	114,459	-	-	-	-	-	-	-	114,459	-	-	114,459
Regional programs	-	-	25,911	-	-	-	-	-	25,911	-	-	25,911
Credit card fees	7,454	-	-	-	149	-	-	-	7,603	-	983	8,586
Speaker fees	6,024	-	-	-	-	-	-	-	6,024	-	-	6,024
Mailing & photocopying	3,871	466	-	-	-	-	-	-	4,337	3,437	-	7,774
Miscellaneous	3,820	-	-	-	-	-	-	-	3,820	-	-	3,820
Entertainment	500	-	-	-	-	-	-	-	500	-	-	500
Rent	-	3,483	-	-	-	-	-	-	3,483	13,933	-	17,416
Supplies	-	-	-	-	-	-	-	-	-	2,575	-	2,575
Printing	13,244	4,808	-	-	-	-	-	-	18,052	-	-	18,052
Promotional items	8,517	-	-	-	-	-	-	-	8,517	-	-	8,517
Salaries	10,660	21,320	15,990	10,660	10,660	-	5,330	5,330	79,950	15,990	10,660	106,600
Employer taxes	842	1,683	1,262	842	842	-	421	421	6,313	1,262	842	8,417
Benefits	505	1,009	757	505	505	-	252	252	3,785	757	505	5,047
Banking services	-	-	-	-	-	-	-	-	-	536	-	536
Insurance	-	-	-	-	-	-	-	-	-	2,540	-	2,540
Volunteer support	-	-	3,052	-	-	-	-	-	3,052	-	-	3,052
Subscription/reference	-	-	-	-	-	-	-	-	-	350	64	414
Computer software & services	-	-	-	-	-	-	-	-	-	5,824	-	5,824
Telephone	-	-	-	-	-	-	-	-	-	13,091	-	13,091
Corporate fees & filings	-	-	-	-	-	-	-	-	-	742	-	742
<b>Total Expenses</b>	<b>\$ 258,965</b>	<b>\$ 118,366</b>	<b>\$ 83,465</b>	<b>\$ 28,032</b>	<b>\$ 17,771</b>	<b>\$ 11,770</b>	<b>\$ 6,503</b>	<b>\$ 6,192</b>	<b>\$ 531,064</b>	<b>\$ 131,072</b>	<b>\$ 16,460</b>	<b>\$ 678,596</b>

**Grants Managers Network, Inc.**

Schedule of Functional Expenses  
For the Year Ended December 31, 2009

	Program Services							Supporting Services		Total Expenses
	Annual Conference	Project Streamline	Membership	Certification	Communications	Collective Knowledge	Total Program Services	Management and General	Fundraising	
Professional services	\$ 73,081	\$ 96,022	\$ 32,565	\$ 24,195	\$ 6,787	\$ 19,565	\$ 252,215	\$ 50,201	\$ 6,491	\$ 308,907
Meeting & travel	-	2,858	-	1,173	-	-	4,031	7,503	-	11,534
Conferences	-	-	-	-	-	-	-	1,195	-	1,195
Membership dues	-	-	-	-	-	-	-	295	-	295
Board development	-	-	-	-	-	-	-	3,353	-	3,353
Scholarships	3,465	-	-	-	-	-	3,465	-	-	3,465
Rentals	16,509	-	-	-	-	-	16,509	-	-	16,509
Food & beverage	82,636	-	-	-	-	-	82,636	-	-	82,636
Program & cards	7,240	-	-	-	-	-	7,240	-	-	7,240
Credit card fees	5,895	-	-	-	-	207	6,102	-	-	6,102
Speaker fees	19,955	-	-	-	-	-	19,955	-	-	19,955
Registration packets	1,007	-	-	-	-	-	1,007	-	-	1,007
Mailing & photocopying	3,701	318	-	-	-	-	4,019	1,268	-	5,287
Miscellaneous	2,180	-	-	-	-	-	2,180	-	-	2,180
Entertainment	2,091	-	-	-	-	-	2,091	-	-	2,091
Rent	-	3,400	-	-	-	-	3,400	13,598	-	16,998
Supplies	-	-	-	-	-	-	-	921	-	921
Web design, hosting & maintenance	-	6,522	-	-	85,370	-	91,892	4,173	-	96,065
Regional program & development	-	-	11,139	-	-	-	11,139	-	-	11,139
Promotional items	6,416	-	-	-	-	-	6,416	-	-	6,416
Salaries	10,424	20,849	15,636	-	15,636	15,636	78,181	15,636	10,424	104,241
Employer taxes	796	1,591	1,194	-	1,194	1,194	5,969	1,194	796	7,959
Benefits	420	840	630	-	630	630	3,150	630	420	4,200
Banking services	-	-	-	-	-	-	-	157	-	157
Insurance	-	-	-	-	-	-	-	2,130	-	2,130
Volunteer support	-	-	-	-	-	-	-	248	-	248
Subscription/reference	-	-	-	-	-	-	-	217	371	588
Computer software & services	-	-	-	-	-	-	-	1,170	-	1,170
Marketing	-	-	-	-	10,105	-	10,105	-	-	10,105
Telecommunications	-	937	-	-	-	-	937	14,882	-	15,819
Corporate fees & filings	-	-	-	-	-	-	-	1,145	-	1,145
<b>Total Expenses</b>	<b>\$ 235,816</b>	<b>\$ 133,337</b>	<b>\$ 61,164</b>	<b>\$ 25,368</b>	<b>\$ 119,722</b>	<b>\$ 37,232</b>	<b>\$ 612,639</b>	<b>\$ 119,916</b>	<b>\$ 18,502</b>	<b>\$ 751,057</b>