

MARYLAND PHILANTHROPY NETWORK, INC.

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

For the Years Ended December 31, 2020 and 2019



S B & COMPANY, LLC
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DECEMBER 31, 2020 AND 2019

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Board of Directors of the
Maryland Philanthropy Network, Inc.

Report on the Financial Statements

We have audited the accompanying statements of financial position of the Maryland Philanthropy Network Inc. (MPN), as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses 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 MPN as of December 31, 2020 and 2019, 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.

Owings Mills, Maryland
October 13, 2021

MARYLAND PHILANTHROPY NETWORK, INC.

**Statements of Financial Position
As of December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 2,873,127	\$ 567,991
Investments	1,279,580	1,573,489
Grants and other receivables	33,390	44,230
Other assets	30,120	21,537
Property and equipment, net	633,407	-
Total Assets	<u><u>\$ 4,849,624</u></u>	<u><u>\$ 2,207,247</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 113,131	\$ 107,214
Deferred revenue	114,480	128,140
Total Liabilities	<u><u>227,611</u></u>	<u><u>235,354</u></u>
Net Assets		
Without donor restrictions:		
Opportunity reserve	10,000	10,000
Betsy Nelson Legacy Fund	409,809	394,306
Board designated endowment	966,211	929,658
Undesignated	748,171	43,340
Total net assets without donor restrictions	<u>2,134,191</u>	<u>1,377,304</u>
With donor restrictions	<u>2,487,822</u>	<u>594,589</u>
Total Net Assets	<u><u>4,622,013</u></u>	<u><u>1,971,893</u></u>
Total Liabilities and Net Assets	<u><u>\$ 4,849,624</u></u>	<u><u>\$ 2,207,247</u></u>

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

MARYLAND PHILANTHROPY NETWORK, INC.

Statements of Activities and Changes in Net Assets For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support						
Membership dues	\$ 503,190	\$ -	\$ 503,190	\$ 478,869	\$ -	\$ 478,869
Grants and contributions	923,620	-	923,620	145,362	-	145,362
PPP grant	157,180	-	157,180	-	-	-
In-kind Contribution	-	-	-	-	6,240	6,240
Other income	7,065	-	7,065	21,215	-	21,215
Programs:						
Aging Affinity Group	-	39,225	39,225	-	53,844	53,844
Baltimore Intersection	-	80,402	80,402	-	192,453	192,453
Education Affinity Group	-	1,320	1,320	-	15,350	15,350
Commonwealth Builders	-	98,044	98,044	-	25,100	25,100
Maryland Community Foundation Association	-	24,110	24,110	-	11,050	11,050
Community Investment Affinity Group	-	-	-	-	25,000	25,000
Dance & More	-	84,806	84,806	-	10,200	10,200
Green Affinity Group	-	-	-	-	3,000	3,000
Maryland Environmental Health Network	-	-	-	-	747	747
Baltimore Integration Partnership	-	-	-	-	50,000	50,000
Workforce Collaborative and Affinity Group	-	602,000	602,000	-	604,500	604,500
Impact Investing	-	12,000	12,000	-	12,500	12,500
Baltimore Co-Op Fellowship	-	53,750	53,750	-	-	-
MPN COVID 19	-	5,000	5,000	-	-	-
2020 Census	-	107,000	107,000	-	-	-
Baltimore Digital Equity Coalition	-	322,750	322,750	-	-	-
Black Yield Institute	-	459,932	459,932	-	-	-
Chinatown Collective	-	5,000	5,000	-	-	-
Revolve Fund	-	5,453	5,453	-	-	-
Early Years Leadership Diversity Institute	-	50,000	50,000	-	-	-
Healing City Baltimore	-	183,061	183,061	-	-	-
Impact Hub	-	562,674	562,674	-	-	-
Maryland Justice Project	-	75,478	75,478	-	-	-
Mera Kitchen Foundation	-	287,553	287,553	-	-	-
Youth Empowered Society	-	959,671	959,671	-	-	-
Investment income, net	128,772	-	128,772	252,917	827	253,744
Intercompany eliminations	(204,234)	-	(204,234)	(76,822)	-	(76,822)
Total Revenue and Other Support	1,515,593	4,019,229	5,534,822	821,541	1,010,811	1,832,352
Net Assets Released from Restriction	2,125,996	(2,125,996)	-	989,865	(989,865)	-
Total Revenue	3,641,589	1,893,233	5,534,822	1,811,406	20,946	1,832,352
Expenses						
General operating	962,940	-	962,940	909,094	-	909,094
Programs:						
Aging Affinity Group	50,612	-	50,612	35,225	-	35,225
Baltimore Intersection	94,654	-	94,654	178,839	-	178,839
Education Affinity Group	1,263	-	1,263	14,775	-	14,775
Commonwealth Builders	45,846	-	45,846	17,787	-	17,787
Maryland Community Foundation Association	17,208	-	17,208	16,526	-	16,526
Community Investment Affinity Group	8,368	-	8,368	62,611	-	62,611
Dance & More	67,327	-	67,327	9,900	-	9,900
Green Affinity Group	-	-	-	800	-	800
Maryland Environmental Health Network	69,931	-	69,931	90,904	-	90,904
Baltimore Integration Partnership	5,867	-	5,867	111,152	-	111,152
Workforce Collaborative and Affinity Group	504,933	-	504,933	437,119	-	437,119
Impact Investing	12,000	-	12,000	13,400	-	13,400
Baltimore Co-Op Fellowship	13,080	-	13,080	-	-	-
MPN COVID 19	4,873	-	4,873	-	-	-
2020 Census	107,000	-	107,000	-	-	-
Baltimore Digital Equity Coalition	99,934	-	99,934	-	-	-
Black Yield Institute	272,726	-	272,726	-	-	-
Chinatown Collective	250	-	250	-	-	-
Revolve Fund	244	-	244	-	-	-
Early Years Leadership Diversity Institute	28,561	-	28,561	-	-	-
Healing City Baltimore	173,301	-	173,301	-	-	-
Impact Hub	365,457	-	365,457	-	-	-
Maryland Justice Project	18,311	-	18,311	-	-	-
Mera Kitchen Foundation	22,887	-	22,887	-	-	-
Youth Empowered Society	141,363	-	141,363	-	-	-
Intercompany eliminations	(204,234)	-	(204,234)	(76,822)	-	(76,822)
Total Expenses	2,884,702	-	2,884,702	1,821,310	-	1,821,310
Changes in net assets	756,887	1,893,233	2,650,120	(9,904)	20,946	11,042
Net assets, beginning of year	1,377,304	594,589	1,971,893	1,387,208	573,643	1,960,851
Net Assets, End of Year	\$ 2,134,191	\$ 2,487,822	\$ 4,622,013	\$ 1,377,304	\$ 594,589	\$ 1,971,893

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

MARYLAND PHILANTHROPY NETWORK, INC.

**Statements of Functional Expenses
For the Years Ended December 31, 2020 and 2019**

	2020			
	Program Services	Management and General	Fundraising	Total
Payroll and payroll related	\$ 1,114,595	\$ 156,380	\$ 58,620	\$ 1,329,595
Grants	470,455	-	-	470,455
Professional fees	458,377	39,035	-	497,412
Office	196,963	9,029	9,507	215,499
Occupancy	189,568	2,017	10,070	201,655
Workshops, meetings and travel	81,509	840	1,663	84,012
Professional development	14,458	154	769	15,381
Program	16,936	-	-	16,936
Depreciation	-	53,757	-	53,757
Total	\$ 2,542,861	\$ 261,212	\$ 80,629	\$ 2,884,702

	2019			
	Program Services	Management and General	Fundraising	Total
Payroll and payroll related	\$ 672,312	\$ 111,279	\$ 41,242	\$ 824,833
Grants	329,761	-	-	329,761
Professional fees	377,862	48,262	-	426,124
Office	59,671	9,235	3,169	72,075
Occupancy	71,247	758	3,790	75,795
Workshops, meetings and travel	62,266	594	3,292	66,152
Professional development	24,977	265	1,328	26,570
Total	\$ 1,598,096	\$ 170,393	\$ 52,821	\$ 1,821,310

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

MARYLAND PHILANTHROPY NETWORK, INC.

Statements of Cash Flows For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 2,650,120	\$ 11,042
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation expense	53,757	-
Realized and unrealized gain on investments	(103,402)	(219,476)
Effect from changes in non-cash operating assets and liabilities:		
Grants and other receivables	10,840	27,137
Other assets	(8,583)	(6,283)
Accounts payable and accrued expenses	5,917	52,712
Deferred revenue	(13,660)	40,920
Net Cash Flows from Operating Activities	<u>2,594,989</u>	<u>(93,948)</u>
Cash Flows from Investing Activities		
Purchases of investments	-	(555,309)
Proceeds from sale of investments	397,312	450,000
Purchases of property and equipment	(687,165)	-
Net Cash Flows from Investing Activities	<u>(289,853)</u>	<u>(105,309)</u>
Net change in cash and cash equivalents	2,305,136	(199,257)
Cash and cash equivalents, beginning of year	567,991	767,248
Cash and Cash Equivalents, End of Year	<u>\$ 2,873,127</u>	<u>\$ 567,991</u>

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

MARYLAND PHILANTHROPY NETWORK, INC.

Notes to the Financial Statements December 31, 2020 and 2019

1. BACKGROUND OF THE ORGANIZATION

The Maryland Philanthropy Network Inc. (MPN) is a not-for-profit organization dedicated to maximize the impact of giving on community life through a growing network of diverse, informed and effective philanthropists.

MPN is supported by membership dues, grants, and earned income. MPN acts as an organizing backbone and neutral convener bringing funders and partners together to promote alignment and action around issues affecting communities across Maryland. The Maryland Philanthropy Network was founded by Baltimore area grantmakers in 1983 to provide a forum in which philanthropic peers could come together to learn and collaborate.

MPN's formal name was The Association of Baltimore Area Grantmakers (ABAG). On May 20, 2019, ABAG announced that it would change its name to Maryland Philanthropy Network, Inc. as part of a rebrand to more accurately reflect the expansion of its membership and growth of its mission over the last several decades.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of MPN 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, 2020 and 2019, consisted of money market funds.

MARYLAND PHILANTHROPY NETWORK, INC.

Notes to the Financial Statements December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that MPN 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 MPN 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, 2020 and 2019.

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.

MARYLAND PHILANTHROPY NETWORK, INC.

Notes to the Financial Statements December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

Net assets without donor restrictions are assets and contributions that are not restricted by donors or for which restrictions have expired.

Net assets with donor restrictions are those whose use by MPN 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, 2020 and 2019, 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, 2020 and 2019.

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 MPN. 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.

MARYLAND PHILANTHROPY NETWORK, INC.

Notes to the Financial Statements December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

MPN 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.

MPN 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. MPN performed an evaluation of uncertain tax positions for the years ended December 31, 2020 and 2019, 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, 2020, the statute of limitations for fiscal years 2017 through 2020 remains open with the U.S. Federal jurisdiction. It is MPN’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 MPN’s financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general use within one year because of donor-imposed restrictions.

	2020	2019
Cash and cash equivalents	\$ 2,873,127	\$ 567,991
Investments	1,279,580	1,573,489
Grants and other receivables	33,390	44,230
Financial assets, at year-end	<u>4,186,097</u>	<u>2,185,710</u>
Less those unavailable for general expenditures within one year, due to:		
Board-designated	1,376,020	1,323,964
With donor restrictions	2,487,822	594,589
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 322,255</u>	<u>\$ 267,157</u>

MPN 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.

MARYLAND PHILANTHROPY NETWORK, INC.

Notes to the Financial Statements December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Implemented Accounting Pronouncement

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018 – 13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirement in Topic 820 by removing, modifying, and adding disclosure requirements. MPN implemented ASU No. 2018 – 13 for the year ended December 31, 2020, and it did not have a material impact on the financial statements.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016 – 02, *Leases*, that creates a singular reporting model for leases. This standard will require the entities 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. This standard will be effective for periods beginning after December 15, 2020.

In September 2017, the FASB issued ASU No. 2017 – 13, *Revenue Recognition (Topic 605), and Revenue from Contracts with Customers (Topic 606)*. This standard requires the recognition of revenue when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard is effective for periods beginning after December 15, 2020.

In July 2020, the FASB issued ASU No. 2020 – 07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* which presents contributed nonfinancial assets as a separate line item in the statements of activities and changes in net assets, apart from contributions of cash or other financial assets. This standard is effective retrospectively for annual reporting periods beginning after June 15, 2021, and interim periods with annual reporting periods beginning after June 15, 2022.

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

Subsequent Events

MPN evaluated the accompanying financial statements for subsequent events and transactions through September __, 2021, the date these financial statements were available for issuance 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.

MARYLAND PHILANTHROPY NETWORK, INC.

Notes to the Financial Statements December 31, 2020 and 2019

3. INVESTMENTS

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

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

US Treasury bonds: Issued by the U.S. Treasury Department and represent direct obligations of the U.S. government, which are valued at the closing market price.

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 MPN 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 MPN's investments at fair value as of December 31, 2020 and 2019:

	2020			
	Level 1	Level 2	Level 3	Total
Cash (Money Fund)	\$ 47,293	\$ -	\$ -	\$ 47,293
Mutual funds:				
Fixed income	381,822	-	-	381,822
Large blend equity funds	81,193	-	-	81,193
Exchange traded funds	588,034	-	-	588,034
International exchange traded funds	181,238	-	-	181,238
Total	\$ 1,279,580	\$ -	\$ -	\$ 1,279,580
	2019			
	Level 1	Level 2	Level 3	Total
Cash (Money Fund)	\$ 478,204	\$ -	\$ -	\$ 478,204
Mutual funds:				
Intermediate-term bonds	42,361	-	-	42,361
Large blend equity funds	281,127	-	-	281,127
Exchange traded funds	571,894	-	-	571,894
US treasury bonds	39,833	-	-	39,833
Municipal bonds	160,070	-	-	160,070
Total	\$ 1,573,489	\$ -	\$ -	\$ 1,573,489

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

MARYLAND PHILANTHROPY NETWORK, INC.

Notes to the Financial Statements December 31, 2020 and 2019

3. INVESTMENTS (continued)

As of December 31, 2020 and 2019, investments consisted of the following:

	2020			Market Value
	Cost	Unrealized Gain	Unrealized Loss	
Cash (Money Fund)	\$ 47,293	\$ -	\$ -	\$ 47,293
Mutual funds:				
Fixed income	363,862	18,112	(152)	381,822
Large blend equity funds	78,060	3,133	-	81,193
Exchange traded funds	338,117	249,917	-	588,034
International Exchange Traded Funds	138,062	43,176	-	181,238
Total	\$ 965,394	\$ 314,338	\$ (152)	\$ 1,279,580

	2019			Market Value
	Cost	Unrealized Gain	Unrealized Loss	
Cash (Money Fund)	\$ 478,204	\$ -	\$ -	\$ 478,204
Mutual funds:				
Intermediate-term bonds	44,046	-	(1,685)	42,361
Large blend equity funds	275,149	5,978	-	281,127
Exchange traded funds	382,065	189,829	-	571,894
US Treasury Bonds	39,683	150	-	39,833
Municipal bonds	125,917	34,153	-	160,070
Total	\$ 1,345,064	\$ 230,110	\$ (1,685)	\$ 1,573,489

For the year ended December 31, 2020, investment income consisted of the following:

	December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest	\$ 27,658	\$ -	\$ 27,658
Investment fees	(2,288)	-	(2,288)
Realized and unrealized gain, net	103,402	-	103,402
Total investment income	\$ 128,772	\$ -	\$ 128,772

MARYLAND PHILANTHROPY NETWORK, INC.

Notes to the Financial Statements December 31, 2020 and 2019

3. INVESTMENTS (continued)

For the year ended December 31, 2019, investment income consisted of the following:

	December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest	\$ 35,857	\$ 1,107	\$ 36,964
Investment fees	(2,418)	(280)	(2,698)
Realized and unrealized loss, net	219,478	-	219,478
Total investment income	\$ 252,917	\$ 827	\$ 253,744

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	2020	2019	Useful Lives
Equipment and furniture	\$ 763,585	\$ 76,420	3 to 5 years
Leasehold improvement	65,913	65,913	Term of Lease
Total	829,498	142,333	
Less: accumulated depreciation	196,091	142,333	
Property and equipment, net	\$ 633,407	\$ -	

Depreciation expense was \$53,758 for the year ended December 31, 2020. There was no depreciation expense for the year ended December 31, 2019, as all property and equipment was fully depreciated.

5. ENDOWMENTS

MPN'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 MPN.

MARYLAND PHILANTHROPY NETWORK, INC.

Notes to the Financial Statements December 31, 2020 and 2019

5. ENDOWMENTS (continued)

The board of directors of MPN 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, MPN 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, 2020 and 2019, MPN has not received any funds that are with donor restrictions to be held in perpetuity.

In accordance with UPMIFA, MPN 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 MPN;
- general economic conditions;
- the possible effect of inflation and deflation;
- the expected total return from income and the appreciation of investments;
- other resources of MPN; and
- the investment policies of MPN.

Return Objectives and Risk Parameters

MPN 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.

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, MPN considered the long-term expected return on its endowments. Accordingly, over the long term, MPN expects the current spending policy to allow its endowments to grow at the rate of inflation annually. This is consistent with MPN's objective to maintain the purchasing power of the endowment's assets.

MARYLAND PHILANTHROPY NETWORK, INC.

Notes to the Financial Statements December 31, 2020 and 2019

5. ENDOWMENTS (continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, MPN 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). MPN 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, 2020 and 2019, the composition of the endowment was as follows:

	<u>2020</u>	<u>2019</u>
Board-designated endowment funds	\$ 966,211	\$ 929,658
Betsy Nelson Legacy fund	409,809	394,306
Total	<u>\$ 1,376,020</u>	<u>\$ 1,323,964</u>

Change in Endowment Net Assets

For the years ended December 31, 2020 and 2019, the change in endowment net assets was as follows:

	<u>2020</u>	<u>2019</u>
Endowment net assets, beginning of year	\$ 1,323,964	\$ 1,244,134
Investment income	24,421	32,711
Net appreciation (realized and unrealized)	27,635	47,119
Net investment return	<u>52,056</u>	<u>79,830</u>
Endowment Net Assets, End of Year	<u>\$ 1,376,020</u>	<u>\$ 1,323,964</u>

MARYLAND PHILANTHROPY NETWORK, INC.

Notes to the Financial Statements December 31, 2020 and 2019

6. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Aging Affinity Group	\$ 22,119	\$ 33,506
Baltimore Intersection	5,602	19,854
Education Affinity Group	11,555	11,498
Commonwealth Builders	59,511	7,313
Maryland Community Foundation Association	23,897	16,995
Community Investment Affinity Group	8,286	16,654
Dance & More	17,779	300
Green Affinity Group	6,841	6,841
Maryland Environmental Health Network	(1)	69,930
Baltimore Integration Partnership	46,333	52,200
Workforce Collaborative and Affinity Group	456,544	359,477
Impact Investing	21	21
Baltimore Co-Op Fellowship	40,670	-
MPN COVID 19	127	-
Baltimore Digital Equity Coalition	222,816	-
Black Yield Institute	187,206	-
Chinatown Collective	4,750	-
Revolve Fund	5,209	-
Early Years Leadership Diversity Institute	21,439	-
Healing City Baltimore	9,760	-
Impact Hub	197,217	-
Maryland Justice Project	57,167	-
Mera Kitchen Foundation	264,666	-
Youth Empowered Society	818,308	-
Total	<u>\$ 2,487,822</u>	<u>\$ 594,589</u>

Included in net asset with donor restrictions are 25 programs for which MPN acts as the fiscal sponsor. MPN has recorded the receipts related to these fiscal sponsorship arrangements as restricted grants and contributions, due to its ability to direct the use of the spending. The unspent balance of these programs of \$2,487,822 and \$594,589 as of December 31, 2020 and 2019, respectively, are included in cash and cash equivalents and investments in the accompanying statements of financial positions.

MARYLAND PHILANTHROPY NETWORK, INC.

Notes to the Financial Statements December 31, 2020 and 2019

7. COMMITMENTS

MPN leases its office under the terms of an operating lease. The lease expired on February 28, 2020. Rent expense was \$161,027 and \$67,436, for the years ended December 31, 2020 and 2019, respectively.

On January 15, 2020, MPN entered into a new 10-year lease agreement for office space, which expires on December 31, 2030. The future minimum rental payments are as followed:

<u>Years Ending December 31,</u>	<u>Amount</u>
2021	\$ 93,247
2022	96,044
2023	98,926
2024	101,893
2025	104,950
Thereafter	573,911
Total	<u>\$ 1,068,972</u>

8. RETIREMENT PLAN

MPN has a retirement plan covering all employees under the provisions of Section 403(b) of the Internal Revenue Code. MPN contributes 3% of each full-time employee's salary, contingent upon the employee contributing 1% of his/her salary. Retirement plan expense was \$19,868 and \$15,686, for the years ended December 31, 2020 and 2019, respectively.

SUPPLEMENTARY INFORMATION

MARYLAND PHILANTHROPY NETWORK, INC.

**Schedule of Revenue and Expenses by Program
For the Year Ended December 31, 2020**

	<u>MPN SUMMARY</u>	<u>AGING AFFINITY GROUP</u>	<u>BALTIMORE INTERSECTION</u>	<u>EDUCATION AFFINITY GROUP</u>	<u>COMMONWEALTH BUILDERS</u>	<u>MARYLAND COMMUNITY FOUNDATION ASSOCIATION</u>	<u>COMMUNITY INVESTMENT AFFINITY GROUP</u>	<u>DANCE & MORE</u>	<u>GREEN AFFINITY GROUP</u>
Income									
Contributions	\$ 923,620	\$ -	\$ 15,425	\$ 1,320	\$ 3,694	\$ 24,110	\$ -	\$ 10,906	\$ -
PPP grant	157,180	-	-	-	-	-	-	-	-
Grants	-	-	64,977	-	88,350	-	-	71,800	-
Investment (loss)/income	128,772	-	-	-	-	-	-	-	-
Membership dues	503,190	-	-	-	-	-	-	-	-
Other	7,065	39,225	-	-	6,000	-	-	2,100	-
Total Income	<u>1,719,827</u>	<u>39,225</u>	<u>80,402</u>	<u>1,320</u>	<u>98,044</u>	<u>24,110</u>	<u>-</u>	<u>84,806</u>	<u>-</u>
Expense									
Payroll & payroll related	664,752	-	66,912	-	-	-	-	29,567	-
Grants	-	-	-	-	-	-	-	-	-
Professional fees	78,617	49,875	25,956	450	45,440	-	6,201	36,622	-
Office	70,944	-	3,787	-	406	-	-	1,138	-
Occupancy	75,377	-	-	-	-	-	-	-	-
Workshops, meetings & travel	4,142	-	3,876	-	-	1,500	-	-	-
Professional development	15,351	195	(5,877)	-	-	-	-	-	-
Depreciation	53,757	-	-	-	-	-	-	-	-
Overhead	-	542	-	813	-	15,708	2,167	-	-
Total Expenses	<u>962,940</u>	<u>50,612</u>	<u>94,654</u>	<u>1,263</u>	<u>45,846</u>	<u>17,208</u>	<u>8,368</u>	<u>67,327</u>	<u>-</u>
Changes in net assets	756,887	(11,387)	(14,252)	57	52,198	6,902	(8,368)	17,479	-
Net assets, beginning of year	1,377,304	33,506	19,854	11,498	7,313	16,995	16,654	300	6,841
Net Assets, End of Year	<u>\$ 2,134,191</u>	<u>\$ 22,119</u>	<u>\$ 5,602</u>	<u>\$ 11,555</u>	<u>\$ 59,511</u>	<u>\$ 23,897</u>	<u>\$ 8,286</u>	<u>\$ 17,779</u>	<u>\$ 6,841</u>

MARYLAND PHILANTHROPY NETWORK, INC.

**Schedule of Revenue and Expenses by Program (continued)
For the Year Ended December 31, 2020**

	MARYLAND ENVIRONMENT HEALTH NETWORK	BALTIMORE INTEGRATION PARTNERSHIP	WORKFORCE COLLABORATIVE AND AFFINITY GROUP	IMPACT INVESTING	BALTIMORE CO-OP FELLOWSHIP	MPN COVID 19	2020 CENSUS	BALTIMORE DIGITAL EQUITY COALITION	BLACK YIELD INSTITUTE
Income									
Contributions	\$ -	\$ -	\$ 602,000	\$ 12,000	\$ -	\$ -	\$ -	\$ 5,600	\$ 9,493
PPP grant	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	53,750	5,000	107,000	314,650	447,375
Fiscal hosting income	-	-	-	-	-	-	-	-	-
Investment (loss)/income	-	-	-	-	-	-	-	-	-
Membership dues	-	-	-	-	-	-	-	-	-
In-kind Contribution	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	2,500	3,064
Total Income	-	-	602,000	12,000	53,750	5,000	107,000	322,750	459,932
Expense									
Payroll & payroll related	-	-	112,086	-	13,080	-	-	-	207,151
Grants	69,931	-	300,543	-	-	-	99,940	-	-
Professional fees	-	-	70,384	12,000	-	4,873	7,060	19,365	52,270
Office	-	867	595	-	-	-	-	80,569	12,018
Occupancy	-	-	-	-	-	-	-	-	-
Workshops, meetings & travel	-	-	2,987	-	-	-	-	-	655
Professional development	-	-	4,255	-	-	-	-	-	632
Depreciation	-	-	-	-	-	-	-	-	-
Overhead	-	5,000	14,083	-	-	-	-	-	-
Total Expenses	69,931	5,867	504,933	12,000	13,080	4,873	107,000	99,934	272,726
Changes in net assets	(69,931)	(5,867)	97,067	-	40,670	127	-	222,816	187,206
Net assets, beginning of year	69,930	52,200	359,477	21	-	-	-	-	-
Net Assets, End of Year	\$ (1)	\$ 46,333	\$ 456,544	\$ 21	\$ 40,670	\$ 127	\$ -	\$ 222,816	\$ 187,206

MARYLAND PHILANTHROPY NETWORK, INC.

**Schedule of Revenue and Expenses by Program (continued)
For the Year Ended December 31, 2020**

	CHINATOWN COLLECTIVE	REVOLVE FUND	EARLY YEARS LEADERSHIP DIVERSITY INSTITUTE	HEALING CITY BALTIMORE	IMPACT HUB	MARYLAND JUSTICE PROJECT	MERA KITCHEN PROJECT	YOUTH EMPOWERMENT SOCIETY	INTER- COMPANY ELIMINATIONS	TOTAL
Income										
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (204,234)	\$ 1,403,934
PPP grant	-	-	-	-	-	-	-	-	-	157,180
Grants	5,000	1,818	50,000	171,820	406,500	75,000	242,500	928,430	-	3,033,970
Investment (loss)/income	-	-	-	-	-	-	-	-	-	128,772
Membership dues	-	-	-	-	-	-	-	-	-	503,190
Other	-	3,635	-	11,241	156,174	478	45,053	31,241	-	307,776
Total Income	5,000	5,453	50,000	183,061	562,674	75,478	287,553	959,671	(204,234)	5,534,822
Expense										
Payroll & payroll related	-	-	-	43,227	158,906	-	-	39,906	-	1,335,587
Grants	-	-	-	-	42	-	-	-	-	470,456
Professional fees	250	244	28,561	100,968	71,410	16,628	22,887	76,926	-	726,987
Office	-	-	-	8,098	33,954	-	-	20,637	-	233,013
Occupancy	-	-	-	5,561	95,259	1,683	-	2,154	-	180,034
Workshops, meetings & travel	-	-	-	15,447	5,060	-	-	1,740	-	35,407
Professional development	-	-	-	-	826	-	-	-	-	15,382
Depreciation	-	-	-	-	-	-	-	-	-	53,757
Overhead	-	-	-	-	-	-	-	-	(204,234)	(165,921)
Total Expenses	250	244	28,561	173,301	365,457	18,311	22,887	141,363	(204,234)	2,884,702
Changes in net assets	4,750	5,209	21,439	9,760	197,217	57,167	264,666	818,308	-	2,650,120
Net assets, beginning of year	-	-	-	-	-	-	-	-	-	1,971,893
Net Assets, End of Year	\$ 4,750	\$ 5,209	\$ 21,439	\$ 9,760	\$ 197,217	\$ 57,167	\$ 264,666	\$ 818,308	\$ -	\$ 4,622,013

MARYLAND PHILANTHROPY NETWORK, INC.

**Schedule of Revenue and Expenses by Program
For the Year Ended December 31, 2019**

	MPN SUMMARY	AGING AFFINITY GROUP	BALTIMORE INTERSECTION	BALTIMORE INTEGRATION PARTNERSHIP	COMMON WEALTH BUILDERS	DANCE & MORE	COMMUNITY INVESTMENT AFFINITY GROUP	EDUCATION AFFINITY GROUP	GREEN AFFINITY GROUP	MARYLAND COMMUNITY FOUNDATION ASSOCIATION	MARYLAND ENVIRONMENT HEALTH NETWORK	WORKFORCE COLLABORATIVE AND AFFINITY GROUP	IMPACT INVESTING	INTER- COMPANY ELIMINATI ONS	TOTAL
Income															
Grants and contributions	\$ 145,362	\$ 53,844	\$ 192,453	\$ 50,000	\$ 25,100	\$ 10,200	\$ 25,000	\$ 15,350	\$ 3,000	\$ 11,050	\$ 747	\$ 604,500	\$ 12,500	\$ (76,822)	\$ 1,072,284
Investment income	253,744	-	-	-	-	-	-	-	-	-	-	-	-	-	253,744
Membership dues	478,869	-	-	-	-	-	-	-	-	-	-	-	-	-	478,869
In-kind Contribution	-	-	6,240	-	-	-	-	-	-	-	-	-	-	-	6,240
Other	21,215	-	-	-	-	-	-	-	-	-	-	-	-	-	21,215
Total Income	899,190	53,844	198,693	50,000	25,100	10,200	25,000	15,350	3,000	11,050	747	604,500	12,500	(76,822)	1,832,352
Expense															
Payroll & payroll related	537,619	-	126,694	14,933	-	2,610	-	-	-	-	32,549	116,428	-	(6,000)	824,833
Grants	-	-	9,597	23,500	1,255	510	-	-	-	-	28,510	277,751	-	-	341,123
Professional fees	201,436	34,725	16,954	57,282	15,200	5,439	55,077	11,430	800	1,200	11,394	2,987	12,200	-	426,124
Office	52,539	-	10,678	1,494	164	1,242	-	-	-	541	2,550	2,867	-	-	72,075
Occupancy	69,185	-	6,540	-	-	-	-	-	-	-	70	-	-	-	75,795
Workshops, meetings & travel	36,210	-	8,044	3,445	-	99	34	1,245	-	285	3,531	13,259	-	-	66,152
Professional development	12,105	-	332	498	1,168	-	-	-	-	-	1,380	11,087	-	-	26,570
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Overhead	-	500	-	10,000	-	-	7,500	2,100	-	14,500	10,920	12,740	1,200	(70,822)	(11,362)
Total Expenses	909,094	35,225	178,839	111,152	17,787	9,900	62,611	14,775	800	16,526	90,904	437,119	13,400	(76,822)	1,821,310
Changes in net assets	(9,904)	18,619	19,854	(61,152)	7,313	300	(37,611)	575	2,200	(5,476)	(90,157)	167,381	(900)	-	11,042
Net assets, beginning 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
Net Assets, End of Year	\$ 1,377,304	\$ 33,506	\$ 19,854	\$ 52,200	\$ 7,313	\$ 300	\$ 16,654	\$ 11,498	\$ 6,841	\$ 16,995	\$ 69,930	\$ 359,477	\$ 21	\$ -	\$ 1,971,893