

**GRANTS MANAGERS NETWORK, INC.**

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

**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of the **Grants Managers Network, Inc. (GMN)** as of December 31, 2009 and 2008, and the related statements of activities, functional expenses 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 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 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 the **Grants Managers Network, Inc.** as of December 31, 2009 and 2008, 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.

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

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

March 14, 2010

**GRANTS MANAGERS NETWORK, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2009 AND 2008**

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash (NOTE 3)	\$ 397,754	\$469,099
Prepaid expenses	-0-	5,150
Grant receivable	<u>-0-</u>	<u>39,150</u>
Total assets	<u>\$ 397,754</u>	<u>\$513,399</u>
<b>LIABILITIES</b>		
Deferred revenues (NOTES 2E and 12)	\$ 143,354	\$ 141,047
Accounts payable	<u>16,474</u>	<u>20,670</u>
Total liabilities	<u>159,828</u>	<u>161,717</u>
<b>NET ASSETS</b>		
Unrestricted net assets	<u>237,926</u>	<u>351,682</u>
Total net assets	<u>237,926</u>	<u>351,682</u>
Total liabilities and net assets	<u>\$ 397,754</u>	<u>\$ 513,399</u>

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

**GRANTS MANAGERS NETWORK, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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	<u>2009</u>	<u>2008</u>
<b>REVENUES AND OTHER SUPPORT</b>		
Grants (NOTE 7)	\$ 255,694	\$ 301,066
Contributions (NOTE 8)	226,500	250,813
Conference income	145,414	186,382
Interest income	2,133	7,059
GM Guide Income	<u>7,560</u>	<u>6,990</u>
Total revenues	<u>637,301</u>	<u>752,310</u>
<b>EXPENSES</b>		
Program services	612,639	539,188
Management and general	119,916	120,348
Fundraising	<u>18,502</u>	<u>11,349</u>
Total expenses	<u>751,057</u>	<u>670,885</u>
Change in net assets	(113,756)	81,425
Net assets, beginning of year	<u>351,682</u>	<u>270,257</u>
Net assets, end of year	<u>\$ 237,926</u>	<u>\$ 351,682</u>

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

**GRANTS MANAGERS NETWORK, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Program Services						Supporting Services			Total
	Project Streamline	Annual Conference	Collective Knowledge	Communications	Membership	Certification	Program Services	Management and General	Fundraising	
Professional services	\$ 96,022	\$ 73,081	\$ 19,565	\$ 6,787	\$ 32,565	\$ 24,195	\$ 252,215	\$ 14,848	\$ 6,491	\$ 273,554
Meeting and travel	2,858	-	-	-	-	1,173	4,031	7,503	-	11,534
Conferences	-	-	-	-	-	-	-	1,195	-	1,195
Membership dues	-	-	-	-	-	-	-	295	-	295
Banner and signs	-	2,655	-	-	-	-	2,655	-	-	2,655
Board development	-	-	-	-	-	-	-	3,353	-	3,353
Scholarships	-	3,465	-	-	-	-	3,465	-	-	3,465
Rentals	-	16,509	-	-	-	-	16,509	-	-	16,509
Food and beverage	-	82,636	-	-	-	-	82,636	-	-	82,636
Program and cards - design and printing	-	7,240	-	-	-	-	7,240	-	-	7,240
Credit card fees	-	5,895	207	-	-	-	6,102	-	-	6,102
Speaker fees	-	19,955	-	-	-	-	19,955	-	-	19,955
Gift bags	-	3,761	-	-	-	-	3,761	-	-	3,761
Registration packets	-	1,007	-	-	-	-	1,007	-	-	1,007
Mailing and photocopying	318	3,701	-	-	-	-	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 and maintenance	6,522	-	-	85,370	-	-	91,892	4,173	-	96,065
Regional program and development	-	-	-	-	11,139	-	11,139	-	-	11,139
Payroll services	-	-	-	-	-	-	-	1,573	-	1,573
Salaries	20,849	10,424	15,636	15,636	15,636	-	78,181	15,636	10,424	104,241
Employer taxes	1,591	796	1,194	1,194	1,194	-	5,969	1,194	796	7,959
Benefits	840	420	630	630	630	-	3,150	630	420	4,200
Audit	-	-	-	-	-	-	-	7,005	-	7,005
Accounting	-	-	-	-	-	-	-	26,775	-	26,775
Banking services	-	-	-	-	-	-	-	157	-	157
Insurance	-	-	-	-	-	-	-	2,130	-	2,130
Volunteer support	-	-	-	-	-	-	-	248	-	248
Subscription/reference	-	-	-	-	-	-	-	217	371	588
Computer software and services	-	-	-	-	-	-	-	1,170	-	1,170
Marketing	-	-	-	10,105	-	-	10,105	-	-	10,105
Telecommunications	937	-	-	-	-	-	937	14,882	-	15,819
Corporate fees and filings	-	-	-	-	-	-	-	1,145	-	1,145
<b>Total</b>	<b>\$ 133,337</b>	<b>\$ 235,816</b>	<b>\$ 37,232</b>	<b>\$ 119,722</b>	<b>\$ 61,164</b>	<b>\$ 25,368</b>	<b>\$ 612,639</b>	<b>\$ 119,916</b>	<b>\$ 18,502</b>	<b>\$ 751,057</b>

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

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

	Program Services					Supporting Services			Total Expenses
	Project Streamline	Annual Conference	Collective Knowledge	Communications	Membership	Program Services	Management and General	Fundraising	
Professional services	\$ 84,298	\$ 86,914	\$ 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	-	1,829
Membership dues	-	-	-	-	-	-	611	205	816
Banner and signs	-	1,414	-	-	-	1,414	-	-	1,414
Board development	-	-	-	-	-	-	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 - design and printing	-	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
Rent	1,540	-	-	-	-	1,540	6,160	-	7,700
Supplies	296	-	-	-	-	296	1,180	-	1,476
Web design, hosting and maintenance	5,150	-	-	-	-	5,150	-	-	5,150
Regional program and development	-	-	-	-	8,464	8,464	-	-	8,464
Payroll services	-	-	-	-	-	-	936	-	936
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
Books	9,724	1,022	-	-	-	1,022	-	-	1,022
Printing	-	-	-	-	-	9,724	-	-	9,724
Depreciation	-	-	-	-	-	-	7,497	-	7,497
Certification	-	-	4,050	-	-	4,050	-	-	4,050
Technology	-	-	-	21,788	-	21,788	3,465	-	25,253
Marketing	-	-	-	4,800	-	4,800	-	-	4,800
Human resource	-	-	-	-	-	-	4,055	-	4,055
Office expenses	-	-	-	-	-	-	6,556	-	6,556
Legal fees	-	-	-	-	-	-	2,927	-	2,927
GM guide	-	-	25,160	-	-	25,160	-	-	25,160
Discretionary projects	-	-	2,540	-	-	2,540	-	-	2,540
<b>Total</b>	<b>\$ 132,340</b>	<b>\$ 288,450</b>	<b>\$ 52,978</b>	<b>\$ 41,502</b>	<b>\$ 23,918</b>	<b>\$ 539,188</b>	<b>\$ 120,348</b>	<b>\$ 11,349</b>	<b>\$ 670,885</b>

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

**GRANTS MANAGERS NETWORK, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (113,756)	\$ 81,425
Decrease in operating assets:		
Grant receivable	39,150	10,850
Prepaid expenses	5,150	65,916
Increase (Decrease) in operating liabilities:		
Accounts payable	(4,196)	(8,112)
Deferred revenues	<u>2,307</u>	<u>(23,090)</u>
Net cash (used in) provided by operating activities	<u>(71,345)</u>	<u>126,989</u>
Net (decrease) increase in cash	(71,345)	126,989
Cash, beginning of year	<u>469,099</u>	<u>342,110</u>
Cash, end of year	<u>\$ 397,754</u>	<u>\$ 469,099</u>

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

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

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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 1,400 grants management professionals from more than 1,000 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 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 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

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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

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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.

F) For the purposes of the Statement of Cash Flows, GMN considers all investments purchased with a maturity of three (3) months or less to be cash equivalents.

NOTE 3 - CASH AND CASH EQUIVALENTS:

Cash and cash equivalents consist of the following:

	<u>2009</u>	<u>2008</u>
Checking account	\$ 146,233	\$ 337,007
Savings account	<u>251,521</u>	<u>132,092</u>
Total	<u>\$ 397,754</u>	<u>\$ 469,099</u>

NOTE 4 - 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.

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

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NOTE 5 - 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 6 - 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 programs 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.

NOTE 7 - GRANTS

At December 31, 2009 and 2008, grants revenue consisted of the following:

<u>Funding Source</u>	<u>2009</u>	<u>2008</u>
Annie E. Casey Foundation	\$ 9,000	\$ 10,000
Arie and Ida Crown Memorial	-0-	5,000
California Endowment	5,000	-0-
California Wellness Foundation	-0-	9,600
Christensen Fund	10,000	-0-
Doris Duke Charitable Foundation	-0-	5,000
Ford Foundation	15,000	15,750
Gaylord and Dorothy Donnelley Foundation	-0-	15,000
KPMG	20,000	25,000
Saint Luke's Foundation	7,000	6,500
Project Streamline grants (NOTE 13)	133,337	132,340
Other grants (under \$5,000)	<u>56,357</u>	<u>76,876</u>
Total Grants	<u>\$ 255,694</u>	<u>\$ 301,066</u>

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

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NOTE 8 - CONTRIBUTIONS

At December 31, 2009 and 2008, contributions revenue consisted of the following:

<u>Funding Source</u>	<u>2009</u>	<u>2008</u>
Annenberg Foundation	\$ 12,000	\$ -0-
Atlantic Philanthropies	5,000	-0-
California Wellness Foundation	5,000	5,000
Coca-Cola Company	5,000	5,000
David & Lucile Packard Foundation	5,000	-0-
Kresge Foundation	-0-	10,000
McKnight Foundation	5,000	-0-
Robert Wood Johnson Foundation	-0-	10,000
Rockefeller Foundation	7,500	10,000
Shell Oil Company	-0-	5,000
William & Flora Hewlett Foundation	5,000	5,000
Other contributions (under \$5,000)	<u>177,000</u>	<u>200,813</u>
Total Contributions	<u>\$ 226,500</u>	<u>\$ 250,813</u>

NOTE 9 - CONTRIBUTIONS AND GRANTS:

Member organizations designate their support to GMN as either:

- Contributions, which are unrestricted funds given to GMN with no conditions attached, or
- Grants, which can be designated as restricted or unrestricted funds, and have conditions attached.

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

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NOTE 9 - CONTRIBUTIONS AND GRANTS, CONTINUED:

In 2009 and 2008, total contributions and grants revenue consisted of the following:

Contributions and Grants		
Unrestricted (Membership) Grants and Contributions	\$ 308,970	\$ 339,439
Restricted:		
Conference Sponsorships	39,100	78,100
Regional Grants	786	2,000
Project Streamline Grants	<u>133,338</u>	<u>132,340</u>
Total Restricted	<u>173,224</u>	<u>212,440</u>
Total Contributions and Grants	<u>\$ 482,194</u>	<u>\$ 551,879</u>

NOTE 10 - CONCENTRATION OF CREDIT RISK:

GMN maintains cash balances at local banks. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) for amounts up to \$250,000. At December 31, 2009, GMN had \$1,521 of funds in excess of FDIC coverage. At December 31, 2008, GMN had \$219,099 funds in excess of FDIC coverage.

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

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NOTE 11 - OPERATING LEASE

GMN has an operating lease for office space; the lease ends June 30, 2010.

NOTE 12 - DEFERRED REVENUES

Deferred revenues consist of the following:

	<u>2009</u>	<u>2008</u>
Project Streamline (NOTE 13)	\$ 101,960	\$ 133,297
New York Region	214	1,000
Membership Contributions	4,500	4,750
Conference Exhibitors	-0-	2,000
Conference Registration	31,680	-0-
Conference Contributions	<u>5,000</u>	<u>-0-</u>
	<u>\$ 143,354</u>	<u>\$ 141,047</u>

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

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NOTE 13 - PROJECT STREAMLINE

Project Streamline grant funds are received into a deferred revenue account and only recognized as revenue once the monies have been spent.

At December 31, 2009 and 2008, Project Streamline grant receipts, expenditures, and deferred revenue account balances consisted of the following:

	<u>2009</u>	<u>2008</u>
Deferred Revenue, Beginning of Year	\$ <u>133,297</u>	\$ <u>149,137</u>
Project Streamline Grant Advances Received During Year		
Bill & Melinda Gates Foundation	75,000	-0-
Carnegie Corporation of New York	25,000	-0-
Christensen Fund	-0-	10,000
David & Lucille Packard Foundation	-0-	45,000
Dekko Foundation	-0-	5,000
Eugene & Agnes Meyer Foundation	-0-	5,000
Frey Foundation	-0-	5,000
Surdna Foundation	-0-	15,000
William & Flora Hewlett Foundation	-0-	25,000
Other Grants (less than \$5,000)	<u>2,000</u>	<u>6,500</u>
 TOTAL Grant Advances Received During Year	 <u>102,000</u>	 <u>116,500</u>
 TOTAL Grant Available During Year	 235,297	 265,637
 Project Streamline Expenses	 <u>(133,337)</u>	 <u>(132,340)</u>
 Deferred Revenue, End of Year	 <u>\$ 101,960</u>	 <u>\$ 133,297</u>