

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

WITH INDEPENDENT AUDITORS' REPORT THEREON

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

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INDEPENDENT AUDITORS' REPORT

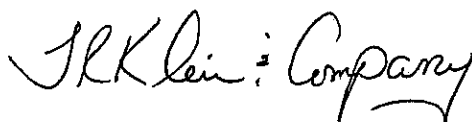
Board of Directors
Association of Baltimore Area Grantmakers, Inc.
Baltimore, Maryland

We have audited the accompanying statements of financial position of the Association of Baltimore Area Grantmakers, Inc., as of December 31, 2008 and 2007, and the related statements of activities and change in net assets, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Organization'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 Association of Baltimore Area Grantmakers, Inc., as of December 31, 2008 and 2007, and the change 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information on page 11 is presented for purposes of additional analysis of the Association of Baltimore Area Grantmakers, Inc. and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "T.R. Klein & Company".

June 2, 2009

Members

American Institute of Certified Public Accountants

Maryland Association of Certified Public Accountants

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 2,035,536	\$ 962,641
Investments (cost of \$ 674,998 and \$ 798,287 at December 31, 2008 and 2007, respectively)	642,227	845,081
Grants receivable, net	616,680	781,647
Deposits	1,944	1,944
Property and equipment, net	<u>62,908</u>	<u>69,869</u>
Total assets	<u>3,359,295</u>	<u>2,661,182</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	31,474	29,635
Refundable advances	--	41,552
Grants payable	<u>432,500</u>	<u>217,500</u>
Total liabilities	<u>463,974</u>	<u>288,687</u>
Net assets:		
Unrestricted:		
Equipment	62,908	69,869
Operating reserve	593,940	587,037
Opportunity reserve	10,000	10,000
Quasi-endowment	236,981	320,208
Anniversary	--	500
Dues paid in advance	<u>39,350</u>	<u>--</u>
Total unrestricted net assets	943,179	987,614
Temporarily restricted	<u>1,952,142</u>	<u>1,384,881</u>
Total net assets	<u>2,895,321</u>	<u>2,372,495</u>
Total liabilities and net assets	<u>\$ 3,359,295</u>	<u>\$ 2,661,182</u>

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

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

STATEMENTS OF ACTIVITIES AND
CHANGE IN NET ASSETS

	YEAR ENDED DECEMBER 31, 2008			YEAR ENDED DECEMBER 31, 2007		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
Revenues, gains and other support:						
Public support -						
Contributions:						
Baltimore Neighborhood Collaborative	\$ --	\$ 1,311,632	\$ 1,311,632	\$ --	\$ 926,939	\$ 926,939
SPSC	--	461,000	461,000	--	203,500	203,500
Education Funders Affinity	--	39,300	39,300	--	7,500	7,500
Strategic Initiative	--	97,000	97,000	--	85,000	85,000
Maryland Community Foundation Initiative	--	21,250	21,250	--	35,100	35,100
Environmental Funders	--	39,000	39,000	--	--	--
Neighborhoods for all Ages	--	115,000	115,000	--	875,000	875,000
Workforce Development	--	26,000	26,000	--	--	--
Aging	--	10,000	10,000	--	--	--
Other contributions and grants	33,000	--	33,000	38,200	--	38,200
Membership contributions	433,375	--	433,375	378,925	--	378,925
	<u>466,375</u>	<u>2,120,182</u>	<u>2,586,557</u>	<u>417,125</u>	<u>2,133,039</u>	<u>2,550,164</u>
Governmental grants	--	--	--	263,090	--	263,090
Other revenue:						
Consultations	4,900	--	4,900	10,401	--	10,401
Investments	(30,486)	--	(30,486)	87,451	--	87,451
Other	44,010	--	44,010	39,172	--	39,172
	<u>18,424</u>	<u>--</u>	<u>18,424</u>	<u>137,024</u>	<u>--</u>	<u>137,024</u>
Net assets released from restrictions	<u>1,552,921</u>	<u>(1,552,921)</u>	<u>--</u>	<u>1,699,389</u>	<u>(1,699,389)</u>	<u>--</u>
Total revenues, gains and other support	<u>2,037,720</u>	<u>567,261</u>	<u>2,604,981</u>	<u>2,516,628</u>	<u>433,650</u>	<u>2,950,278</u>
Expenses:						
Program service	<u>1,871,478</u>	<u>--</u>	<u>1,871,478</u>	<u>2,232,663</u>	<u>--</u>	<u>2,232,663</u>
Supporting services:						
Management and general	168,165	--	168,165	175,652	--	175,652
Fund raising	42,512	--	42,512	19,561	--	19,561
Total supporting expenses	<u>210,677</u>	<u>--</u>	<u>210,677</u>	<u>195,213</u>	<u>--</u>	<u>195,213</u>
Total expenses	<u>2,082,155</u>	<u>--</u>	<u>2,082,155</u>	<u>2,427,876</u>	<u>--</u>	<u>2,427,876</u>
Change in net assets	(44,435)	567,261	522,826	88,752	433,650	522,402
Net assets - beginning of year	<u>987,614</u>	<u>1,384,881</u>	<u>2,372,495</u>	<u>898,862</u>	<u>951,231</u>	<u>1,850,093</u>
Net assets - end of year	<u>\$ 943,179</u>	<u>\$ 1,952,142</u>	<u>\$ 2,895,321</u>	<u>\$ 987,614</u>	<u>\$ 1,384,881</u>	<u>\$ 2,372,495</u>

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

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ 522,826	\$ 522,402
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,960	11,418
Realized and unrealized loss (gains) on investments	101,009	(10,038)
Decrease (increase) in grants receivable	164,967	(659,467)
Increase in accounts payable and accrued expenses	1,839	6,250
Decrease in refundable advances	(41,552)	(109,090)
Increase in grants payable	<u>215,000</u>	<u>90,000</u>
Net cash provided by (used in) operating activities	<u>971,049</u>	<u>(148,525)</u>
Cash flows from investing activities:		
Purchase of investments and reinvested dividends	(654,149)	(703,445)
Proceeds from sale of investments	<u>755,995</u>	<u>750,117</u>
Net cash provided by investing activities	<u>101,846</u>	<u>46,672</u>
Net increase (decrease) in cash and cash equivalents	1,072,895	(101,853)
Cash and cash equivalents - beginning of year	<u>962,641</u>	<u>1,064,494</u>
Cash and cash equivalents - end of year	<u>\$ 2,035,536</u>	<u>\$ 962,641</u>

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

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

	YEAR ENDED DECEMBER 31, 2008				YEAR ENDED DECEMBER 31, 2007			
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL
Payroll and payroll related	\$ 559,575	\$ 105,634	\$ 31,126	\$ 696,335	\$ 624,501	\$ 106,098	\$ 15,519	\$ 746,118
Grants	646,620	--	--	646,620	1,064,707	--	--	1,064,707
Professional fees	440,272	17,217	--	457,489	309,441	35,113	--	344,554
Office	75,098	19,592	3,808	98,498	35,678	11,930	749	48,357
Occupancy	63,013	10,348	3,049	76,410	55,610	9,448	1,381	66,439
Workshops, meetings and travel	57,856	9,890	2,914	70,660	116,414	8,592	1,263	126,269
Website	7,577	1,431	422	9,430	7,119	1,209	177	8,505
Professional development	13,815	2,609	768	17,192	6,778	1,152	168	8,098
Other	2,059	388	114	2,561	2,858	486	67	3,411
Depreciation	5,593	1,056	311	6,960	9,557	1,624	237	11,418
	<u>\$ 1,871,478</u>	<u>\$ 168,165</u>	<u>\$ 42,512</u>	<u>\$ 2,082,155</u>	<u>\$ 2,232,663</u>	<u>\$ 175,652</u>	<u>\$ 19,561</u>	<u>\$ 2,427,876</u>

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

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

NOTES TO FINANCIAL STATEMENTS

1 - Summary of Significant Accounting Policies

Nature of Organization

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

Contributions and Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 statement of activities and change in net assets as net assets released from restrictions. Governmental grant awards are classified as refundable advances until expended for the purpose of the grants since they are conditional promises to give.

Property and Equipment

The Organization capitalizes substantial expenditures for property and equipment having a useful life of three (3) or more years. Expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed over the estimated useful lives of three (3) to five (5) years for furniture and equipment.

Investments

Investments are carried at market value. Realized and unrealized gains or losses on investments are recorded in the period in which the gains or losses occur.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three (3) months or less to be cash equivalents.

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1 - Summary of Significant Accounting Policies (continued)

Donated Services

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. When material, the discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

2 - Investments

Investments consisted of the following at December 31,:

	<u>2008</u>	<u>2007</u>
Publicly traded bonds	\$ 62,280	\$ 95,986
Publicly traded stocks	169,647	223,178
Publicly traded municipal bonds	410,300	475,878
Government obligations	—	50,039
	<u>642,227</u>	<u>845,081</u>

3 - Grants Receivable

Grants receivable consisted of the following at December 31,:

Collectible in less than 1 year	605,000	519,967
Collectible in 1-5 years	<u>15,000</u>	<u>265,000</u>
	620,000	784,967
Less allowance for doubtful pledges	<u>3,320</u>	<u>3,320</u>
	<u>\$ 616,680</u>	<u>\$ 781,647</u>

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4 - Property and Equipment

Property and equipment consisted of the following at December 31,:

	2008	2007
Furniture and equipment	\$ 53,989	\$ 85,216
Office renovations	65,913	65,913
	119,902	151,129
Less accumulated depreciation	56,994	81,260
	62,908	69,869

5 - Grants Payable

Grants payable consisted of the following at December 31,:

Payable in less than 1 year	432,500	217,500
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6 - Net Assets Released From Restrictions

Net assets released from restrictions consisted of the following for the years ended December 31,:

Baltimore Neighborhood Collaborative	880,196	1,053,076
SPSC	326,644	207,942
Education Funders Affinity	32,114	17,018
Strategic Initiative	112,731	71,893
Aging Affinity Group	10,454	16,650
Maryland Community Foundation Initiative	16,612	31,083
Accountability	5,513	2,671
B'More Fund	--	1,828
Environmental Funders	21,990	--
Neighborhoods for all Ages	140,379	297,228
Workforce Development	6,288	--
	\$ 1,552,921	\$ 1,699,389

(Continued)

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7 - Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at December 31,:

	<u>2008</u>	<u>2007</u>
Baltimore Neighborhood Collaborative	\$ 902,795	\$ 471,359
Neighborhoods for all Ages	552,393	577,772
SPSC	349,266	214,910
Education Funders Affinity	32,720	25,534
Strategic Initiative	31,896	47,627
Maryland Community Foundation Initiative	31,670	27,032
Workforce Development	19,712	--
Environmental Funders	17,010	--
Aging Affinity Group	14,680	15,134
Accountability	--	5,513
	<u>1,952,142</u>	<u>\$ 1,384,881</u>

8 - Retirement Plan

The Organization has a retirement plan covering all employees under the provisions of Section 403(b) of the Internal Revenue Code. The Organization will contribute 3% of each full-time employee's salary, contingent upon the employee contributing 1% of their salary. Retirement expense was \$ 15,964 and \$ 16,754 for the years ended December 31, 2008 and 2007, respectively.

9 - Commitments

The Organization leases its office under the terms of an operating lease expiring on April 30, 2010. The lease provides for monthly rentals of approximately \$ 3,600. Rent expense was \$ 52,195 and \$ 54,039 for the years ended December 31, 2008 and 2007, respectively.

The Organization leases office equipment under the terms of an operating lease expiring in June 2010. The lease provides for monthly rentals of approximately \$ 300. Rent expense was \$ 3,994 and \$ 3,408 for the years ended December 31, 2008 and 2007, respectively.

Future minimum rental and lease expense is as follows for the years ending December 31,:

2009	47,004
2010	\$ 16,236

(Continued)

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

10 - Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (Code) and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization has been classified as a publicly-supported organization which is not a private foundation under Section 509(a) of the Code.

11 - Credit Risk

The Organization maintains several cash accounts in excess of \$ 250,000, the amount insured by the Federal Deposit Insurance Corporation.

12 - Reclassification

Certain amounts pertaining to 2007 have been reclassified to agree with current year presentation.

13 - Use of Estimates in Financial Statements

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 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 estimates.

ACCOMPANYING INFORMATION

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

DETAIL OF PROGRAMS BY DEPARTMENT

YEAR ENDED DECEMBER 31, 2008

	ABAG SUMMARY	BALTIMORE NEIGHBORHOOD COLLABORATIVE	SPSC	EDUCATION FUNDERS AFFINITY	STRATEGIC INITIATIVE	AGING AFFINITY GROUP	MARYLAND COMMUNITY FOUNDATION INITIATIVE	ACCOUNTABILITY	NEIGHBORHOODS FOR ALL AGES	ENVIRONMENTAL FUNDERS	WORKFORCE DEVELOPMENT	TOTAL
Ordinary income/expense												
Income												
Consultations	\$ 4,900	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 4,900
Grants	33,000	1,311,632	461,000	39,300	97,000	10,000	21,250	--	115,000	39,000	26,000	2,153,182
Investment income	(46,243)	9,775	--	--	--	--	--	--	5,982	--	--	(30,486)
Membership	433,375	--	--	--	--	--	--	--	--	--	--	433,375
Other	29,231	14,779	--	--	--	--	--	--	--	--	--	44,010
Total income	<u>454,263</u>	<u>1,336,186</u>	<u>461,000</u>	<u>39,300</u>	<u>97,000</u>	<u>10,000</u>	<u>21,250</u>	<u>--</u>	<u>120,982</u>	<u>39,000</u>	<u>26,000</u>	<u>2,604,981</u>
Expense												
Payroll & payroll related	368,803	198,965	57,095	--	71,472	--	--	--	--	--	--	696,335
Grants	--	444,120	70,000	--	--	--	--	2,500	130,000	--	--	646,620
Professional fees	18,826	169,358	177,075	24,524	16,901	9,630	135	--	16,250	18,690	6,100	457,489
Office	59,360	20,536	7,254	443	9,244	138	731	745	20	--	27	98,498
Occupancy	43,421	22,680	8,349	264	1,293	180	120	--	91	--	12	76,410
Workshops, meetings and travel	21,352	24,495	4,907	4,583	10,440	506	1,660	2,268	--	300	149	70,660
Website	7,395	769	400	--	400	--	466	--	--	--	--	9,430
Professional development	2,712	9,680	1,519	300	2,981	--	--	--	--	--	--	17,192
Other	869	1,647	45	--	--	--	--	--	--	--	--	2,561
Depreciation	6,960	--	--	--	--	--	--	--	--	--	--	6,960
Overhead	(31,000)	12,500	--	2,000	--	--	13,500	--	--	3,000	--	--
Total expense	<u>498,698</u>	<u>904,750</u>	<u>326,644</u>	<u>32,114</u>	<u>112,731</u>	<u>10,454</u>	<u>16,612</u>	<u>5,513</u>	<u>146,361</u>	<u>21,990</u>	<u>6,288</u>	<u>2,082,155</u>
Change in net assets	(44,435)	431,436	134,356	7,186	(15,731)	(454)	4,638	(5,513)	(25,379)	17,010	19,712	522,826
Net assets - beginning of year	<u>987,614</u>	<u>471,359</u>	<u>214,910</u>	<u>25,534</u>	<u>47,627</u>	<u>15,134</u>	<u>27,032</u>	<u>5,513</u>	<u>577,772</u>	<u>--</u>	<u>--</u>	<u>2,372,495</u>
Net assets - end of year	<u>\$ 943,179</u>	<u>\$ 902,795</u>	<u>\$ 349,266</u>	<u>\$ 32,720</u>	<u>\$ 31,896</u>	<u>\$ 14,680</u>	<u>\$ 31,670</u>	<u>\$ --</u>	<u>\$ 552,393</u>	<u>\$ 17,010</u>	<u>\$ 19,712</u>	<u>\$ 2,895,321</u>