

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

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

For the Years Ended December 31, 2018 and 2017



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

DECEMBER 31, 2018 AND 2017

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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, 2018 and 2017, 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 controls 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 controls 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 controls. 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, 2018 and 2017, 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 5, 2019

SB & Company, LLC

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

**Statements of Financial Position
As of December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 767,248	\$ 1,030,062
Investments	1,248,704	1,347,464
Grants and other receivables	71,367	72,790
Other assets	15,254	20,835
Total Assets	\$ 2,102,573	\$ 2,471,151
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 54,502	\$ 27,446
Deferred revenue	87,220	80,816
Total Liabilities	141,722	108,262
Net Assets		
Without donor restrictions:		
Opportunity reserve	10,000	10,000
Betsy Nelson Legacy Fund	370,531	374,177
Board designated endowment	873,603	882,199
Undesignated	133,074	289,834
Total net assets without donor restrictions	1,387,208	1,556,210
With donor restrictions	573,643	806,679
Total Net Assets	1,960,851	2,362,889
Total Liabilities and Net Assets	\$ 2,102,573	\$ 2,471,151

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, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support						
Membership dues	\$ 497,947	\$ -	\$ 497,947	\$ 486,548	\$ -	\$ 486,548
Grants and contributions	195,596	-	195,596	149,929	-	149,929
Sponsorships	10,000	-	10,000	5,850	-	5,850
Other income	26,643	-	26,643	31,836	-	31,836
Programs:						
Aging Affinity Group		20,000	20,000	-	5,000	5,000
Education Affinity Group		15,960	15,960	-	15,343	15,343
Maryland Community Foundation Association		18,800	18,800	-	26,500	26,500
Community Investment Affinity Group		20,000	20,000	-	10,000	10,000
Green Affinity Group		9,000	9,000	-	15,500	15,500
Maryland Environmental Health Network		247,733	247,733	-	333,989	333,989
Baltimore Integration Partnership		60,000	60,000	-	362,500	362,500
Workforce Collaborative and Affinity Group		412,500	412,500	-	492,500	492,500
Impact investing		12,500	12,500	-	-	-
Investment (loss)/income, net	(75,338)	1,126	(74,212)	181,911	1,062	182,973
Intercompany eliminations	(96,856)	-	(96,856)	(104,587)	-	(104,587)
Total Revenue and Other Support	557,992	817,619	1,375,611	751,487	1,262,394	2,013,881
Net Assets Released from Restriction	1,050,655	(1,050,655)	-	1,138,674	(1,138,674)	-
Total Revenue	1,608,647	(233,036)	1,375,611	1,890,161	123,720	2,013,881
Expenses						
General operating	824,976	-	824,976	829,149	-	829,149
Programs:						
Aging Affinity Group	13,928	-	13,928	5,300	-	5,300
Education Affinity Group	24,622	-	24,622	22,390	-	22,390
Maryland Community Foundation Association	17,446	-	17,446	23,988	-	23,988
Community Investment Affinity Group	47,787	-	47,787	77,887	-	77,887
Green Affinity Group	8,713	-	8,713	15,551	-	15,551
Maryland Environmental Health Network	216,472	-	216,472	300,953	-	300,953
Baltimore Integration Partnership	282,689	-	282,689	341,426	-	341,426
Workforce Collaborative and Affinity Group	426,293	-	426,293	350,117	-	350,117
Impact Investing	11,579	-	11,579	-	-	-
Intercompany eliminations	(96,856)	-	(96,856)	(104,587)	-	(104,587)
Total Expenses	1,777,649	-	1,777,649	1,862,174	-	1,862,174
Changes in net assets	(169,002)	(233,036)	(402,038)	27,987	123,720	151,707
Net assets, beginning of year	1,556,210	806,679	2,362,889	1,528,223	682,959	2,211,182
Net Assets, End of Year	\$ 1,387,208	\$ 573,643	\$ 1,960,851	\$ 1,556,210	\$ 806,679	\$ 2,362,889

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ (402,038)	\$ 151,707
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	-	14,032
Unrealized loss (gain) on investments	102,885	(142,112)
Effect from changes in non-cash operating assets and liabilities:		
Grants and other receivables	1,423	(19,232)
Other assets	5,581	(5,072)
Accounts payable and accrued expenses	27,056	(6,874)
Deferred revenue	6,404	(12,077)
Net Cash Flows from Operating Activities	<u>(258,689)</u>	<u>(19,628)</u>
Cash Flows from Investing Activities		
Purchases of investments	(54,682)	(72,241)
Proceeds from sale of investments	50,557	67,388
Net Cash Flows from Investing Activities	<u>(4,125)</u>	<u>(4,853)</u>
Net change in cash and cash equivalents	(262,814)	(24,481)
Cash and cash equivalents, beginning of year	1,030,062	1,054,543
Cash and Cash Equivalents, End of Year	<u>\$ 767,248</u>	<u>\$ 1,030,062</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, 2018 and 2017

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, 2018 and 2017, 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, 2018 and 2017

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 and Other Receivables

Grants receivable represents grant expenditures incurred but not collected by ABAG from foundations and the Federal government. Other receivables represent uncollected membership dues. Management believes all receivables are fully collectible; thus no allowance for doubtful accounts is recorded as of December 31, 2018 and 2017.

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

Net assets without donor restrictions 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, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

Net assets with donor restrictions are those whose use by ABAG has been limited by donors primarily for a specific time period or purpose. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Net assets with donor restrictions also consist of contributions received from donors, which are subject to restrictions in perpetuity. As of December 31, 2018 and 2017, there were no net assets with donor restrictions in perpetuity.

Support and Revenue

Contributions received are recorded as net assets without donor restrictions, or with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions.

Gifts of cash and other assets are reported as with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities and changes in net assets as net assets released from restrictions.

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 paid in advance of the conditions being met, were recorded as deferred revenue as of December 31, 2018 and 2017.

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 statements of functional expenses. Salary costs and grants to others are readily identifiable with a cost objective, and thus are charged directly to the function. 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. Direct salaries and wages are considered a representative measure of the organizational effort applied to joint objectives and serve as the basis for allocation of shared expenses.

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

Notes to the Financial Statements December 31, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2018 and 2017, 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, 2018, the statute of limitations for fiscal years 2015 through 2018, 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.

Liquidity and Availability of Resources

The following reflects ABAG’s financial assets as of the statement of December 31, 2018, reduced by amounts not available for general use because of donor-imposed restrictions.

Cash and cash equivalents	\$ 767,248
Grants and other receivables	71,367
Investments	1,248,704
Financial assets, at year-end	<u>2,087,319</u>
Less those unavailable for general expenditures within one year, due to:	
Board-designated	1,254,134
With donor restrictions	573,643
Financial assets available to meet cash needs for general expenses within one year	<u><u>\$ 259,542</u></u>

ABAG manages its liquidity following two guiding principles: operating within a prudent range of financial soundness and stability and, maintaining adequate liquid assets to fund near-term operating needs. The board designates funds which can be made available to cover general operating needs upon request from management and approval by the board.

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

Notes to the Financial Statements December 31, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14. These amendments change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: net asset classes, investment returns, expenses, liquidity and availability of resources, and presentation of operating cash flows. The amendments in this ASU are effective for fiscal years beginning after December 15, 2017. ABAG implemented ASU 2016-14 for the year ended December 31, 2018. Due to the adoption of this ASU, the presentation of these financial statements and footnotes were updated accordingly.

In August 2016, the FASB issued ASU No. 2016-15, *Classification of Certain Cash Receipts and Cash Payments*. ASU No 2016-15 provides cash flow statement classification guidance. This standard is effective for periods beginning after December 15, 2018.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which creates a singular reporting model for leases. This standard will require the ABAG to record changes to its statement of financial position to reflect balances for current leases that are not shown in the statement of financial position. These standards will be effective for periods beginning after December 15, 2019.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which improves the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations and business enterprises. This standard is effective for periods beginning after December 15, 2019.

Management is evaluating the effects of these pronouncements on the financial statements and will implement these pronouncements by their effective dates. Management does not believe the adoption of these pronouncements will have a material effect on the financial statements.

Subsequent Events

ABAG evaluated the accompanying financial statements for subsequent events and transactions through June 5, 2019, 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, 2018 and 2017**

3. INVESTMENTS

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

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

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 tables set forth by level, the fair value hierarchy of ABAG's investments at fair value as of December 31, 2018 and 2017:

	2018			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Intermediate-term bonds	\$ 409,136	\$ -	\$ -	\$ 409,136
Exchange traded funds	839,568	-	-	839,568
Total	\$ 1,248,704	\$ -	\$ -	\$ 1,248,704
	2017			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Intermediate-term bonds	\$ 419,715	\$ -	\$ -	\$ 419,715
Exchange traded funds	927,749	-	-	927,749
Total	\$ 1,347,464	\$ -	\$ -	\$ 1,347,464

There were no changes in the methods used to level the investments from the prior year.

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

Notes to the Financial Statements
December 31, 2018 and 2017

3. INVESTMENTS (continued)

As of December 31, 2018 and 2017, investments consisted of the following:

2018				
	Cost	Unrealized Gain	Unrealized Loss	Market Value
Mutual funds:				
Intermediate-term bonds	\$ 421,450	\$ -	\$ (12,314)	\$ 409,136
Exchange traded funds	761,763	78,273	(468)	839,568
Total	\$ 1,183,213	\$ 78,273	\$ (12,782)	\$ 1,248,704
2017				
	Cost	Unrealized Gain	Unrealized Loss	Market Value
Mutual funds:				
Intermediate-term bonds	\$ 418,425	\$ 3,800	\$ (2,510)	\$ 419,715
Exchange traded funds	749,769	177,980	-	927,749
Total	\$ 1,168,194	\$ 181,780	\$ (2,510)	\$ 1,347,464

For the years ended December 31, 2018 and 2017, investment income consisted of the following:

December 31, 2018			
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest	\$ 29,760	\$ 1,126	\$ 30,886
Realized and unrealized loss, net	(105,098)	-	(105,098)
Total investment income	\$ (75,338)	\$ 1,126	\$ (74,212)
December 31, 2017			
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest	\$ 27,555	\$ 1,062	\$ 28,617
Realized and unrealized gain, net	154,356	-	154,356
Total investment income	\$ 181,911	\$ 1,062	\$ 182,973

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

Notes to the Financial Statements December 31, 2018 and 2017

4. 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 net assets with donor restriction in perpetuity (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. As of December 31, 2018 and 2017, ABAG has not received any funds that are permanently restricted.

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;
- 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, 2018 and 2017

4. 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

As of December 31, 2018 and 2017, the composition of the endowment was as follows:

	<u>2018</u>	<u>2017</u>
Board-designated endowment funds	\$ 873,603	\$ 882,199
Betsy Nelson Legacy fund	370,531	374,177
Total	<u>\$ 1,244,134</u>	<u>\$ 1,256,376</u>

Change in Endowment Net Assets

For the years ended December 31, 2018 and 2017, the change in endowment net assets was as follows:

	<u>2018</u>	<u>2017</u>
Endowment net assets, beginning of year	\$ 1,256,376	\$ 1,173,795
Investment return:		
Investment income	27,332	25,324
Net (depreciation) appreciation (realized and unrealized)	<u>(39,574)</u>	<u>58,122</u>
Net investment return	<u>(12,242)</u>	83,446
Withdrawals	-	(865)
Endowment Net Assets, End of Year	<u>\$ 1,244,134</u>	<u>\$ 1,256,376</u>

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

Notes to the Financial Statements December 31, 2018 and 2017

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of December 31:

	<u>2018</u>	<u>2017</u>
Aging Affinity Group	\$ 14,887	\$ 8,815
Baltimore Integration Partnership	113,352	336,041
Community Investment Affinity Group	54,265	82,052
Education Funders Affinity	10,923	19,585
Green Affinity Group	4,641	4,354
Maryland Community Foundation Association	22,471	21,117
Maryland Environmental Health Network	160,087	128,826
Workforce Collaborative and Affinity Group	192,096	205,889
Impact Investing	921	-
Total	<u><u>\$ 573,643</u></u>	<u><u>\$ 806,679</u></u>

6. COMMITMENTS

ABAG leases its office under the terms of an operating lease. The lease expires on February 28, 2020. Rent expense was \$64,093 and \$68,726, for the years ended December 31, 2018 and 2017, respectively. The future minimum rental payments as of December 31, 2018, under this lease were as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2019	\$ 59,770
2020	10,010
Total	<u><u>\$ 69,780</u></u>

7. 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 \$18,868 and \$23,742, for the years ended December 31, 2018 and 2017, respectively.

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

**Notes to the Financial Statements
December 31, 2018 and 2017**

8. FUNCTIONAL EXPENSES

The following are the functional classification of expenses for the years ended December 31, 2018 and 2017:

	2018			
	Program Services	Management and General	Fundraising	Total
Payroll and payroll related	\$ 713,604	\$ 120,260	\$ 43,888	\$ 877,752
Grants	291,705	-	-	291,705
Professional fees	319,765	47,782	-	367,547
Office	78,649	9,670	4,179	92,498
Occupancy	70,833	754	3,768	75,355
Workshops, meetings and travel	49,496	525	2,633	52,654
Professional development	18,930	201	1,007	20,138
Total	\$ 1,542,982	\$ 179,192	\$ 55,475	\$ 1,777,649

	2017			
	Program Services	Management and General	Fundraising	Total
Payroll and payroll related	\$ 840,195	\$ 139,408	\$ 51,558	\$ 1,031,161
Grants	338,435	-	-	338,435
Professional fees	220,547	28,936	-	249,483
Office	65,571	8,862	3,538	77,971
Occupancy	72,586	772	3,861	77,219
Workshops, meetings and travel	40,253	428	2,141	42,822
Professional development	29,187	311	1,553	31,051
Depreciation	-	14,032	-	14,032
Total	\$ 1,606,774	\$ 192,749	\$ 62,651	\$ 1,862,174

SUPPLEMENTARY INFORMATION

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

**Schedule of Revenue and Expenses by Program
For the Year Ended December 31, 2018, with Comparative 2017 totals**

	ABAG SUMMARY	AGING AFFINITY GROUP	BALTIMORE INTEGRATION PARTNERSHIP	COMMUNITY INVESTMENT AFFINITY GROUP	EDUCATION FUNDERS AFFINITY GROUP	GREEN AFFINITY GROUP	MARYLAND COMMUNITY FOUNDATION ASSOCIATION	MARYLAND ENVIRONMENT HEALTH NETWORK	WORKFORCE COLLABORATIV E AND AFFINITY GROUP	IMPACT INVESTING	INTER- COMPANY ELIMINATIONS	TOTAL	2017 TOTAL
Income													
Grants	\$ 195,596	\$ 20,000	\$ 60,000	\$ 20,000	\$ 15,960	\$ 9,000	\$ 18,800	\$ 247,733	\$ 412,500	\$ 12,500	\$ (96,856)	\$ 915,233	\$ 1,306,674
Investment (loss)/income	(74,212)	-	-	-	-	-	-	-	-	-	-	(74,212)	182,973
Membership dues	497,947	-	-	-	-	-	-	-	-	-	-	497,947	486,548
Other	36,643	-	-	-	-	-	-	-	-	-	-	36,643	37,686
Total Income	655,974	20,000	60,000	20,000	15,960	9,000	18,800	247,733	412,500	12,500	(96,856)	1,375,611	2,013,881
Expense													
Payroll & payroll related	493,017	-	132,281	-	-	7,753	-	164,772	94,929	-	(15,000)	877,752	1,031,161
Grants	-	-	37,080	-	-	-	-	-	254,625	-	-	291,705	338,435
Professional fees	149,165	11,928	77,924	35,821	22,035	-	2,700	8,172	48,277	11,525	-	367,547	249,483
Office	70,996	-	14,244	91	-	-	-	6,082	1,085	-	-	92,498	77,971
Occupancy	75,045	-	-	-	-	-	-	11,110	-	-	(10,800)	75,355	77,219
Workshops, meetings & travel	30,181	-	9,608	6,375	-	-	105	2,930	3,401	54	-	52,654	42,822
Professional development	6,572	-	1,552	-	-	-	141	6,137	5,736	-	-	20,138	31,051
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	14,032
Overhead	-	2,000	10,000	5,500	2,587	960	14,500	17,269	18,240	-	(71,056)	-	-
Total Expenses	824,976	13,928	282,689	47,787	24,622	8,713	17,446	216,472	426,293	11,579	(96,856)	1,777,649	1,862,174
Changes in net assets	(169,002)	6,072	(222,689)	(27,787)	(8,662)	287	1,354	31,261	(13,793)	921	-	(402,038)	151,707
Net assets, beginning of year	1,556,210	8,815	336,041	82,052	19,585	4,354	21,117	128,826	205,889	-	-	2,362,889	2,211,182
Net Assets, End of Year	\$ 1,387,208	\$ 14,887	\$ 113,352	\$ 54,265	\$ 10,923	\$ 4,641	\$ 22,471	\$ 160,087	\$ 192,096	\$ 921	\$ -	\$ 1,960,851	\$ 2,362,889

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, INC.

**Schedule of Revenue and Expenses by Program
For the Year Ended December 31, 2017**

	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	INTER-COMPANY ELIMINATIONS	TOTAL
Income											
Grants	\$ 149,929	\$ 5,000	\$ 362,500	\$ 10,000	\$ 15,343	\$ 15,500	\$ 26,500	\$ 333,989	\$ 492,500	\$ (104,587)	\$ 1,306,674
Investment income	182,973	-	-	-	-	-	-	-	-	-	182,973
Membership dues	486,548	-	-	-	-	-	-	-	-	-	486,548
Other	37,686	-	-	-	-	-	-	-	-	-	37,686
Total Income	857,136	5,000	362,500	10,000	15,343	15,500	26,500	333,989	492,500	(104,587)	2,013,881
Expense											
Payroll & payroll related	566,198	-	135,253	9,950	-	14,313	-	239,018	87,959	(21,530)	1,031,161
Grants	5,000	-	80,850	-	-	-	6,000	585	246,000	-	338,435
Professional fees	79,781	4,560	91,791	51,423	18,025	-	-	3,741	162	-	249,483
Office	45,372	-	17,694	77	-	38	337	13,361	1,092	-	77,971
Occupancy	76,287	-	440	-	-	-	192	11,100	-	(10,800)	77,219
Workshops, meetings & travel	25,548	240	4,448	167	121	-	800	9,479	2,019	-	42,822
Professional development	16,931	-	950	-	1,900	-	1,402	5,243	4,625	-	31,051
Depreciation	14,032	-	-	-	-	-	-	-	-	-	14,032
Overhead	-	500	10,000	16,270	2,344	1,200	15,257	18,426	8,260	(72,257)	-
Total Expenses	829,149	5,300	341,426	77,887	22,390	15,551	23,988	300,953	350,117	(104,587)	1,862,174
Changes in net assets	27,987	(300)	21,074	(67,887)	(7,047)	(51)	2,512	33,036	142,383	-	151,707
Net assets, beginning of year	1,528,223	9,115	314,967	149,939	26,632	4,405	18,605	95,790	63,506	-	2,211,182
Net Assets, End of Year	\$ 1,556,210	\$ 8,815	\$ 336,041	\$ 82,052	\$ 19,585	\$ 4,354	\$ 21,117	\$ 128,826	\$ 205,889	\$ -	\$ 2,362,889