

GRANTMAKER'S FUNDAMENTALS SERIES: NONPROFIT FINANCE

May 19th, 2022



BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



BDO FMA

Today's Presentation Team



JENNIFER PEDRONI

Director, BDO FMA

She/Her



MELISSA CAMERON

Manager, BDO FMA

She/Her



What is your comfort level in assessing grantee financial health?

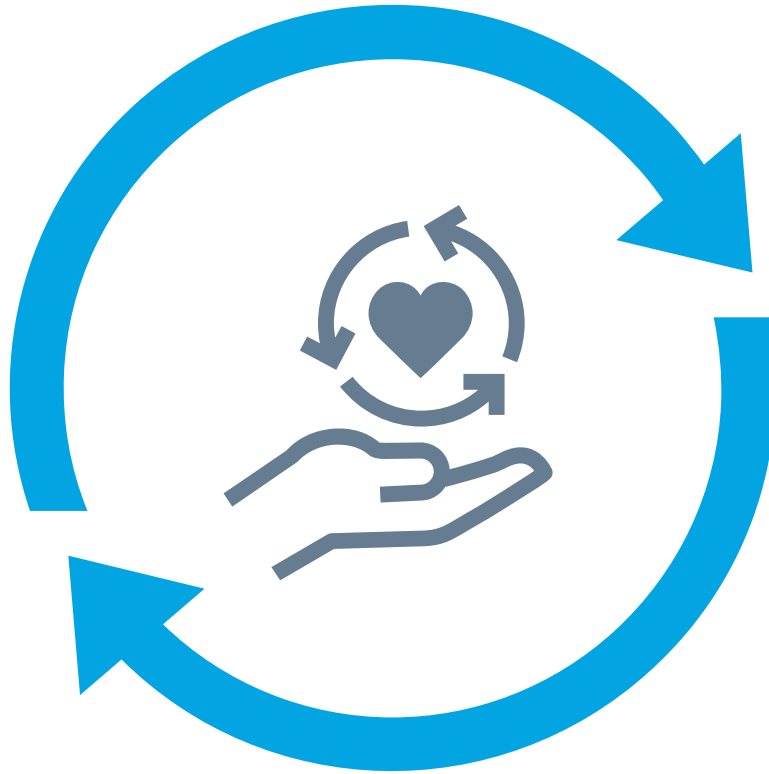
1	Very comfortable
2	Somewhat comfortable
3	Somewhat uncomfortable
4	Very uncomfortable

Overall Due Diligence

Financial due diligence connects to all aspects of overall due diligence.



Aligning Financial Due Diligence with Values



What kind of relationship do you want to have with your grantees?

“

*At its core, financial
management is about the
allocation of resources.*

It is not neutral.

We make choices.

”

HILDA POLANCO
Managing Partner, BDO FMA

Equity and Financial Health

KEY CONSIDERATIONS



Historical Inequities

- ▶ Who has access to general support grants
- ▶ Impacts of underfunding for communities of color on financial health (e.g., cash on hand and levels of reserves)



Resources

- ▶ The cost and time-burden of financial reporting and undergoing audits
- ▶ Access to full-time finance, development and grant writing staff



Funder Practices

- ▶ Harms of capping indirect costs and reimbursement-based contracts
- ▶ Limitations on the percentage of an applicant's overall budget that can be funded



Grantee Financial Documents

Poll: What financial information do you collect from your grantees (select all that apply)

1	Audited Financial Statements
2	IRS Form 990
3	Annual Budgets
4	Project Budgets
5	Internal Financial Statements
6	Other

Key Financial Documents

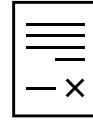
Document	What do I learn from it?	How is it different from others?
Audited Financial Statements	Financials for most recently audited year	<ul style="list-style-type: none"> ▶ Presents revenue and net assets by restriction ▶ Shows board designated assets ▶ Has informative “notes”
IRS Form 990	Financials for most recently completed year	Disclosures related to <ul style="list-style-type: none"> ▶ Program accomplishments ▶ Governance ▶ Compensation
Internal Budget	Management’s plans for current (or future) year	<ul style="list-style-type: none"> ▶ Includes assumptions ▶ Based on goals
Internal Financial Reports	Most current financial information. May include cash flow projection.	<ul style="list-style-type: none"> ▶ Interim financials may not be fully “adjusted”

Differences in Data: 990 & Audit



Form 990

- ▶ No detail about donor restrictions on revenue
- ▶ Board designated net assets not shown
- ▶ In-kind donations of services not recognized
- ▶ Sales of merchandise, special events, and rental activities are shown net of expenses
- ▶ Management & Governance info included



Audit

- ▶ Shows donor restrictions
- ▶ Shows board designated net assets
- ▶ Recognizes In-kind donations of goods AND services
- ▶ These may also be net of expenses, not always
- ▶ Conforms to Generally Accepted Accounting Principles (GAAP)—not required of data in the 990



IRS Form 990

FORM 990
What is it?

1

Information return for organizations exempt from income tax

2

Provides the **IRS and state charity agencies** with information to assist them in enforcing the laws governing nonprofits

3

The **most publicly available document** about an organization

Statement of Financial Position (Balance Sheet)

What is Owned



- Cash
- Receivables
- Investments
- Fixed Assets

What is Owed



- Bills Due
- Line of Credit
- Deferred Revenue
- Debt



Net Worth



- Without Donor Restriction
 - Board Designated
 - Fixed Assets
 - Other
- With Donor Restriction
 - Temp restricted
 - Perm restricted

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part IX

990: Balance Sheet (Part X)

BALTIMORE OFFICE OF PROMOTION & THE ARTS, INC.
AND BALTIMORE FESTIVAL OF THE ARTS, INC.

		(A)		(B)
		Beginning of year		End of year
Assets	1 Cash—non-interest-bearing	73,691	1	293,424
	2 Savings and temporary cash investments	275,848	2	58,460
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	3,290,227	4	280,584
	5 Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B)		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	80,394	9	31,541
	0a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 1,477,933		
	b Less: accumulated depreciation	10b 890,417	612,403	10c 587,516
	11 Investments—publicly traded securities	1,094,188	11	1,146,298
	12 Investments—other securities. See Part IV, line 11		12	
	13 Investments—program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	1,197,360	15	1,949,079
16 Total assets. Add lines 1 through 15 (must equal line 34)	6,624,111	16	4,346,902	
Liabilities	17 Accounts payable and accrued expenses	285,873	17	277,556
	18 Grants payable		18	
	19 Deferred revenue	200,777	19	293,566
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	527,446
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17 - 24). Complete Part X of Schedule D	304,811	25	330,862
	26 Total liabilities. Add lines 17 through 25	791,461	26	1,429,430
Net Assets or Fund Balance	Organizations that follow FASB ASC 958, check here <input checked="" type="checkbox"/> and complete lines 27, 28, 29, and 30.			
	27 Net assets without donor restrictions	2,179,326	27	2,270,087
	28 Net assets with donor restrictions	3,653,324	28	647,385
	Organizations that do not follow FASB ASC 958, check here <input type="checkbox"/> and complete lines 29 through 33.			
	29 Capital stock or trust principal, or current funds		29	
	30 Paid-in or capital surplus, or land, building or equipment fund		30	
	31 Retained earnings, endowment, accumulated income, or other funds		31	
32 Total net assets or fund balances	5,832,650	32	2,917,472	
33 Total liabilities and net assets/fund balances	6,624,111	33	4,346,902	

Statement of Activities

What We Earned

What We Spent

Our Results



FRONT PAGE
Part I,
Summary

Form **990**
Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2019

Open to Public Inspection

A For the 2019 calendar year, or tax year beginning 07-01-2019, and ending 06-30-2020

- B** Check if applicable:
- Address change
 - Name change
 - Initial return
 - Final return/terminated
 - Amended return
 - Application pending

C Name of organization
BALTIMORE OFFICE OF PROMOTION AND THE ARTS INC

Doing business as

Number and street (or P.O. box if mail is not delivered to street address) Room/suite
10 EAST BALTIMORE STREET 10TH FLOOR

City or town, state or province, country, and ZIP or foreign postal code
BALTIMORE, MD 21202

D Employer identification number

90-0091850

E Telephone number

(410) 752-8632

G Gross receipts \$ 5,894,612

F Name and address of principal officer:
BRIAN WENTZ
10 EAST BALTIMORE STREET 10TH FLOOR
BALTIMORE, MD 21202

H(a) Is this a group return for subordinates? Yes No

H(b) Are all subordinates included? Yes No

If "No," attach a list. (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status: 501(c)(3) 501(c) () ◀ (insert no.) 4947(a)(1) or 527

J Website: ▶ WWW.PROMOTIONANDARTS.ORG

K Form of organization: Corporation Trust Association Other ▶

L Year of formation: 2002

M State of legal domicile:
MD

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: THE BALTIMORE OFFICE OF PROMOTION & THE ARTS (BOPA) WAS CREATED IN 2002 WITH A MISSION TO MAKE BALTIMORE A MORE VIBRANT AND CREATIVE CITY. BOPA IS RESPONSIBLE FOR PRODUCING FESTIVALS, SPECIAL EVENTS AND PROMOTIONS THROUGHOUT BALTIMORE. BOPA AIMS TO NURTURE AND ADVANCE THE ARTS ON BEHALF OF ALL CITIZENS OF BALTIMORE AND THE REGION WITH PROGRAMS AND ACTIVITIES THAT INSPIRE THE ARTIST, BUILD A CREATIVE COMMUNITY, GENERATE A VIBRANT ECONOMY, SHOWCASE THE ARTS, MANAGE LANDMARK ATTRACTIONS AND DEVELOP NEW EVENTS.		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	12
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	12
	5 Total number of individuals employed in calendar year 2019 (Part V, line 2a)	5	127
	6 Total number of volunteers (estimate if necessary)	6	300
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
	b Net unrelated business taxable income from Form 990-T, line 39	7b	0

FRONT PAGE

Part I, Summary

		Prior Year	Current Year
Revenue	8 Contributions and grants (Part VIII, line 1h)	5,017,118	4,478,033
	9 Program service revenue (Part VIII, line 2g)	842,784	425,772
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	109,441	60,206
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	144,902	-38,165
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	6,114,245	4,925,846
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	556,332	600,720
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	3,097,746	2,678,016
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶449,772		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	2,284,815	1,670,105
	18 Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	5,938,893	4,948,841
19 Revenue less expenses. Subtract line 18 from line 12	175,352	-22,995	
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	6,624,111	4,346,902
	21 Total liabilities (Part X, line 26)	791,461	1,429,430
22 Net assets or fund balances. Subtract line 21 from line 20	5,832,650	2,917,472	

990: Statement of Revenues (Pt VIII)

Part VIII		Statement of Revenue		Page 9		
Check if Schedule O contains a response or note to any line in this Part VIII <input type="checkbox"/>						
		(A)	(B)	(C)	(D)	
		Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512 - 514	
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d				
	e Government grants (contributions)	1e	3,999,214			
	f All other contributions, gifts, grants, and similar amounts not included above	1f	478,809			
	g Noncash contributions included in lines 1a - 1f:	1g				
	h Total. Add lines 1a-1f		4,478,033			
			Business Code			
Program Service Revenue	2a EVENT REVENUE	900099	259,933	259,933		
	b FEE FOR SERVICE	900099	165,839	165,839		
	c					
	d					
	e					
	f All other program service revenue					
	9 Total. Add lines 2a-2f.		425,772			
3 Investment income (including dividends, interest, and other similar amounts)		18,669			18,669	
4 Income from investment of tax-exempt bond proceeds						
5 Royalties						
Other Revenue	6a Gross rents	(i) Real				
		(ii) Personal				
	6a	188,352				
	b Less: rental expenses	6b	257,143			
	c Rental income or (loss)	6c	-68,791			
	d Net rental income or (loss)		-68,791			-68,791
	7a Gross amount from sales of assets other than inventory	(i) Securities				
		(ii) Other				
	7a	743,071				
	b Less: cost or other basis and sales expenses	7b	701,534			
	c Gain or (loss)	7c	41,537			
	d Net gain or (loss)		41,537			41,537
	8a Gross income from fundraising events (not including contributions reported on line 1c). See Part IV, line 18	8a				
	b Less: direct expenses	8b				
c Net income or (loss) from fundraising events						
9a Gross income from gaming activities. See Part IV, line 19	9a					
b Less: direct expenses	9b					
c Net income or (loss) from gaming activities						
10a Gross sales of inventory, less returns and allowances	10a	22,488				
b Less: cost of goods sold	10b	10,089				
c Net income or (loss) from sales of inventory		12,399	12,399			
Miscellaneous Revenue		Business Code				
11a MISC INCOME	900099	18,227	18,227			
b						
c						
d All other revenue						
e Total. Add lines 11a-11d		18,227				
12 Total revenue. See instructions						

990: Statement of Revenues (Pt VIII)

Form 990 (2019)

Page 9

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512 - 514
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d				
	e Government grants (contributions)	1e	3,999,224			
	f All other contributions, gifts, grants, and similar amounts not included above	1f	478,809			
	g Noncash contributions included in lines 1a - 1f: \$	1g				
	h Total. Add lines 1a-1f		4,478,033			

Program Service Revenue		Business Code	(A)	(B)	(C)	(D)
2a EVENT REVENUE		900099	259,933	259,933		
b FEE FOR SERVICE		900099	165,879	165,879		
c						
d						
e						
f All other program service revenue.						
g Total. Add lines 2a-2f.			425,772			

990: Statement of Revenues (Pt VIII)

		3 Investment income (including dividends, interest, and other similar amounts)	18,669			18,669
		4 Income from investment of tax-exempt bond proceeds				
		5 Royalties				
			(i) Real	(ii) Personal		
Other Revenue	6a Gross rents	6a	188,352			
	b Less: rental expenses	6b	257,143			
	c Rental income or (loss)	6c	-68,791			
	d Net rental income or (loss)		-68,791			-68,791
			(i) Securities	(ii) Other		
	7a Gross amount from sales of assets other than inventory	7a	743,071			
	b Less: cost or other basis and sales expenses	7b	701,534			
	c Gain or (loss)	7c	41,537			
	d Net gain or (loss)		41,537			41,537
	8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	8a				
	b Less: direct expenses	8b				
	c Net income or (loss) from fundraising events					
	9a Gross income from gaming activities. See Part IV, line 19	9a				
	b Less: direct expenses	9b				
	c Net income or (loss) from gaming activities					
	10a Gross sales of inventory, less returns and allowances	10a		22,488		
	b Less: cost of goods sold	10b		10,089		
	c Net income or (loss) from sales of inventory			12,399	12,399	
		Miscellaneous Revenue	Business Code			
	11a MISC INCOME		900099	18,227	18,227	
	b _____					
	c _____					
	d All other revenue					
		e Total. Add lines 11a-11d				
		12 Total revenue. See instructions	4,925,846	456,398	0	-8,585

990: Statement of Expenses (Pt IX)

Form 990 (2019) Page 10				
Part IX Statement of Functional Expenses				
Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).				
Check if Schedule O contains a response or note to any line in this Part IX <input checked="" type="checkbox"/>				
Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21	328,495	328,495		
2 Grants and other assistance to domestic individuals. See Part IV, line 22	272,225	272,225		
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16.				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	223,614	129,466	61,791	32,357
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	2,454,402	1,362,176	716,845	375,381
8 Pension plan accruals and contributions (include section 401 (k) and 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees):				
a Management				
b Legal				
c Accounting	203,034		203,034	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	591,815	525,694	66,121	
12 Advertising and promotion	146,135	143,012		3,123
13 Office expenses				
14 Information technology	69,571	51,725	17,824	22
15 Royalties				
16 Occupancy	217,238	158,411	58,827	
17 Travel	28,474	17,762	8,486	2,226
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	9,741		9,741	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	62,023	15,999	41,523	4,501
23 Insurance	65,665	30,664	35,001	
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a BAD DEBT EXPENSE	118,616		118,616	
b MISCELLANEOUS	91,882	61,246		30,636
c EQUIPMENT RENTAL	53,901	49,208	4,693	0
d FOOD AND BEVERAGE	12,010	6,959	3,525	1,526
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	4,948,841	3,153,042	1,346,027	449,772
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Governance, Management & Policies

Form 990 provides disclosures about several polices and practices



DISCLOSE

- ▶ Mission and program service accomplishments (3 largest programs)
- ▶ Officers, directors and key employees, including compensation and turnover




DID THE ORG...

- ▶ Use management company?
- ▶ Change organizational documents?



PROCESS

- ▶ Conflict of Interest
- ▶ Whistle Blower Policy
- ▶ Document retention and destruction



Audited Financial Statements

Audit Requirements Differ by State

Maryland

- Nonprofits with annual revenue of \$750,000 or above must undergo an audit.
- Revenue between \$300,000 - \$750,000 must have a financial review.

Pennsylvania

- Nonprofits with annual revenue of \$750,000 or above must undergo an audit
- Revenue between \$250,000 and \$750,000 must have “reviewed OR audited” financial statements
- Revenue between \$100,000 to \$250,000 must have “compiled, reviewed, OR audited” financial statements

Delaware

- No state law requirement

See the National Council of Nonprofits' Audit Guide for regulations for other states: www.councilofnonprofits.org/nonprofit-audit-guide

Reviews and Compilations

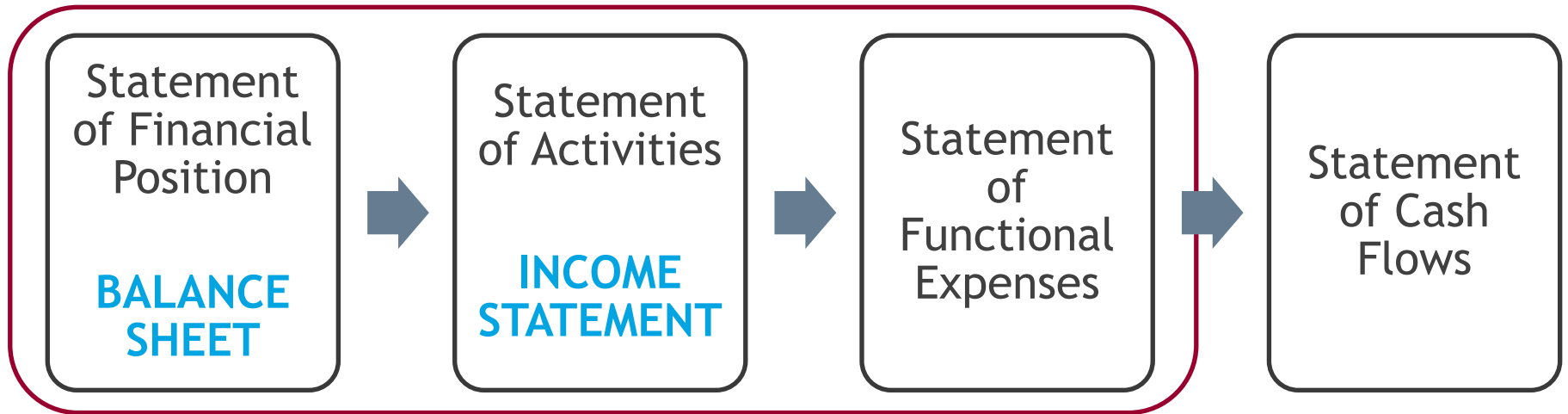
Reviews

- ▶ CPA does not offer an opinion and provides “limited assurance”
- ▶ Includes inquiries of organization personnel and analytical procedures

Compilations

- ▶ CPA provides “no assurance,” but generally states:
- ▶ “A compilation is limited to **presenting in the form of financial statements, information that is the representation of management.** We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.”

Audited Financial Statements



Opinion Letter

Notes

Management Letter

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Baltimore Office of Promotion & The Arts, Inc. and
Baltimore Festival of the Arts, Inc.

We have audited the accompanying combined financial statements of Baltimore Office of Promotion & The Arts, Inc. and Baltimore Festival of the Arts, Inc. (collectively referred to as the Organization), which comprise the combined statements of financial position as of June 30, 2021 and 2020, the combined related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these combined 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 the financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these combined 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 combined financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 estimates made by



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management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Baltimore Office of Promotion & The Arts, Inc. and Baltimore Festival of the Arts, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

REPORT ON COMBINING INFORMATION

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining statements of financial position and activities are presented for purposes of additional analysis of the combined financial statements rather than to present the financial position and results of operating of the individual organizations and is not a required part of the combined 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 combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated in all material respects in relation to the combined financial statements as a whole.

SC&H Attest Services, P.C.

Understanding Audit Opinions

“Unqualified”

- Financials are fairly presented. This indicates a “clean” audit.

“Qualified - Going Concern”

- Indicates the organization’s ability to continue into the future is in doubt.

“Qualified - Other”

- Indicates the auditor did not receive sufficient information to make an unqualified opinion.

“Adverse”

- Indicates financial statements are misrepresented, misstated, and/or do not represent the organization’s financial condition.

BALTIMORE OFFICE OF PROMOTION & THE ARTS, INC. AND BALTIMORE FESTIVAL OF THE ARTS, INC.

Combined Statements of Financial Position

As of June 30,	2021	2020
Assets		
Cash and cash equivalents	\$ 478,125	\$ 431,370
Accounts receivable, net	167,526	283,584
Investments	1,442,641	1,170,008
Due from affiliates	352,437	313,430
Prepaid expenses	31,369	31,541
Property and equipment, net	554,776	628,022
Deposits	13,090	13,090
Total Assets	\$ 3,039,964	\$ 2,871,045
Liabilities and Net Assets		
Liabilities		
Line of credit	\$ 200,000	\$ 400,000
Paycheck Protection Program deferred income (Note 10)	-	127,446
Accounts payable and accrued expenses	378,876	292,299
Accrued payroll and compensated leave	208,949	232,247
Deferred revenue	446,021	373,829
Deferred rent	22,689	52,744
Deposits	3,000	4,250
Capital lease obligations	32,846	42,921
Total Liabilities	1,292,381	1,525,736
Commitments and Contingencies (Note 9)		
Net Assets		
Without donor restrictions	997,266	455,750
With donor restrictions	750,317	889,559
Total Net Assets	1,747,583	1,345,309
Total Liabilities and Net Assets	\$ 3,039,964	\$ 2,871,045

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

Statement of Activities

Organizational Performance

- Revenues by type and restriction
- Expenses broken out functionally
- Fiscal year's operating results

Revenues Released from Restriction

- Amount released from restriction
- Balance of Net Assets with Donor Restriction being carried forward into the next year

BALTIMORE OFFICE OF PROMOTION & THE ARTS, INC.
AND BALTIMORE FESTIVAL OF THE ARTS, INC.

Combined Statement of Activities
For the Year Ended June 30, 2021
(with Comparative Totals for June 30, 2020)

	Without donor restrictions	With donor restrictions	Total 2021	Total 2020
Revenues				
Government	\$ 218,254	\$ 2,836,941	\$ 3,055,195	\$ 4,056,845
Sponsorship	80,851	6,579	87,430	1,508,769
Fee for service	118,193	262,410	380,603	976,997
Philanthropic	36,792	182,040	218,832	655,828
Investment income, net	271,143	-	271,143	51,834
Other income	15,250	-	15,250	17,064
Net assets released from restrictions	3,427,212	(3,427,212)	-	-
Total Revenues	4,167,696	(139,242)	4,028,453	7,267,337
Expenses				
Program Services				
Cultural affairs & communication	1,516,556	-	1,516,556	2,063,800
Artscape	-	-	-	937,626
Festival & events	482,465	-	482,465	485,687
Attraction & facilities	517,855	-	517,855	655,511
Light City Baltimore	-	-	-	1,948,019
Film office	209,448	-	209,448	215,276
Total Program Services	2,726,324	-	2,726,324	6,305,919
Support Services				
Administration	1,123,941	-	1,123,941	1,610,511
Fundraising	522,460	-	522,460	449,772
Total Support Services	1,646,401	-	1,646,401	2,060,283
Total Expenses	4,372,725	-	4,372,725	8,366,202
Other Income				
Paycheck Protection Program (Note 10)	746,546	-	746,546	561,109
Change in Net Assets	541,516	(139,242)	402,274	(537,756)
Net Assets, Beginning of Year	455,750	889,559	1,345,309	1,883,065
Net Assets, End of Year	\$ 997,266	\$ 750,317	\$ 1,747,583	\$ 1,345,309

The accompanying notes are an integral part of this combined financial statement.



Notes to the Financial Statements

Review carefully:

- ▶ Donor concentration
- ▶ Liquidity and availability
- ▶ Related party transactions
- ▶ Going concern
- ▶ Litigation
- ▶ Commitments and contingencies
- ▶ Subsequent events
- ▶ Paycheck Protection Program

Thoughts & Questions

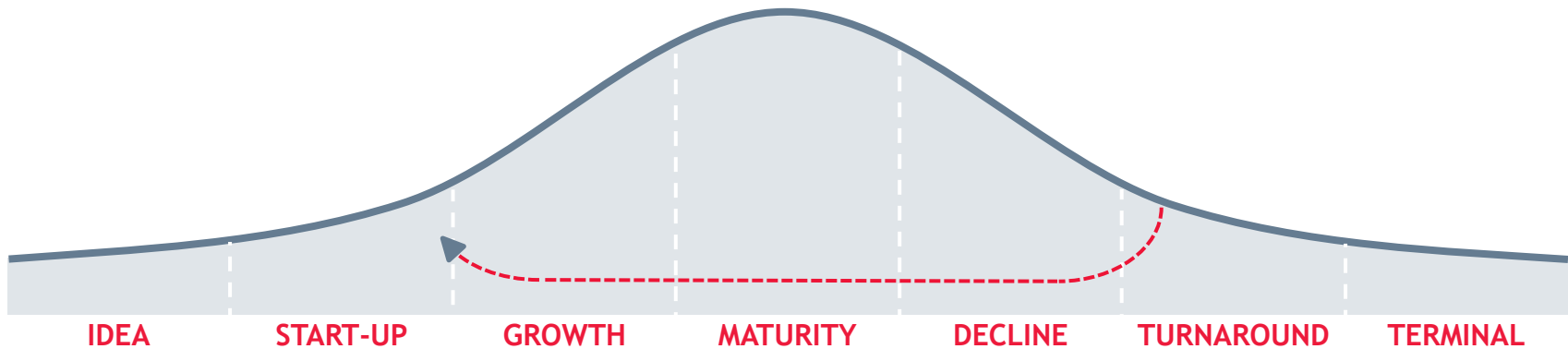




Important Considerations

Nonprofit Lifecycles

Each lifecycle stage brings different challenges and opportunities



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Excerpted from the book *Nonprofit Lifecycles: Stage-based Wisdom for Nonprofit Capacity*.



Lifecycles & Due Diligence

START-UP ORGANIZATIONS

▶ Summary:

- May be challenging to get financial reports
- Fiscally sponsored projects
- Little trend analysis (if new)

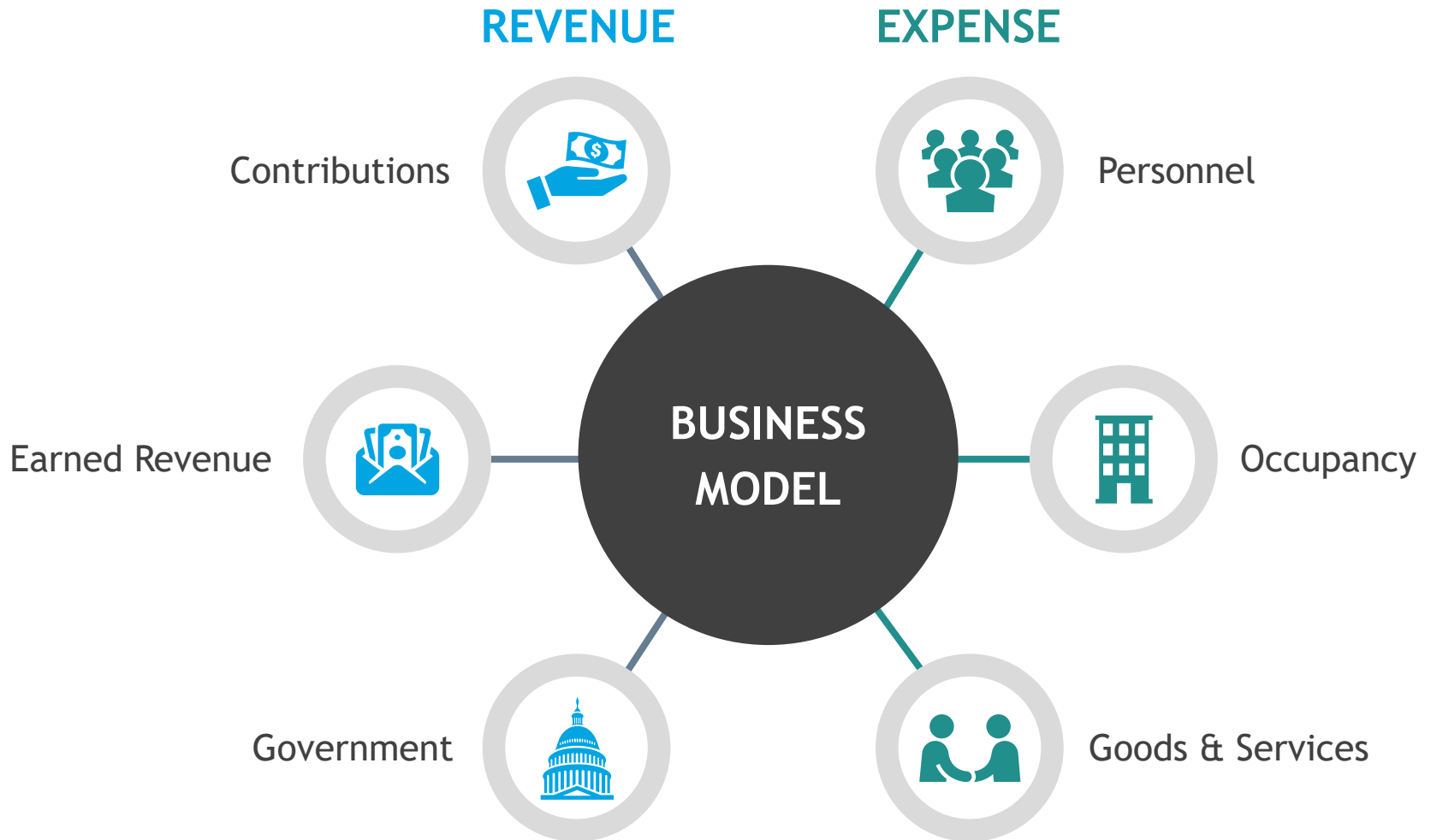
▶ Budget:

- Consultant lines for outsourced operations
- Relatively little revenue diversification
- Lean business model with limited surpluses

▶ Balance Sheet:

- Relatively simple
- Unrestricted Net Assets and LUNA likely similar

Business Model





Internal Financial Statements

Key Financial Documents

Document	What do I learn from it?	How is it different from others?
Audited Financial Statements	Financials for most recently audited year	<ul style="list-style-type: none"> ▶ Presents revenue and net assets by restriction ▶ Shows board designated assets ▶ Has informative “notes”
IRS Form 990	Financials for most recently completed year	Disclosures related to <ul style="list-style-type: none"> ▶ Program accomplishments ▶ Governance ▶ Compensation
Internal Budget	Management’s plans for current (or future) year	<ul style="list-style-type: none"> ▶ Includes assumptions ▶ Based on goals
Internal Financial Reports	Most current financial information. May include cash flow projection.	<ul style="list-style-type: none"> ▶ Interim financials may not be fully “adjusted”

The Operating Budget

CRITICAL QUESTIONS

- ▶ Has the organization built a surplus or deficit into the budget? If a deficit, does the organization have the reserves to finance this deficit?
- ▶ How does this budget compare to prior year trends? Are there significant changes in any revenue or expense category?
- ▶ What is the organization's revenue mix? Do they have unrestricted revenue sources?
- ▶ Are funds raised in the past for the current year reflected (satisfaction of restrictions)?
- ▶ What percentage of the total organizational budget does the grant represent?



Thoughts & Questions





Break

Key Financial Health Metrics

Strength of Business Model

Operating Results

Liquidity

Months of Cash

Reserves

Months of LUNA (Liquid Unrestricted Net Assets)

Operating Results

What We Earned

What We Spent

Our Results



FRONT PAGE

Part I, Summary

		Prior Year	Current Year
Revenue	8 Contributions and grants (Part VIII, line 1h)	5,017,118	4,478,033
	9 Program service revenue (Part VIII, line 2g)	842,784	425,772
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	109,441	60,206
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	144,902	-38,165
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	6,114,245	4,925,846
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	556,332	600,720
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	3,097,746	2,678,016
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶449,772		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	2,284,815	1,670,105
	18 Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	5,938,893	4,948,841
19 Revenue less expenses. Subtract line 18 from line 12	175,352	-22,995	
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	6,624,111	4,346,902
	21 Total liabilities (Part X, line 26)	791,461	1,429,430
	22 Net assets or fund balances. Subtract line 21 from line 20	5,832,650	2,917,472

BALTIMORE OFFICE OF PROMOTION & THE ARTS, INC.
AND BALTIMORE FESTIVAL OF THE ARTS, INC.

Combined Statement of Activities
For the Year Ended June 30, 2021
(with Comparative Totals for June 30, 2020)

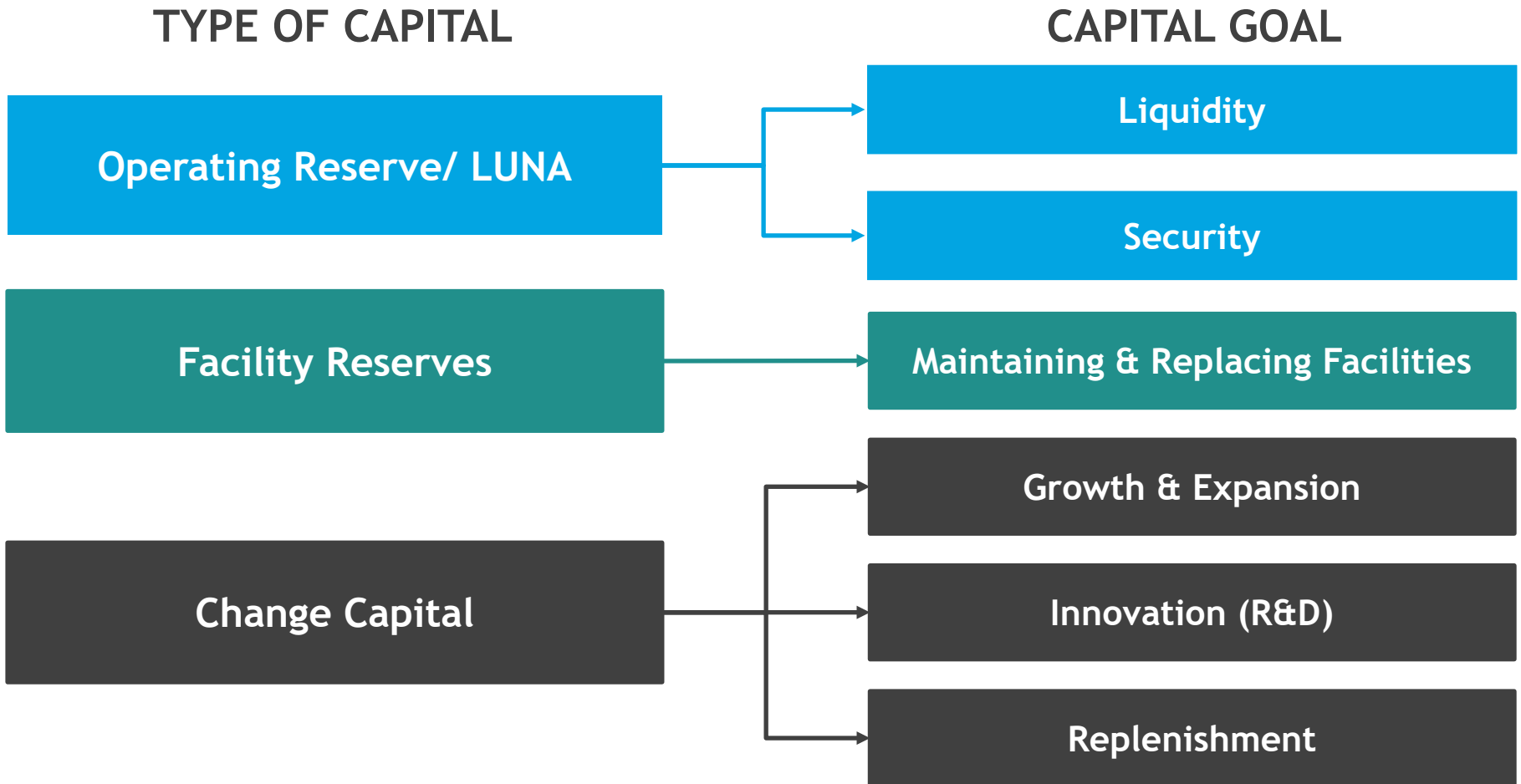
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Fundraising	522,460	-	522,460	449,772
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Total Expenses	4,372,725	-	4,372,725	8,366,202
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Net Assets, End of Year	\$ 997,266	\$ 750,317	\$ 1,747,583	\$ 1,345,309

Operating Results



The accompanying notes are an integral part of this combined financial statement.

Capital for Change & Security



Liquid Unrestricted Net Assets (LUNA)

Our Unrestricted
Net Worth



Unavailable Net
Worth



Operating
Reserves

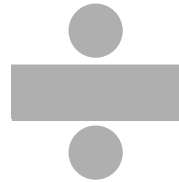


Months of LUNA

Operating
reserves

What is spent on
average per
month

Months of LUNA



Poll: How Many Months of LUNA Should an Organization Have?

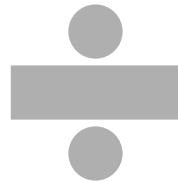
1	Less than a month
2	1-3 months
3	3-6 months
4	6+ months

Months of Cash on Hand

Money in
the Bank

What We Spent
on Average Per
Month

Operating
Runway



Thoughts & Questions



GuideStar Financial Trends Analysis (FTA)

Financial Trends Analysis

The dashboard below provides a snapshot of key financial trends and ratios, drawing from up to five years of the most recent Form 990 data available on GuideStar.org.

Business Model Indicators

Profitability	2014	2015	2016	2017	2018
Unrestricted surplus (deficit) before depreciation	\$438,394	-\$29,471	\$162,634	\$585,713	\$184,478
As a % of expenses	41.5%	-2.7%	13.3%	45.4%	13.3%
Unrestricted surplus (deficit) after depreciation	\$436,797	-\$31,096	\$161,001	\$584,071	\$183,381
As a % of expenses	41.3%	-2.8%	13.2%	45.2%	13.2%

Revenue Composition

Total revenue (unrestricted & restricted)	\$702,203	\$2,239,721	\$1,258,552	\$1,788,755	\$1,386,586
Total revenue, % change over prior year	-20.3%	219.0%	-43.8%	42.1%	-22.5%
Program services revenue	0.0%	0.0%	0.0%	0.0%	0.0%
Membership dues	0.0%	0.0%	0.0%		
Investment income	0.0%	0.0%	0.0%		
Government grants	0.0%	0.0%	6.8%		
All other grants and contributions	95.7%	99.6%	92.6%		
Other revenue	4.3%	0.4%	0.6%		

Expense Composition

Total expenses before depreciation	\$1,055,508	\$1,090,154	\$1,220,093		
Total expenses, % change over prior year	-3.7%	3.3%	11.9%		
Personnel	77.4%	75.8%	61.7%		
Professional Fees	5.8%	7.6%	4.4%		
Occupancy	8.9%	9.0%	5.2%		
Interest	0.0%	0.0%	0.0%		
Pass-Through	0.0%	0.0%	22.3%		
All other expenses	8.0%	7.5%	6.4%		

Capital Structure Indicators

Liquidity	2014	2015	2016	2017	2018
Months of cash	8.3	14.0	12.5	16.3	19.2
Months of cash and investments	8.3	14.0	12.5	16.3	19.2
Months of estimated liquid unrestricted net assets	5.2	4.8	5.9	11.0	11.8

Balance Sheet Composition

Cash	\$726,587	\$1,274,780	\$1,271,406	\$1,755,108	\$2,219,105
Investments	\$0	\$0	\$0	\$0	\$0
Receivables	\$180,282	\$842,997	\$895,715	\$898,696	\$458,783
Gross land, buildings, and equipment (LBE)	\$43,963	\$16,959	\$16,959	\$21,214	\$7,621
Accumulated depreciation (% of LBE)	87.9%	85.1%	94.7%	83.4%	41.1%
Liabilities (as % of assets)	5.2%	2.9%	3.6%	2.4%	3.3%
Unrestricted net assets	\$466,701	\$435,605	\$596,606	\$1,180,677	\$1,364,058
Temporarily restricted net assets	\$423,384	\$1,640,000	\$1,515,825	\$1,429,600	\$1,245,053
Permanently restricted net assets	\$0	\$0	\$0	\$0	\$0
Total restricted net assets	\$423,384	\$1,640,000	\$1,515,825	\$1,429,600	\$1,245,053
Total net assets	\$890,085	\$2,075,605	\$2,112,431	\$2,610,277	\$2,609,111

- ▶ 5 years of data (showing trends; notably, pre-COVID for a while longer)
- ▶ Key metrics already calculated
- ▶ Note: Access to Financial Trends Analysis requires GuideStar Pro subscription--\$2k/yr per user; \$350/mo, cancelable

Financial Scan

Baltimore Office of Promotion and the Arts

2016-2020

www.promotionandarts.org

EIN: 90-0091850

Report generation on: 05/11/2022



Mission Statement

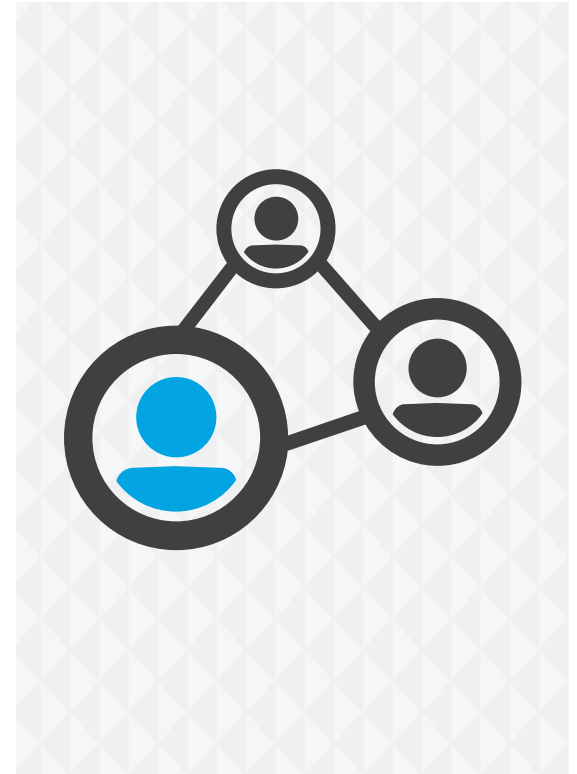
The Baltimore Office of Promotion & The Arts is a nonprofit cultural organization that inspires and engages audiences and cultivates the city's creative economy through the arts, events and film industry.

Table of Contents

Financial Trends Analysis	2
Profitability	4
Revenue Composition	5

Analysis Activity

- **Download** the document found in chat.
- Once you are in your breakout room, ask one team member to **open the document and share their screen**.
- Review the financial metrics and **discuss**
 1. What do these metrics tell you about the financial health of the organization?
 2. How much liquidity does this organization have to withstand economic changes or invest in program innovation?
 3. What questions might you have for the organization?



Thoughts & Questions





Resources & Wrap Up

Grantmaker Toolkit

bdofma.com/solutions/toolkit-for-grantmakers/



The screenshot shows the BDO FMA website header with the logo on the left and navigation links (WHO WE ARE, WHAT WE DO, CONTACT) and a search bar on the right. The main heading reads "TOOLKIT FOR GRANTMAKERS". A breadcrumb trail at the bottom right of the header indicates the path: Home → Solutions → Toolkit for Grantmakers. The main content area features the heading "SOLUTIONS" followed by "Essential Tools" and the subtext "To optimize your due diligence work".



Articles

Cash Flow in the Nonprofit Business Model: A Question of Whats and Whens, Hilda Polanco and John Summers, February 2020:

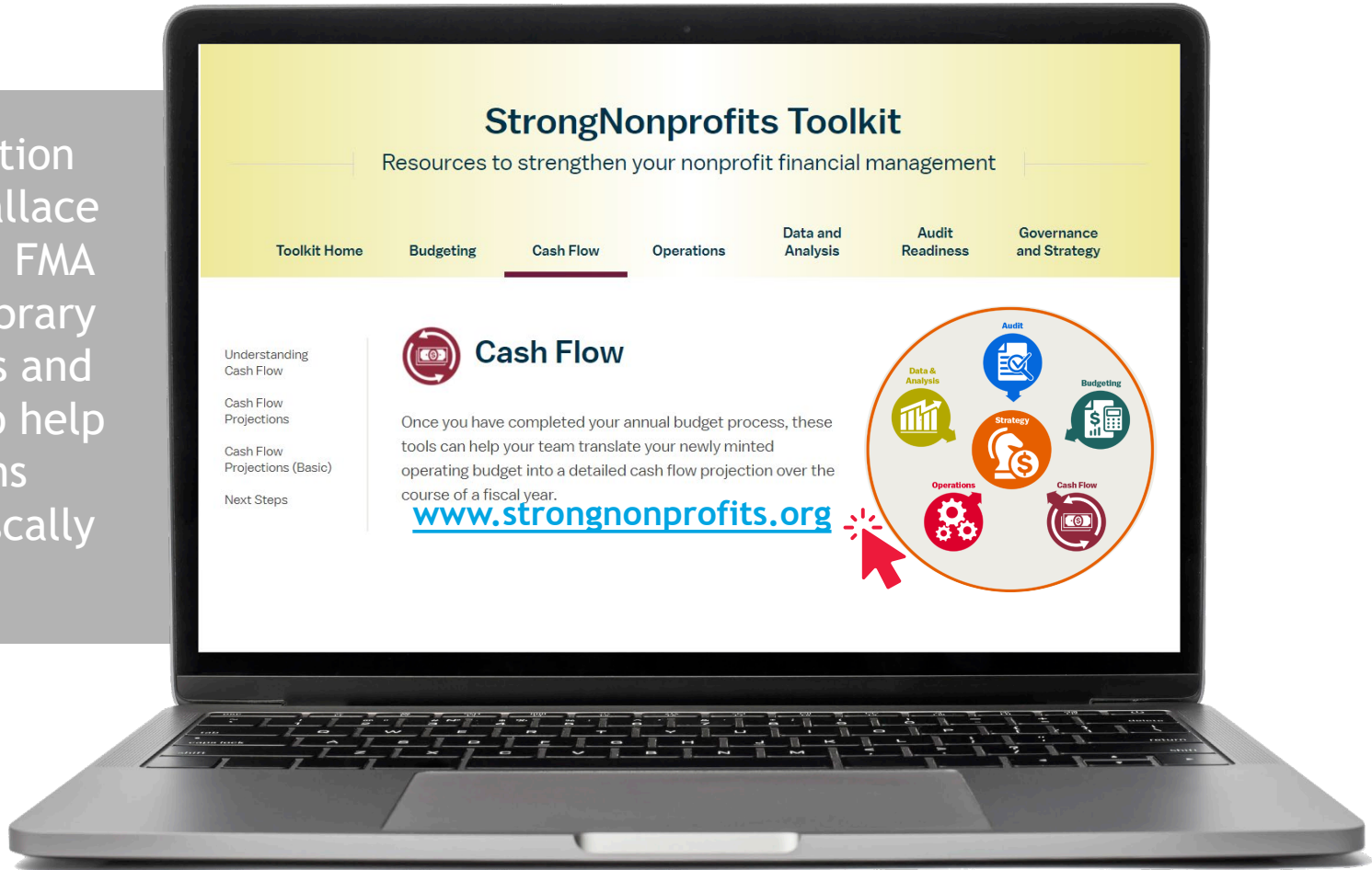
<https://nonprofitquarterly.org/cash-flow-nonprofit-business-model-question-whats-whens/>

Keeping it in Reserve: Grantmaking for a Rainy Day. Hilda Polanco and John Summers, Nonprofit Quarterly, May 2016:

<https://nonprofitquarterly.org/2016/05/02/keeping-it-in-reserve-grantmaking-for-a-rainy-day/>

Resources for Your Grantees

In collaboration with the Wallace Foundation, FMA created a library of free tools and resources to help organizations become “fiscally fit”.



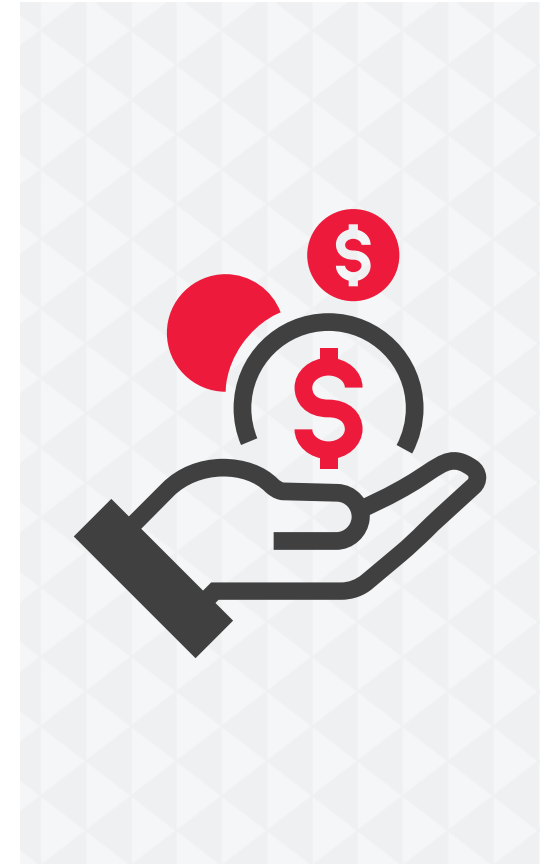
About BDO FMA

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- ▶ Established in 1999 to serve not-for-profit organizations around the country – combined with BDO in 2021
- ▶ Provides customized financial management, accounting, software, organizational development, and other consulting services
- ▶ Works directly with organizations or through funder-supported management and technical assistance programs

New York/Chicago/Oakland/Providence/Washington DC

www.b dofma.com



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Appendix

Information in the Audit vs. 990

990: Balance Sheet (Part X)

Audit: Statement of Financial Position

Form 990 (2014)		Page 11	
Part X Balance Sheet			
Check if Schedule O contains a response or note to any line in this Part X <input type="checkbox"/>			
		(A)	(B)
		Beginning of year	End of year
Assets	1	Cash—non-interest-bearing	1
	2	Savings and temporary cash investments	2
	3	Pledges and grants receivable, net	3
	4	Accounts receivable, net	4
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	5
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L	6
	7	Notes and loans receivable, net	7
	8	Inventories for sale or use	8
	9	Prepaid expenses and deferred charges	9
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a
	b	Less: accumulated depreciation	10c
	11	Investments—publicly traded securities	11
	12	Investments—other securities. See Part IV, line 11	12
	13	Investments—program-related. See Part IV, line 11	13
	14	Intangible assets	14
	15	Other assets. See Part IV, line 11	15
16	Total assets. Add lines 1 through 15 (must equal line 34)	16	
Liabilities	17	Accounts payable and accrued expenses	17
	18	Grants payable	18
	19	Deferred revenue	19
	20	Tax-exempt bond liabilities	20
	21	Escrow or custodial account liability. Complete Part IV of Schedule D	21
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L	22
	23	Secured mortgages and notes payable to unrelated third parties	23
	24	Unsecured notes and loans payable to unrelated third parties	24
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	25
	26	Total liabilities. Add lines 17 through 25	26
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.		
	27	Unrestricted net assets	27
	28	Temporarily restricted net assets	28
	29	Permanently restricted net assets	29
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.		
	30	Capital stock or trust principal, or current funds	30
	31	Paid-in or capital surplus, or land, building, or equipment fund	31
	32	Retained earnings, endowment, accumulated income, or other funds	32
33	Total net assets or fund balances.	33	
34	Total liabilities and net assets/fund balances.	34	



NONPROFIT ORG, INC.			
STATEMENT OF FINANCIAL POSITION			
JUNE 30, 2017 and 2018			
ASSETS			
	2018	2017	
Assets:			
Cash	\$274,139	\$297,389	
Pledges and contracts receivable	200,000	210,000	
Prepaid expenses	17,000	22,000	
Total Current Assets	491,139	529,389	
Property and equipment, less accumulated depreciation of \$27,505	39,393	64,393	
Other Assets - security deposit	12,000	12,000	
Total Assets	\$542,532	\$605,782	
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable and accrued expenses	\$ 29,578	\$140,054	
Advances	51,300	78,500	
Current portion of long-term debt	10,500	9,750	
Total Current Liabilities	91,378	228,304	
Long-term debt	160,744	170,494	
Total Liabilities	252,122	398,798	
Net Assets:			
Unrestricted	(38,427)	114,417	
Temporarily restricted	328,837	92,567	
Total Net Assets	290,410	206,984	
Total Liabilities and Net Assets	\$542,532	\$605,782	

Information in the Audit vs. 990

990: Stmt of Revenues (Part VIII)

Form 990 (2014) Page **9**

Part VIII Statement of Revenue
Check if Schedule O contains a response or note to any line in this Part VIII

		(A) Total Revenue	(B) Restricted or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a			
	b Membership dues	1b			
	c Fundraising events	1c			
	d Related organizations	1d			
	e Government grants (contributions)	1e			
	f All other contributions, gifts, grants, and similar amounts not included above	1f			
	g Noncash contributions included in lines 1a-1f: \$				
	h Total. Add lines 1a-1f				
Program Service Revenue	2a _____	Business Code			
	b _____				
	c _____				
	d _____				
	e _____				
	f All other program service revenue				
	g Total. Add lines 2a-2f				
3 Investment income (including dividends, interest, and other similar amounts)					

Audit: Statement of Activities

NONPROFIT ORG, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2017 and 2018

	Unrestricted	Temporarily Restricted	Total	2017
Revenue and support:				
Government contracts	\$ 692,998	--	\$ 692,998	659,650
Grants and contributions, non-government	188,760	559,100	747,860	834,982
Fundraising event	--	11,100	11,100	12,500
Satisfaction of program restrictions	333,930	(333,930)	--	
Interest income	3,915	--	3,915	4,578
Total revenue and support	1,219,603	236,270	1,455,873	1,511,710
Expenses:				
Program A	357,953	--	357,953	387,997
Program B	118,378	--	118,378	127,738
Program C	381,238	--	381,238	380,694
Program D	229,861	--	229,861	232,894
Total program expenses	1,087,430	--	1,087,430	1,129,323
Supporting Services				
Administrative and general	118,058	--	118,058	128,765
Fundraising	166,959	--	166,959	170,780
Total expenses	1,372,447	--	1,372,447	1,428,868
Change in net assets	(152,844)	236,270	83,426	82,842
Net assets - beginning of year	114,417	92,567	206,984	124,142
Net assets - end of year	\$ (38,427)	\$ 328,837	\$ 290,410	\$ 206,984

990: Stmt of Expenses (Part IX)

Form 990 (2014) Page **10**

Part IX Statement of Functional Expenses
Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).
Check if Schedule O contains a response or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages				
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees):				

Information in the Audit vs. 990

990: Stmt of Functional Expenses (Part IX)

Form 990 (2014) Page 10

Part IX Statement of Functional Expenses
 Section 501(c)(3) and 501(c)(29) organizations must complete all columns. All other organizations must complete column (A).
 Check if Schedule O contains a response or note to any line in this Part IX

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	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21 . . .				
2 Grants and other assistance to domestic individuals. See Part IV, line 22 . . .				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16 . . .				
4 Benefits paid to or for members . . .				
5 Compensation of current officers, directors, trustees, and key employees . . .				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . .				
7 Other salaries and wages . . .				
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits . . .				
10 Payroll taxes . . .				
11 Fees for services (non-employees):				
a Management . . .				
b Legal . . .				
c Accounting . . .				
d Lobbying . . .				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees . . .				
g Other. If the 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O. . .				
12 Advertising and promotion . . .				
13 Office expenses . . .				
14 Information technology . . .				
15 Royalties . . .				
16 Occupancy . . .				
17 Travel . . .				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings . . .				
20 Interest . . .				
21 Payments to affiliates . . .				
22 Depreciation, depletion, and amortization . . .				
23 Insurance . . .				
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a . . .				
b . . .				
c . . .				
d . . .				
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e				
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and				



Audit: Statement of Functional Expenses

	Program Services				Program Expenses
	Program A	Program B	Program C	Program D	
Salaries	\$168,189	\$ 67,710	\$247,474	\$129,323	\$612,696
Payroll taxes and Employee benefits	34,037	13,703	49,962	26,120	123,822
Rent	97,288	8,215	24,436	13,271	143,210
Utilities	2,935	1,180	3,509	1,906	9,530
Office cleaning	1,797	723	2,149	1,167	5,836
Consultants	6,989	3,237	8,668	7,440	26,334
Accounting & Auditing Fees	-	-	-	-	-
Office expense	6,123	2,462	7,248	3,945	19,778
Supplies	7,907	2,500	3,355	2,514	16,276
Telephone	7,591	3,052	9,078	4,930	24,651
Postage and messengers	1,500	750	600	1,584	4,434
Photocopying	135	145	80	2,585	2,925
Equipment leasing	3,535	1,421	4,227	2,296	11,479
Insurance	2,848	1,145	3,406	1,849	9,248
Local transportation	667	268	798	434	2,167
Meals and entertainment	1,798	723	1,371	125	4,017
Seminars and training	500	250	750	2,500	4,000
Fees	560	3,247	1,003	-	4,810
Data processing	496	199	593	322	1,610
Dues and subscriptions	385	532	130	683	1,730
Advertising	5,017	3,838	3,245	5,979	18,079
Depreciation	2,284	918	2,731	1,483	7,416
Miscellaneous	522	210	625	16,275	17,632
Total expenses	\$357,953	\$118,378	\$381,238	\$229,861	\$1,087,430