

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

**Financial Statements Together with Supplementary Information and
Report of Independent Public Accountants**

For the Years Ended December 31, 2015 and 2014



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

DECEMBER 31, 2015 AND 2014

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Board of Directors of the
Association of Baltimore Area Grantmakers, Inc.

Report on the Financial Statements

We have audited the accompanying statements of financial position of the Association of Baltimore Area Grantmakers, Inc. (ABAG), as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets 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 from 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.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ABAG 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 basic financial statements as a whole. The accompanying schedules of revenue and expenses by program are presented for purposes of additional analysis, and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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 schedules of revenue and expenses by program are fairly stated in all material respects in relation to the basic financial statements as a whole.

Hunt Valley, Maryland
June 8, 2016

SB & Company, LLC

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

**Statements of Financial Position
As of December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 943,695	\$ 1,031,484
Investments	1,053,012	1,105,737
Grants and other receivables	122,347	24,127
Other assets	14,670	1,944
Property and equipment, net	28,126	45,120
Total Assets	<u>\$ 2,161,850</u>	<u>\$ 2,208,412</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 42,381	\$ 86,993
Deferred revenue	21,523	96,440
Total Liabilities	<u>63,904</u>	<u>183,433</u>
Net Assets		
Unrestricted:		
Opportunity reserve	10,000	10,000
Betsy Nelson Legacy Fund	335,015	333,243
Board designated endowment	788,036	783,867
Undesignated net assets	367,711	411,255
Total unrestricted	<u>1,500,762</u>	<u>1,538,365</u>
Temporarily restricted	597,184	486,614
Total Net Assets	<u>2,097,946</u>	<u>2,024,979</u>
Total Liabilities and Net Assets	<u>\$ 2,161,850</u>	<u>\$ 2,208,412</u>

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

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

**Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2015 and 2014**

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and Other Support						
Membership Dues	\$ 490,900	\$ -	\$ 490,900	\$ 470,150	\$ -	\$ 470,150
Grants and contributions	186,170	-	186,170	170,943	-	170,943
Sponsorships	2,500	-	2,500	500	-	500
Meetings	12,435	-	12,435	16,513	-	16,513
Earned Income	12,414	-	12,414	11,675	-	11,675
Programs:						
Aging Affinity Group	-	-	-	-	10,000	10,000
Baltimore Neighborhood Collaborative	-	-	-	-	57,500	57,500
Education Affinity Group	-	29,000	29,000	-	41,500	41,500
Maryland Community Foundation Association	-	22,000	22,000	-	20,500	20,500
Community Investment Affinity Group	-	227,500	227,500	-	33,446	33,446
Green Affinity Group	-	21,000	21,000	-	15,000	15,000
Maryland Environmental Health Network	-	277,400	277,400	-	208,000	208,000
Baltimore Integration Partnership	-	375,000	375,000	-	441,835	441,835
Workforce Collaborative and Affinity Group	-	374,964	374,964	-	292,360	292,360
Net Investment (Loss) Income	(28,054)	5,105	(22,949)	65,666	80	65,746
Intercompany Eliminations	(143,022)	-	(143,022)	(133,917)	-	(133,917)
Total Revenue and Other Support	533,343	1,331,969	1,865,312	601,530	1,120,221	1,721,751
Net Assets Released from Restriction	1,221,399	(1,221,399)	-	1,487,100	(1,487,100)	-
Total Revenue	1,754,742	110,570	1,865,312	2,088,630	(366,879)	1,721,751
Expenses						
General Operating	719,073	-	719,073	703,964	-	703,964
Programs:						
Aging Affinity Group	7,389	-	7,389	7,572	-	7,572
Baltimore Neighborhood Collaborative	-	-	-	361,675	-	361,675
Education Affinity Group	21,424	-	21,424	25,298	-	25,298
Strategic/Special Initiatives	-	-	-	7,500	-	7,500
Maryland Community Foundation Association	19,507	-	19,507	21,132	-	21,132
Community Investment Affinity Group	36,731	-	36,731	8,012	-	8,012
Green Affinity Group	16,714	-	16,714	12,072	-	12,072
Maryland Environmental Health Network	265,078	-	265,078	212,984	-	212,984
Baltimore Integration Partnership	465,084	-	465,084	469,543	-	469,543
Workforce Collaborative and Affinity Group	384,367	-	384,367	361,312	-	361,312
Intercompany Eliminations	(143,022)	-	(143,022)	(133,917)	-	(133,917)
Total Expenses	1,792,345	-	1,792,345	2,057,147	-	2,057,147
Changes in Net Assets	(37,603)	110,570	72,967	31,483	(366,879)	(335,396)
Net Assets, Beginning of Year	1,538,365	486,614	2,024,979	1,506,882	853,493	2,360,375
Net Assets, End of Year	\$ 1,500,762	\$ 597,184	\$ 2,097,946	\$ 1,538,365	\$ 486,614	\$ 2,024,979

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

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

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

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 72,967	\$ (335,396)
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	16,994	13,176
Net realized and unrealized loss (gain) on investments	51,633	(21,403)
Effect from changes in non-cash operating assets and liabilities:		
Grants receivable	(98,220)	247,343
Other assets	(12,726)	8,871
Accounts payable and accrued expenses	(44,612)	65,642
Deferred revenue	(74,917)	85,940
Net Cash Flows from Operating Activities	<u>(88,881)</u>	<u>64,173</u>
Cash Flows from Investing Activities		
Purchases of investments	(250,581)	(239,926)
Proceeds from sale of investments	251,673	224,609
Net Cash Flows from Investing Activities	<u>1,092</u>	<u>(15,317)</u>
Net change in cash and cash equivalents	(87,789)	48,856
Cash and cash equivalents, beginning of year	1,031,484	982,628
Cash and Cash Equivalents, End of Year	<u>\$ 943,695</u>	<u>\$ 1,031,484</u>

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

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

Notes to the Financial Statements December 31, 2015 and 2014

1. ORGANIZATION

The Association of Baltimore Area Grantmakers, Inc. (ABAG) is a not-for-profit organization dedicated to strengthening and promoting organized and private philanthropy in the greater Baltimore region. As a voluntary membership organization, ABAG assists and educates its members to promote and facilitate effective grant making.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of ABAG are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments, which have an original maturity of three months or less. Cash equivalents as of December 31, 2015 and 2014, consisted of money market funds.

Fair Value Measurement

Accounting principles generally accepted in the United States of America establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

Notes to the Financial Statements December 31, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurement (continued)

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that ABAG has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Grants & Other Receivables

Grants receivable represents grant expenditures incurred but not collected by ABAG from foundations and the Federal government. Management believes all receivables are fully collectible; thus no allowance for doubtful accounts is recorded as of December 31, 2015 and 2014. Other receivables represents uncollected membership dues.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation for items with an expected useful life of more than one year. Depreciation is recorded using the straight-line method over the estimated useful lives of three to five years for equipment and furniture and the term of the lease for leasehold improvements.

Net Assets

Unrestricted net assets are assets and contributions that are not restricted by donors or for which restrictions have expired.

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

Notes to the Financial Statements December 31, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

Temporarily restricted net assets are those whose use by ABAG has been restricted by donors primarily for a specific time period or purpose. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets.

Permanently restricted net assets are those that are restricted by donors to be maintained by ABAG in perpetuity. As of December 31, 2015 and 2014, there were no permanently restricted net assets.

Restricted and Unrestricted Support and Revenue

Contributions received are recorded as unrestricted, temporarily or permanently restricted support, depending on the existence and/or nature of any donor imposed restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when some stipulated time restriction ends or purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities and changes in net assets as net assets released from restriction.

Unrealized and realized gains and losses and dividends and interest from investing in income producing assets are included in the applicable net asset classification depending on donor restrictions.

Revenue Recognition

Membership dues are recognized as revenue in the membership period to which the dues relate. Accordingly, dues paid by members in advance of the membership period are reported as deferred revenue in the accompanying statements of financial position. Grants received in advance of the conditions being met as of December 31, were recorded as deferred revenue as of December 31, 2015 and 2014.

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

Notes to the Financial Statements December 31, 2015 and 2014

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 and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services that benefit from those costs. Management and general expenses include those expenses that are not directly identified with any other specific function but provide for the overall support and direction of ABAG.

Income Taxes

ABAG is a not-for-profit organization exempt from Federal income tax, other than net unrelated business income tax, under Section 501(c)(3) of the Internal Revenue Code and is recognized as such by the Internal Revenue Service.

ABAG accounts for uncertainty in income taxes recognized in its financial statements using a threshold of “more likely than not” for recognition of tax positions taken or expected to be taken in a tax return. ABAG performed an evaluation of uncertain tax positions for the years ended December 31, 2015 and 2014, and determined that there were no matters that would require recognition in the accompanying financial statements or which may have any effect on its tax-exempt status. As of December 31, 2015, the statute of limitations for fiscal years 2012 through 2015, remains open with the U.S. Federal jurisdiction or the various states and local jurisdictions in which ABAG files tax returns. It is ABAG’s policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

Subsequent Events

ABAG evaluated the accompanying financial statements for subsequent events and transactions through June 8, 2016, the date these financial statements were available for issue and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

**Notes to the Financial Statements
December 31, 2015 and 2014**

3. INVESTMENTS

The following is a description of the valuation methodologies used for investments measured at fair value.

Certificates of deposit: Valued at the purchase price plus accrued interest.

Mutual funds and exchange-traded funds: Valued at the closing price reported on the active markets on which the funds are traded.

Municipal bonds and U.S treasury bonds: Valued based on closing prices in active markets.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while ABAG believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement as of the reporting date.

The following table sets forth by level, the fair value hierarchy of ABAG's investments at fair value as of December 31, 2015 and 2014:

	2015			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Intermediate-term bonds	\$ 336,502	\$ -	\$ -	\$ 336,502
Large blend equity funds	449,222	-	-	449,222
Exchange traded funds	259,121	-	-	259,121
US treasury bonds	3,002	-	-	3,002
Municipal bonds	5,165	-	-	5,165
Total	\$ 1,053,012	\$ -	\$ -	\$ 1,053,012
	2014			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 250,000	\$ -	\$ -	\$ 250,000
Mutual funds:				
Intermediate-term bonds	257,896	-	-	257,896
Large blend equity funds	485,936	-	-	485,936
Exchange traded funds	103,621	-	-	103,621
US treasury bonds	3,012	-	-	3,012
Municipal bonds	5,272	-	-	5,272
Total	\$ 1,105,737	\$ -	\$ -	\$ 1,105,737

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

**Notes to the Financial Statements
December 31, 2015 and 2014**

3. INVESTMENTS (continued)

As of December 31, 2015 and 2014, investments consisted of the following:

	2015			
	Cost	Unrealized Gain	Unrealized Loss	Market Value
Mutual funds:				
Intermediate-term bonds	\$ 344,146	\$ -	\$ (7,644)	\$ 336,502
Large blend equity funds	390,906	58,316	-	449,222
Exchange traded funds	257,198	3,704	(1,781)	259,121
US Treasury Bonds	3,011	-	(9)	3,002
Municipal bonds	4,963	202	-	5,165
Total	\$ 1,000,224	\$ 62,222	\$ (9,434)	\$ 1,053,012
	2014			
	Cost	Unrealized Gain	Unrealized Loss	Market Value
Certificates of deposit	\$ 250,000	\$ -	\$ -	\$ 250,000
Mutual funds:				
Intermediate-term bonds	258,849	1,050	(2,003)	257,896
Large blend equity funds	386,082	99,854	-	485,936
Exchange traded funds	96,700	9,875	(2,954)	103,621
US Treasury Bonds	3,024	-	(12)	3,012
Municipal bonds	4,963	309	-	5,272
Total	\$ 999,618	\$ 111,088	\$ (4,969)	\$ 1,105,737

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

**Notes to the Financial Statements
December 31, 2015 and 2014**

3. INVESTMENTS (continued)

For the years ended December 31, 2015 and 2014, investment income consisted of the following:

	December 31, 2015		
	Unrestricted	Temporarily Restricted	Total
Dividends and interest	\$ 23,579	\$ 5,105	\$ 28,684
Realized and unrealized loss	(51,633)	-	(51,633)
Total investment loss	\$ (28,054)	\$ 5,105	\$ (22,949)

	December 31, 2014		
	Unrestricted	Temporarily Restricted	Total
Dividends and interest	\$ 44,263	\$ 80	\$ 44,343
Realized and unrealized gains	21,403	-	21,403
Total investment income	\$ 65,666	\$ 80	\$ 65,746

4. PROPERTY AND EQUIPMENT

As of December 31, 2015 and 2014, property and equipment consisted of the following:

	2015	2014
Equipment and furniture	\$ 76,420	\$ 76,420
Leasehold improvement	65,913	65,913
Total	142,333	142,333
Less: accumulated depreciation	114,207	97,213
Property and equipment, net	\$ 28,126	\$ 45,120

Depreciation expense for the years ended December 31, 2015 and 2014, was \$16,994 and \$13,176, respectively.

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

Notes to the Financial Statements December 31, 2015 and 2014

5. ENDOWMENTS

ABAG's quasi-endowments consist of two board-designated funds. The initial fund was established by its board of directors to ensure future stability and capacity to provide services to its members and the nonprofit community. The Betsy Nelson Legacy Fund was established to engage the broader community about philanthropy. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including funds designated by the board of directors to function as quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The board reserves the right to amend the policy related to the non-donor-imposed restrictions of the funds according to the needs of ABAG.

The board of directors of ABAG has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, ABAG classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. ABAG does not have any donor-restricted endowment funds.

In accordance with UPMIFA, ABAG considers the following factors in making a determination to appropriate or accumulate donor-restricted or board restricted endowment funds:

- the duration and preservation of the fund;
- the purposes of ABAG and the donor-restricted endowment fund;
- general economic conditions;
- the possible effect of inflation and deflation;
- the expected total return from income and the appreciation of investments;
- other resources of ABAG; and
- the investment policies of ABAG.

Return Objectives and Risk Parameters

ABAG has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the real value (constant dollar value as measured by the US Consumer Price Index) of the endowment assets. Actual returns in any given year may vary from this amount.

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

Notes to the Financial Statements December 31, 2015 and 2014

5. ENDOWMENTS (continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The income from the endowments that may be spent annually will not exceed 5% of the assets of the fund, as measured by the average of the value of the preceding 24 months. In establishing this policy, ABAG considered the long-term expected return on its endowments. Accordingly, over the long term, ABAG expects the current spending policy to allow its endowments to grow at the rate of inflation annually. This is consistent with ABAG's objective to maintain the purchasing power of the endowment's assets.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, ABAG relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). ABAG targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Composition of the Board Designated Endowments by Net Assets

As of December 31, 2015 and 2014, the composition of the endowment was as follows:

	2015	2014
Board-designated endowment funds	\$ 788,036	\$ 783,867
Betsy Nelson Legacy Fund	335,015	333,243
Total	\$ 1,123,051	\$ 1,117,110

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

**Notes to the Financial Statements
December 31, 2015 and 2014**

5. ENDOWMENTS (continued)

Change in Endowment Net Assets

For the years ended December 31, 2015 and 2014, the change in endowment net assets was as follows:

	<u>2015</u>	<u>2014</u>
Endowment net assets, beginning of year	\$ 1,117,110	\$ 1,069,811
Contributions		-
Investment return:		
Investment income	25,383	39,240
Net (depreciation) appreciation (realized and unrealized)	(19,442)	8,059
Total investment return	<u>5,941</u>	<u>47,299</u>
Withdrawals	-	-
Endowment Net Assets, End of Year	<u><u>\$ 1,123,051</u></u>	<u><u>\$ 1,117,110</u></u>

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes as of December 31:

	<u>2015</u>	<u>2014</u>
Aging Affinity Group	\$ -	\$ 7,389
Baltimore Integration Partnership	183,764	273,848
Community Investment Affinity Group	216,203	25,434
Education Funders Affinity	23,778	16,202
Green Affinity Group	7,427	3,141
Maryland Community Foundation Association	11,194	8,701
Maryland Environmental Health Network	92,503	80,181
Workforce Collaborative and Affinity Group	62,315	71,718
Total	<u><u>\$ 597,184</u></u>	<u><u>\$ 486,614</u></u>

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

Notes to the Financial Statements December 31, 2015 and 2014

7. COMMITMENTS

ABAG leases its office under the terms of an operating lease. The lease expires on February 28th, 2020. Rent expense was \$61,734 and \$57,595, for the years ended December 31, 2015 and 2014, respectively. The future minimum rental payments as of December 31, 2015, under this lease were as follows:

Years Ending December 31,	Amount
2016	\$ 54,682
2017	56,328
2018	58,034
2019	59,770
2020	10,010
Total	\$ 238,824

8. RETIREMENT PLAN

ABAG has a retirement plan covering all employees under the provisions of Section 403(b) of the Internal Revenue Code. ABAG contributes 3% of each full-time employee's salary, contingent upon the employee contributing 1% of his/her salary. Retirement plan expense was \$23,054 and \$25,079, for the years ended December 31, 2015 and 2014, respectively.

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

**Notes to the Financial Statements
December 31, 2015 and 2014**

9. FUNCTIONAL EXPENSES

The following are the functional classification of expenses for the years ended December 31, 2015 and 2014:

	2015			
	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Payroll and payroll related	\$ 788,966	92,820	\$ 46,410	\$ 928,196
Grants	418,170	-	-	418,170
Professional fees	210,887	31,411	-	242,298
Office	61,788	7,829	3,287	72,904
Occupancy	67,620	719	3,597	71,936
Workshops, meetings and travel	30,455	324	1,620	32,399
Professional development	8,882	94	472	9,448
Depreciation	-	16,994	-	16,994
Total	\$ 1,586,768	\$ 150,191	\$ 55,386	\$ 1,792,345

	2014			
	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Payroll and payroll related	\$ 833,378	\$ 98,045	\$ 49,022	\$ 980,445
Grants	556,499	-	-	556,499
Professional fees	244,077	53,590	-	297,667
Office	27,624	9,798	1,239	38,661
Occupancy	64,363	685	3,424	68,472
Workshops, meetings and travel	76,793	817	4,085	81,695
Website	6,144	65	327	6,536
Professional development	12,192	130	649	12,971
Depreciation	-	13,176	-	13,176
Other	-	1,025	-	1,025
Total	\$ 1,821,070	\$ 177,331	\$ 58,746	\$ 2,057,147

SUPPLEMENTARY INFORMATION

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

Schedule of Revenue and Expenses by Program For the Year Ended December 31, 2015, with Comparative 2014 totals

	ABAG SUMMARY	AGING AFINITY GROUP	BALTIMORE INTEGRATION PARTNERSHIP	COMMUNITY INVESTMENT AFFINITY GROUP	EDUCATION GROUP AFFINITY	GREEN AFINITY GROUP	MARYLAND COMMUNITY FOUNDATION ASSOCIATION	MARYLAND ENVIRONMENT HEALTH NETWORK	WORKFORCE COLLABORATIVE AND AFFINITY GROUP	INTER-COMPANY ELIMINATIONS	TOTAL	2014 TOTAL
Income												
Grants	\$ 186,170	\$ -	\$ 375,000	\$ 227,500	\$ 29,000	\$ 21,000	\$ 22,000	\$ 277,400	\$ 374,964	\$ (143,022)	\$ 1,370,012	\$ 1,157,167
Investment income	(22,949)	-	-	-	-	-	-	-	-	-	(22,949)	65,746
Membership dues	490,900	-	-	-	-	-	-	-	-	-	490,900	470,150
Other	27,349	-	-	-	-	-	-	-	-	-	27,349	28,688
Total Income	681,470	-	375,000	227,500	29,000	21,000	22,000	277,400	374,964	(143,022)	1,865,312	1,721,751
Expense												
Payroll & payroll related	506,714	-	129,274	-	-	14,879	-	210,343	96,986	(30,000)	928,196	980,445
Grants	-	-	172,770	-	-	-	6,000	-	239,400	-	418,170	556,499
Professional fees	56,442	6,850	89,619	35,140	19,245	-	-	9,897	25,105	-	242,298	297,667
Office	42,385	-	20,075	-	-	145	-	9,223	1,076	-	72,904	38,661
Occupancy	68,373	39	8,788	151	19	-	177	11,312	4,597	(21,520)	71,936	68,472
Workshops, meetings & travel	21,929	-	3,731	-	-	112	330	4,785	1,512	-	32,399	81,695
Website	-	-	-	-	-	-	-	-	-	-	-	6,536
Professional development	6,236	-	827	-	-	378	-	891	1,116	-	9,448	12,971
Other	-	-	-	-	-	-	-	-	-	-	-	1,025
Depreciation	16,994	-	-	-	-	-	-	-	-	-	16,994	13,176
Overhead	-	500	40,000	1,440	2,160	1,200	13,000	18,627	14,575	(91,502)	-	-
Total Expenses	719,073	7,389	465,084	36,731	21,424	16,714	19,507	265,078	384,367	(143,022)	1,792,345	2,057,147
Changes in net assets	(37,603)	(7,389)	(90,084)	190,769	7,576	4,286	2,493	12,322	(9,403)	-	72,967	(335,396)
Net assets, beginning of year	1,538,365	7,389	273,848	25,434	16,202	3,141	8,701	80,181	71,718	-	2,024,979	2,360,375
Net Assets, End of Year	\$ 1,500,762	\$ -	\$ 183,764	\$ 216,203	\$ 23,778	\$ 7,427	\$ 11,194	\$ 92,503	\$ 62,315	\$ -	\$ 2,097,946	\$ 2,024,979

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

**Schedule of Revenue and Expenses by Program
For the Year Ended December 31, 2014**

	ABAG SUMMARY	AGING AFFINITY GROUP	BALTIMORE INTEGRATION PARTNERSHIP	COMMUNITY INVESTMENT AFFINITY GROUP	EDUCATION AFFINITY GROUP	GREEN AFFINITY GROUP	MARYLAND COMMUNITY FOUNDATION ASSOCIATION	MARYLAND ENVIRONMENT HEALTH NETWORK	WORKFORCE COLLABORATIVE AND AFFINITY GROUP	BALTIMORE NEIGHBOR- HOOD COLLABOR- ATIVE	STRATEGIC INITIATIVE	INTER- COMPANY ELIMINATIONS	TOTAL
Income													
Grants	\$ 170,943	\$ 10,000	\$ 441,835	\$ 33,446	\$ 41,500	\$ 15,000	\$ 20,500	\$ 208,000	\$ 292,360	\$ 57,500	\$ -	\$ (133,917)	1,157,167
Investment income	65,666	-	-	-	-	-	-	-	-	80	-	-	65,746
Membership dues	470,150	-	-	-	-	-	-	-	-	-	-	-	470,150
Other	28,688	-	-	-	-	-	-	-	-	-	-	-	28,688
Total Income	735,447	10,000	441,835	33,446	41,500	15,000	20,500	208,000	292,360	57,580	-	(133,917)	1,721,751
Expense													
Payroll & payroll related	512,425	-	116,541	-	-	9,923	-	167,881	95,851	97,824	-	(20,000)	980,445
Grants	-	-	153,963	-	-	-	6,000	-	160,000	236,536	-	-	556,499
Professional fees	43,960	7,265	123,745	7,020	23,450	-	60	4,961	65,465	14,241	7,500	-	297,667
Office	30,871	-	1,855	-	-	-	-	3,343	2,067	525	-	-	38,661
Occupancy	64,360	57	8,902	32	12	61	233	11,334	4,651	2,874	-	(24,044)	68,472
Workshops, meetings & travel	21,291	-	24,335	960	-	-	379	8,093	20,096	6,541	-	-	81,695
Website	6,294	-	152	-	-	-	-	-	-	90	-	-	6,536
Professional development	11,587	-	50	-	-	1,188	-	102	-	44	-	-	12,971
Other	-	-	-	-	-	-	960	65	-	-	-	-	1,025
Depreciation	13,176	-	-	-	-	-	-	-	-	-	-	-	13,176
Overhead	-	250	40,000	-	1,836	900	13,500	17,205	13,182	3,000	-	(89,873)	-
Total Expenses	703,964	7,572	469,543	8,012	25,298	12,072	21,132	212,984	361,312	361,675	7,500	(133,917)	2,057,147
Changes in net assets	31,483	2,428	(27,708)	25,434	16,202	2,928	(632)	(4,984)	(68,952)	(304,095)	(7,500)	-	(335,396)
Net assets, beginning of year	1,506,882	4,961	301,556	-	-	213	9,333	85,165	140,670	304,095	7,500	-	2,360,375
Net Assets, End of Year	\$ 1,538,365	\$ 7,389	\$ 273,848	\$ 25,434	\$ 16,202	\$ 3,141	\$ 8,701	\$ 80,181	\$ 71,718	\$ -	\$ -	\$ -	\$ 2,024,979