



**FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT**

**ASSOCIATED GRANT MAKERS, INC.**

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DECEMBER 31, 2013 AND 2012**

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CERTIFIED PUBLIC ACCOUNTANTS  
& BUSINESS ADVISORS

*Where Every Client Is A Valued Client*

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Associated Grant Makers, Inc.:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Associated Grant Makers, Inc. (a Massachusetts corporation, not for profit) (AGM) which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associated Grant Makers, Inc. as of December 31, 2013 and 2012, 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.

To the Board of Directors of  
Associated Grant Makers, Inc.  
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*Other Matters*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 13 through 16 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Alexander, Aronson, Finning & Co., P.C.*

Boston, Massachusetts  
May 21, 2014

ASSOCIATED GRANT MAKERS, INC.

STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2013 AND 2012

<u>ASSETS</u>	2013			2012		
	TEMPORARILY			TEMPORARILY		
	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL</u>	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL</u>
<b>CURRENT ASSETS:</b>						
Cash	\$ 307,513	\$ 354,273	\$ 661,786	\$ 290,954	\$ 527,815	\$ 818,769
Membership support and pledges receivable	1,090	149,750	150,840	12,209	-	12,209
Prepaid expenses	10,702	-	10,702	24,796	-	24,796
Total current assets	<u>319,305</u>	<u>504,023</u>	<u>823,328</u>	<u>327,959</u>	<u>527,815</u>	<u>855,774</u>
<b>OTHER ASSETS:</b>						
Fixed assets, net	38,832	-	38,832	9,495	-	9,495
Cash - fiscal agent	407,231	-	407,231	341,733	-	341,733
Security deposit	27,833	-	27,833	43,100	-	43,100
Total other assets	<u>473,896</u>	<u>-</u>	<u>473,896</u>	<u>394,328</u>	<u>-</u>	<u>394,328</u>
Total assets	<u>\$ 793,201</u>	<u>\$ 504,023</u>	<u>\$ 1,297,224</u>	<u>\$ 722,287</u>	<u>\$ 527,815</u>	<u>\$ 1,250,102</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>						
<b>CURRENT LIABILITIES:</b>						
Accounts payable	\$ 12,962	\$ -	\$ 12,962	\$ 28,074	\$ -	\$ 28,074
Accrued expenses	23,129	-	23,129	16,895	-	16,895
Total current liabilities	<u>36,091</u>	<u>-</u>	<u>36,091</u>	<u>44,969</u>	<u>-</u>	<u>44,969</u>
<b>FISCAL AGENT PAYABLE</b>	<u>407,231</u>	<u>-</u>	<u>407,231</u>	<u>341,733</u>	<u>-</u>	<u>341,733</u>
Total liabilities	<u>443,322</u>	<u>-</u>	<u>443,322</u>	<u>386,702</u>	<u>-</u>	<u>386,702</u>
<b>NET ASSETS:</b>						
Unrestricted:						
Operating	300,981	-	300,981	306,829	-	306,829
Fixed assets	38,832	-	38,832	9,495	-	9,495
Board designated	10,066	-	10,066	19,261	-	19,261
Temporarily restricted:						
Program activities	-	374,023	374,023	-	428,765	428,765
Time	-	130,000	130,000	-	99,050	99,050
Total net assets	<u>349,879</u>	<u>504,023</u>	<u>853,902</u>	<u>335,585</u>	<u>527,815</u>	<u>863,400</u>
Total liabilities and net assets	<u>\$ 793,201</u>	<u>\$ 504,023</u>	<u>\$ 1,297,224</u>	<u>\$ 722,287</u>	<u>\$ 527,815</u>	<u>\$ 1,250,102</u>

The accompanying notes are an integral part of these statements.

ASSOCIATED GRANT MAKERS, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013					2012				
	UNRESTRICTED		TEMPORARILY RESTRICTED	TOTAL		UNRESTRICTED		TEMPORARILY RESTRICTED	TOTAL	
	OPERATING	BOARD DESIGNATED				TOTAL UNRESTRICTED	OPERATING			
<b>OPERATING SUPPORT AND REVENUES:</b>										
Designated contributions	\$ 1,248,462	\$ -	\$ 1,248,462	\$ 118,373	\$ 1,366,835	\$ 948,888	\$ -	\$ 948,888	\$ 343,945	\$ 1,292,833
Membership dues, contributions and other support	351,300	-	351,300	130,000	481,300	341,550	-	341,550	99,050	440,600
Program fees and other income	242,353	-	242,353	-	242,353	201,807	-	201,807	-	201,807
Interest and dividends	1,783	-	1,783	-	1,783	1,703	-	1,703	-	1,703
Net assets released from restrictions:										
Satisfaction of time restrictions	99,050	-	99,050	(99,050)	-	115,100	-	115,100	(115,100)	-
Satisfaction of purpose restrictions	173,115	-	173,115	(173,115)	-	560,645	-	560,645	(560,645)	-
Total operating support and revenues	2,116,063	-	2,116,063	(23,792)	2,092,271	2,169,693	-	2,169,693	(232,750)	1,936,943
<b>OPERATING EXPENSES:</b>										
Summer Fund	1,359,694	-	1,359,694	-	1,359,694	1,450,687	-	1,450,687	-	1,450,687
Member and Grantmaker Services	494,697	-	494,697	-	494,697	365,007	-	365,007	-	365,007
Library Information Services	-	-	-	-	-	136,855	-	136,855	-	136,855
Information Technology	-	-	-	-	-	76,122	-	76,122	-	76,122
Nonprofit Partner Services	207,675	9,195	216,870	-	216,870	97,880	-	97,880	-	97,880
Total operating expenses	2,062,066	9,195	2,071,261	-	2,071,261	2,126,551	-	2,126,551	-	2,126,551
Changes in net assets from operations	53,997	(9,195)	44,802	(23,792)	21,010	43,142	-	43,142	(232,750)	(189,608)
<b>OTHER EXPENSES:</b>										
Loss on disposal of equipment	(5,472)	-	(5,472)	-	(5,472)	-	-	-	-	-
Relocation expenses	(25,036)	-	(25,036)	-	(25,036)	-	-	-	-	-
Changes in net assets	23,489	(9,195)	14,294	(23,792)	(9,498)	43,142	-	43,142	(232,750)	(189,608)
<b>NET ASSETS, beginning of year</b>	<u>316,324</u>	<u>19,261</u>	<u>335,585</u>	<u>527,815</u>	<u>863,400</u>	<u>273,182</u>	<u>19,261</u>	<u>292,443</u>	<u>760,565</u>	<u>1,053,008</u>
<b>NET ASSETS, end of year</b>	<u>\$ 339,813</u>	<u>\$ 10,066</u>	<u>\$ 349,879</u>	<u>\$ 504,023</u>	<u>\$ 853,902</u>	<u>\$ 316,324</u>	<u>\$ 19,261</u>	<u>\$ 335,585</u>	<u>\$ 527,815</u>	<u>\$ 863,400</u>

The accompanying notes are an integral part of these statements.

**ASSOCIATED GRANT MAKERS, INC.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ (9,498)	\$ (189,608)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	6,067	4,809
Loss on disposal of equipment	5,472	-
Changes in operating assets and liabilities:		
Membership support and pledges receivable	(138,631)	28,894
Prepaid expenses	14,094	(1,512)
Security deposit	15,267	-
Accounts payable	(15,112)	41
Accrued expenses	6,234	(381)
	<hr/>	<hr/>
Net cash used in operating activities	(116,107)	(157,757)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of fixed assets	(40,876)	-
	<hr/>	<hr/>
<b>NET DECREASE IN CASH</b>	(156,983)	(157,757)
<b>CASH, beginning of year</b>	818,769	976,526
	<hr/>	<hr/>
<b>CASH, end of year</b>	<u>\$ 661,786</u>	<u>\$ 818,769</u>

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

ASSOCIATED GRANT MAKERS, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2013

(With Summarized Comparative Totals for the Year Ended December 31, 2012)

	2013							2012		
	PROGRAM			PROGRAM SUPPORT				TOTAL	TOTAL	
SUMMER FUND	MEMBER AND GRANTMAKER SERVICES	NONPROFIT PARTNER SERVICES	TOTAL PROGRAM	GENERAL AND ADMINISTRATION	MARKETING	MEMBER DEVELOPMENT	TOTAL PROGRAM SUPPORT			
<b>GRANTS AWARDED</b>	\$ 1,180,543	\$ -	\$ -	\$ 1,180,543	\$ -	\$ -	\$ -	\$ -	\$ 1,180,543	\$ 1,210,096
<b>PAYROLL AND RELATED:</b>										
Salaries	97,485	136,782	58,249	292,516	88,868	33,001	51,716	173,585	466,101	425,143
Fringe benefits	16,714	5,865	8,987	31,566	11,092	1,769	5,184	18,045	49,611	54,148
Payroll taxes	10,022	13,322	6,282	29,626	9,074	3,496	5,361	17,931	47,557	39,076
Total payroll and related	124,221	155,969	73,518	353,708	109,034	38,266	62,261	209,561	563,269	518,367
<b>OTHER:</b>										
Rent	10,458	67,156	32,382	109,996	28,914	6,050	-	34,964	144,960	161,192
Meetings and conferences	5,328	32,883	11,188	49,399	752	-	-	752	50,151	119,159
Professional fees	-	-	14,195	14,195	15,911	-	-	15,911	30,106	14,389
Equipment rental and repair	-	-	-	-	21,833	-	-	21,833	21,833	18,377
Supplies	929	6,407	4,008	11,344	2,101	882	203	3,186	14,530	14,915
Telephone	-	5,603	3,551	9,154	2,738	1,031	1,141	4,910	14,064	13,095
Outside services	2,215	4,584	-	6,799	1,200	4,920	-	6,120	12,919	18,864
Registration fees, dues and subscriptions	-	150	-	150	8,694	-	-	8,694	8,844	6,922
Utilities and insurance	-	1,610	844	2,454	4,385	233	211	4,829	7,283	6,336
Printing and graphics	-	-	-	-	-	6,296	-	6,296	6,296	3,382
Depreciation	-	2,261	1,150	3,411	1,661	472	523	2,656	6,067	4,809
Miscellaneous	-	-	-	-	5,682	-	32	5,714	5,714	6,481
Postage and delivery	-	223	748	971	1,743	56	47	1,846	2,817	5,278
Food and travel	-	1,808	57	1,865	-	-	-	-	1,865	4,889
Total other	18,930	122,685	68,123	209,738	95,614	19,940	2,157	117,711	327,449	398,088
Total expenses before allocation of program support	1,323,694	278,654	141,641	1,743,989	204,648	58,206	64,418	327,272	2,071,261	2,126,551
<b>ALLOCATION OF PROGRAM SUPPORT</b>	36,000	216,043	75,229	327,272	(204,648)	(58,206)	(64,418)	(327,272)	-	-
Total expenses	\$ 1,359,694	\$ 494,697	\$ 216,870	\$ 2,071,261	\$ -	\$ -	\$ -	\$ -	\$ 2,071,261	\$ 2,126,551

The accompanying notes are an integral part of these statements.



ASSOCIATED GRANT MAKERS, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2012

	PROGRAM					PROGRAM SUPPORT					TOTAL
	SUMMER FUND	MEMBER AND GRANTMAKER SERVICES	LIBRARY INFORMATION SERVICES	INFORMATION TECHNOLOGY	NONPROFIT PARTNER SERVICES	TOTAL PROGRAM	GENERAL AND ADMINISTRATION	MARKETING	MEMBER DEVELOPMENT	TOTAL PROGRAM SUPPORT	
<b>GRANTS AWARDED</b>	\$ 1,210,096	\$ -	\$ -	\$ -	\$ -	\$ 1,210,096	\$ -	\$ -	\$ -	\$ -	\$ 1,210,096
<b>PAYROLL AND RELATED:</b>											
Salaries	81,094	107,333	7,772	7,531	41,404	245,134	82,726	33,076	64,207	180,009	425,143
Fringe benefits	16,856	8,592	105	670	7,873	34,096	11,925	1,867	6,260	20,052	54,148
Payroll taxes	7,515	9,456	1,097	949	3,608	22,625	7,488	3,049	5,914	16,451	39,076
Total payroll and related	105,465	125,381	8,974	9,150	52,885	301,855	102,139	37,992	76,381	216,512	518,367
<b>OTHER:</b>											
Rent	9,480	11,038	62,219	23,332	7,778	113,847	33,935	8,483	4,927	47,345	161,192
Meetings and conferences	78,683	32,682	3,585	-	4,194	119,144	15	-	-	15	119,159
Professional fees	-	-	-	-	-	-	14,389	-	-	14,389	14,389
Equipment rental and repair	-	-	-	13,105	-	13,105	5,272	-	-	5,272	18,377
Supplies	1,294	1,130	8,888	498	952	12,762	1,628	190	335	2,153	14,915
Telephone	-	3,941	347	1,066	2,400	7,754	2,507	1,035	1,799	5,341	13,095
Outside services	9,669	-	-	-	445	10,114	2,400	6,350	-	8,750	18,864
Registration fees, dues and subscriptions	-	644	-	-	-	644	6,278	-	-	6,278	6,922
Utilities and insurance	-	404	1,163	463	208	2,238	3,865	177	56	4,098	6,336
Printing and graphics	-	-	-	-	-	-	-	3,382	-	3,382	3,382
Depreciation	-	1,228	580	325	480	2,613	1,230	392	574	2,196	4,809
Miscellaneous	-	170	-	-	325	495	5,371	-	615	5,986	6,481
Postage and delivery	-	316	96	-	1,374	1,786	2,981	227	284	3,492	5,278
Food and travel	-	4,840	-	-	-	4,840	49	-	-	49	4,889
Total other	99,126	56,393	76,878	38,789	18,156	289,342	79,920	20,236	8,590	108,746	398,088
Total expenses before allocation of program support	1,414,687	181,774	85,852	47,939	71,041	1,801,293	182,059	58,228	84,971	325,258	2,126,551
<b>ALLOCATION OF PROGRAM SUPPORT</b>	36,000	183,233	51,003	28,183	26,839	325,258	(182,059)	(58,228)	(84,971)	(325,258)	-
Total expenses	\$ 1,450,687	\$ 365,007	\$ 136,855	\$ 76,122	\$ 97,880	\$ 2,126,551	\$ -	\$ -	\$ -	\$ -	\$ 2,126,551

The accompanying notes are an integral part of these statements.

**ASSOCIATED GRANT MAKERS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES**

**OPERATIONS**

Associated Grant Makers, Inc. (AGM) is a regional professional association of leading grantmakers and their partners in the nonprofit community, primarily servicing Massachusetts and surrounding areas. AGM was incorporated in Massachusetts in 1969 to support the practice and expansion of philanthropic giving. AGM also acts as fiscal agent for and collaborates with several other organizations and programs (see Note 4).

**NONPROFIT STATUS**

AGM is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). AGM is also exempt from state income taxes. Donors may deduct contributions made to AGM within the requirements of the IRC and applicable regulations.

**SIGNIFICANT ACCOUNTING POLICIES**

AGM's financial statements have been prepared in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standard Board (FASB). References to U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification (ASC).

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

AGM recognizes donor-designated contributions as temporarily restricted revenue and net assets when received or unconditionally committed by the donor. Unrestricted contributions are recognized as revenue when received or unconditionally pledged. Net assets released from restrictions represent transfers to unrestricted net assets as costs are incurred, time restrictions have lapsed, or services are provided satisfying the restricted purposes specified by donors. Donor restricted grants and contributions received and satisfied in the same period are included in unrestricted net assets. Membership dues are recognized as unrestricted support and revenue and net assets during the membership period. Membership support received or committed in advance of the membership period is recognized as temporarily restricted revenue and net assets (see page 9). Program fees, other income and interest and dividends are recognized as earned.

Recognition of Grants Awarded

AGM generally pays grants at the time of the awards. When AGM awards unconditional grants for a multiple-year period or for a future year, the entire obligation is recognized in the year the grants are awarded.

ASSOCIATED GRANT MAKERS, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

(Continued)

(1) **OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Cash - Fiscal Agent and Fiscal Agent Payable

Cash - fiscal agent and fiscal agent payable represent funds held by AGM on behalf of other organizations (see Note 4).

Fixed Assets and Depreciation

Purchased fixed assets are recorded at cost or fair value at the date of purchase. Renewals and betterments are recorded as additions to the related asset accounts, while repairs and maintenance costs are expensed as incurred. Depreciation is computed using the straight-line method over estimated useful lives of three to five years.

Fair Value Measurement

ASC Topic, *Fair Value Measurements*, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This guidance only applies when the fair value measurement of assets and liabilities is required or permitted. AGM has determined that none of its financial or nonfinancial assets or liabilities is measured at fair value, therefore, the disclosure requirements do not currently apply.

Subsequent Events

Subsequent events have been evaluated through May 21, 2014, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

Uncertainty in Income Taxes

AGM follows the standards for *Accounting for Uncertainty in Income Taxes*, which require AGM to report any uncertain tax positions and to adjust its financial statements for the impact thereof. At December 31, 2013 and 2012, AGM determined that it had no tax positions that did not meet the "more likely than not" threshold of being sustained by the applicable tax authority.

AGM files information returns in the United States Federal and Massachusetts state jurisdictions. These returns are generally subject to examination by tax authorities for the last three years.

Functional Allocation of Expenses

Management allocates specific expenses directly to each function. Other expenses are allocated to functions based on management's estimate of the percentage attributable to each function.

ASSOCIATED GRANT MAKERS, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

(Continued)

(1) **OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Net Assets

**Unrestricted:**

Unrestricted net assets bear no external restrictions and include the following components:

- **Operating** - Funds available for AGM's operations.
- **Fixed assets** - Net book value of fixed assets used in carrying out AGM's services.
- **Board designated** - Funds set aside by the Board of Directors for AGM's Nonprofit Effectiveness Fund (NEF). The NEF was created to promote activities undertaken to improve the performance of small and medium sized nonprofit organizations in Massachusetts and New Hampshire. Expenses are authorized by the Board of Directors for related purposes. During 2013, the Board of Directors authorized a release of \$9,195, which is shown in the accompanying statements of activities and changes in net assets.

**Temporarily Restricted:**

Temporarily restricted net assets include donor-restricted funds for which AGM has not yet incurred the expenses or carried out the donor-designated purpose or the time period for use of the funds has not expired. These funds include amounts AGM holds in connection with program collaborations (see Note 4). Also included is membership support received or committed in advance for the following program year. Temporarily restricted net assets are restricted for the following purposes at December 31:

	<u>2013</u>	<u>2012</u>
Summer Fund (see Note 4)	\$340,619	\$397,833
Membership support (see page 7)	130,000	99,050
Other programs	<u>33,404</u>	<u>30,932</u>
	<u>\$504,023</u>	<u>\$527,815</u>

Membership Support and Pledges Receivable

Membership support and pledges receivable at December 31, 2013 and 2012, consist of membership support, contributions and other unconditionally pledged support. As of December 31, 2013 and 2012, all amounts were deemed collectible and there was no allowance for doubtful accounts.

ASSOCIATED GRANT MAKERS, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

(Continued)

(1) **OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Library

AGM maintained a resource library through July, 2013 for the use of its members and other nonprofit organizations. Books in the library have useful lives that are not readily determinable, and therefore, AGM has not capitalized them. Books bought for use in the library are expensed as acquired.

(2) **LEASE AGREEMENTS**

AGM leased space under an agreement that expired in August, 2013. Beginning in September, 2013, AGM leases office space under an agreement expiring in October, 2018. Rent is payable in equal monthly installments of approximately \$7,600 through August, 2014. The monthly lease payments increase annually each September as defined in the lease agreement. AGM must maintain certain insurance coverage and pay its proportionate share of common area maintenance costs. AGM records rent expense under this agreement based on the monthly lease payments, which approximates the straight-line rent computed, in accordance with the *Accounting for Leases* standards under U.S. GAAP. Total rent expense was \$144,960 and \$161,192 for 2013 and 2012, respectively.

During 2013, AGM entered into an operating lease agreement for office equipment with monthly payments of \$418 through October, 2018.

Future minimum payments over the lease terms are as follows:

	<u>Facility</u>	<u>Equipment</u>
2014	\$ 93,279	\$5,020
2015	\$ 98,294	\$5,020
2016	\$103,811	\$5,020
2017	\$108,324	\$5,020
2018	\$ 92,778	\$3,347

(3) **RETIREMENT PLAN**

AGM offers an elective deferred retirement plan pursuant to IRC Section 401(k) which covers all eligible employees with greater than 1,000 hours of service. Employees may elect to defer their salary within IRC limits. The Board of Directors approved an employer contribution of 4% of eligible employees' salaries. AGM's contributions vest after employees have been employed at AGM for three years. AGM contributed \$15,035 and \$16,670 to the plan in 2013 and 2012, respectively, which is included in fringe benefits in the accompanying statements of functional expenses.

ASSOCIATED GRANT MAKERS, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

(Continued)

(4) **COLLABORATIVE PROGRAMS AND FISCAL AGENT ACCOUNTS**

AGM is the fiscal sponsor of the Summer Fund (the Fund), an unincorporated collaborative of private funders in Greater Boston. The Fund generates resources to support and strengthen summer camps serving the low-income neighborhoods of Boston, Cambridge, Chelsea, and Somerville, Massachusetts. The Fund contributes to summer camps that provide youth with opportunities for skill development, personal growth and new experiences. The Fund raises funds from corporations, foundations and individuals to provide operational support to summer camps. The Fund directly raised and granted funds to various summer programs of \$1,180,543 and \$1,210,096 in 2013 and 2012, respectively.

AGM and the Fund's Advisory Board have entered into a Memorandum of Understanding (MOU), which sets forth the general principles to guide the parties' fiscal sponsorship relationship. Per the terms of the MOU, AGM has been designated as a fiscal sponsor for the Fund. The Fund reimburses AGM for the use of facilities and various administrative services. The agreement may be terminated by either party by written notice giving thirty days for fiscal sponsorship services and sixty days for office space, as defined in the agreement. Upon termination of the agreement, AGM will transfer all assets of the Fund to a qualified organization designated by both AGM's Board and the Fund's Advisory Board.

Activity in the Fund is as follows:

Balance, December 31, 2011	\$ 608,130
Contributions	1,240,390
Expenditures	<u>(1,450,687)</u>
Balance, December 31, 2012	397,833
Contributions	1,302,480
Expenditures	<u>(1,359,694)</u>
Balance, December 31, 2013	<u>\$ 340,619</u>

AGM has been designated as a fiscal agent for various other collaboratives. The combined balances on hand for these fiscal agent arrangements of \$407,231 and \$341,733 are included in cash - fiscal agent and fiscal agent payable in the accompanying statements of financial position at December 31, 2013 and 2012, respectively. AGM has no variance power over the disbursement of these funds, and accordingly, the revenues and expenses for these collaboratives are not reflected in the accompanying financial statements.

**ASSOCIATED GRANT MAKERS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

(Continued)

**(5) FIXED ASSETS**

Fixed assets consist of the following as of December 31:

	<u>2013</u>	<u>2012</u>
Leasehold improvements	\$39,787	\$161,469
Furniture, fixtures and equipment	<u>1,089</u>	<u>209,332</u>
	40,876	370,801
Less - accumulated depreciation	<u>2,044</u>	<u>361,306</u>
	<u>\$38,832</u>	<u>\$ 9,495</u>

**(6) CONCENTRATIONS**

AGM maintains its cash balances in three banks in Massachusetts, which are insured within the limits of the Federal Deposit Insurance Corporation (FDIC). At certain times during the year, cash balances exceeded the insured amounts. AGM has not experienced any losses in these accounts. AGM believes it is not exposed to any significant credit risk on cash.

At December 31, 2013 and 2012, outstanding pledges receivable from two donors represent approximately 93% and 75%, respectively, of the membership support and pledges receivable balance.

**(7) LINE OF CREDIT**

AGM has a \$100,000 working capital line of credit agreement with a bank. Borrowings are due on demand and interest is payable monthly at the bank's index rate (3.25% at December 31, 2013 and 2012), plus 1%; subject to a minimum interest rate of 4.5%. All borrowings are secured by AGM's business property. The agreement has been renewed through June 30, 2014. There are no amounts outstanding as of December 31, 2013 and 2012.

ASSOCIATED GRANT MAKERS, INC.

STATEMENTS OF FINANCIAL POSITION EXCLUDING SUMMER FUND  
DECEMBER 31, 2013 AND 2012

<u>ASSETS</u>	2013			2012		
	TEMPORARILY		TOTAL	TEMPORARILY		TOTAL
	UNRESTRICTED	RESTRICTED		UNRESTRICTED	RESTRICTED	
<b>CURRENT ASSETS:</b>						
Cash	\$ 307,513	\$ 153,654	\$ 461,167	\$ 290,954	\$ 129,982	\$ 420,936
Membership support and pledges receivable	1,090	9,750	10,840	12,209	-	12,209
Prepaid expenses	10,702	-	10,702	24,796	-	24,796
Total current assets	<u>319,305</u>	<u>163,404</u>	<u>482,709</u>	<u>327,959</u>	<u>129,982</u>	<u>457,941</u>
<b>OTHER ASSETS:</b>						
Fixed assets, net	38,832	-	38,832	9,495	-	9,495
Cash - fiscal agent	407,231	-	407,231	341,733	-	341,733
Security deposit	27,833	-	27,833	43,100	-	43,100
Total other assets	<u>473,896</u>	<u>-</u>	<u>473,896</u>	<u>394,328</u>	<u>-</u>	<u>394,328</u>
Total assets	<u>\$ 793,201</u>	<u>\$ 163,404</u>	<u>\$ 956,605</u>	<u>\$ 722,287</u>	<u>\$ 129,982</u>	<u>\$ 852,269</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>						
<b>CURRENT LIABILITIES:</b>						
Accounts payable	\$ 12,962	\$ -	\$ 12,962	\$ 28,074	\$ -	\$ 28,074
Accrued expenses	23,129	-	23,129	16,895	-	16,895
Total current liabilities	<u>36,091</u>	<u>-</u>	<u>36,091</u>	<u>44,969</u>	<u>-</u>	<u>44,969</u>
<b>FISCAL AGENT PAYABLE</b>	<u>407,231</u>	<u>-</u>	<u>407,231</u>	<u>341,733</u>	<u>-</u>	<u>341,733</u>
Total liabilities	<u>443,322</u>	<u>-</u>	<u>443,322</u>	<u>386,702</u>	<u>-</u>	<u>386,702</u>
<b>NET ASSETS:</b>						
Unrestricted:						
Operating	300,981	-	300,981	306,829	-	306,829
Fixed assets	38,832	-	38,832	9,495	-	9,495
Board designated	10,066	-	10,066	19,261	-	19,261
Temporarily restricted:						
Program activities	-	33,404	33,404	-	30,932	30,932
Time	-	130,000	130,000	-	99,050	99,050
Total net assets	<u>349,879</u>	<u>163,404</u>	<u>513,283</u>	<u>335,585</u>	<u>129,982</u>	<u>465,567</u>
Total liabilities and net assets	<u>\$ 793,201</u>	<u>\$ 163,404</u>	<u>\$ 956,605</u>	<u>\$ 722,287</u>	<u>\$ 129,982</u>	<u>\$ 852,269</u>



ASSOCIATED GRANT MAKERS, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS EXCLUDING SUMMER FUND  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013					2012				
	UNRESTRICTED			TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED			TEMPORARILY RESTRICTED	TOTAL
	OPERATING	BOARD DESIGNATED	TOTAL UNRESTRICTED			OPERATING	BOARD DESIGNATED	TOTAL UNRESTRICTED		
<b>OPERATING SUPPORT AND REVENUES:</b>										
Membership dues, contributions and other support	\$ 351,300	\$ -	\$ 351,300	\$ 130,000	\$ 481,300	\$ 341,550	\$ -	\$ 341,550	\$ 99,050	\$ 440,600
Program fees and other income	278,353	-	278,353	-	278,353	237,807	-	237,807	-	237,807
Designated contributions	52,688	-	52,688	11,667	64,355	22,499	-	22,499	29,944	52,443
Interest and dividends	1,783	-	1,783	-	1,783	1,703	-	1,703	-	1,703
Net assets released from restrictions:										
Satisfaction of time restrictions	99,050	-	99,050	(99,050)	-	115,100	-	115,100	(115,100)	-
Satisfaction of purpose restrictions	9,195	-	9,195	(9,195)	-	36,347	-	36,347	(36,347)	-
Total operating support and revenues	<u>792,369</u>	<u>-</u>	<u>792,369</u>	<u>33,422</u>	<u>825,791</u>	<u>755,006</u>	<u>-</u>	<u>755,006</u>	<u>(22,453)</u>	<u>732,553</u>
<b>OPERATING EXPENSES:</b>										
Member and Grantmaker Services	518,565	-	518,565	-	518,565	381,934	-	381,934	-	381,934
Library Information Services	-	-	-	-	-	144,850	-	144,850	-	144,850
Information Technology	-	-	-	-	-	80,586	-	80,586	-	80,586
Nonprofit Partner Services	219,807	9,195	229,002	-	229,002	104,494	-	104,494	-	104,494
Total operating expenses	<u>738,372</u>	<u>9,195</u>	<u>747,567</u>	<u>-</u>	<u>747,567</u>	<u>711,864</u>	<u>-</u>	<u>711,864</u>	<u>-</u>	<u>711,864</u>
Changes in net assets from operations	53,997	(9,195)	44,802	33,422	78,224	43,142	-	43,142	(22,453)	20,689
<b>OTHER EXPENSES:</b>										
Loss on disposal of equipment	(5,472)	-	(5,472)	-	(5,472)	-	-	-	-	-
Relocation expenses	(25,036)	-	(25,036)	-	(25,036)	-	-	-	-	-
Changes in net assets	<u>23,489</u>	<u>(9,195)</u>	<u>14,294</u>	<u>33,422</u>	<u>47,716</u>	<u>43,142</u>	<u>-</u>	<u>43,142</u>	<u>(22,453)</u>	<u>20,689</u>
<b>NET ASSETS, beginning of year</b>	<u>316,324</u>	<u>19,261</u>	<u>335,585</u>	<u>129,982</u>	<u>465,567</u>	<u>273,182</u>	<u>19,261</u>	<u>292,443</u>	<u>152,435</u>	<u>444,878</u>
<b>NET ASSETS, end of year</b>	<u>\$ 339,813</u>	<u>\$ 10,066</u>	<u>\$ 349,879</u>	<u>\$ 163,404</u>	<u>\$ 513,283</u>	<u>\$ 316,324</u>	<u>\$ 19,261</u>	<u>\$ 335,585</u>	<u>\$ 129,982</u>	<u>\$ 465,567</u>

ASSOCIATED GRANT MAKERS, INC.

STATEMENT OF FUNCTIONAL EXPENSES EXCLUDING SUMMER FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013

(With Summarized Comparative Totals for the Year Ended December 31, 2012)

	2013						2012		
	PROGRAM			PROGRAM SUPPORT			TOTAL	TOTAL	
	MEMBER AND GRANTMAKER SERVICES	NONPROFIT PARTNER SERVICES	TOTAL PROGRAM	GENERAL AND ADMINIS- TRATION	MARKETING	MEMBER DEVELOPMENT			TOTAL PROGRAM SUPPORT
<b>PAYROLL AND RELATED:</b>									
Salaries	\$ 136,782	\$ 58,249	\$ 195,031	\$ 88,868	\$ 33,001	\$ 51,716	\$ 173,585	\$ 368,616	\$ 344,049
Fringe benefits	5,865	8,987	14,852	11,092	1,769	5,184	18,045	32,897	37,292
Payroll taxes	13,322	6,282	19,604	9,074	3,496	5,361	17,931	37,535	31,561
Total payroll and related	<u>155,969</u>	<u>73,518</u>	<u>229,487</u>	<u>109,034</u>	<u>38,266</u>	<u>62,261</u>	<u>209,561</u>	<u>439,048</u>	<u>412,902</u>
<b>OTHER:</b>									
Rent	67,156	32,382	99,538	28,914	6,050	-	34,964	134,502	151,712
Meetings and conferences	32,883	11,188	44,071	752	-	-	752	44,823	40,476
Professional fees	-	14,195	14,195	15,911	-	-	15,911	30,106	14,389
Equipment rental and repair	-	-	-	21,833	-	-	21,833	21,833	18,377
Telephone	5,603	3,551	9,154	2,738	1,031	1,141	4,910	14,064	13,095
Supplies	6,407	4,008	10,415	2,101	882	203	3,186	13,601	13,621
Outside services	4,584	-	4,584	1,200	4,920	-	6,120	10,704	9,195
Registration fees, dues and subscriptions	150	-	150	8,694	-	-	8,694	8,844	6,922
Utilities and insurance	1,610	844	2,454	4,385	233	211	4,829	7,283	6,336
Printing and graphics	-	-	-	-	6,296	-	6,296	6,296	3,382
Depreciation	2,261	1,150	3,411	1,661	472	523	2,656	6,067	4,809
Miscellaneous	-	-	-	5,682	-	32	5,714	5,714	6,481
Postage and delivery	223	748	971	1,743	56	47	1,846	2,817	5,278
Food and travel	1,808	57	1,865	-	-	-	-	1,865	4,889
Total other	<u>122,685</u>	<u>68,123</u>	<u>190,808</u>	<u>95,614</u>	<u>19,940</u>	<u>2,157</u>	<u>117,711</u>	<u>308,519</u>	<u>298,962</u>
Total expenses before allocation of program support	278,654	141,641	420,295	204,648	58,206	64,418	327,272	747,567	711,864
<b>ALLOCATION OF PROGRAM SUPPORT</b>	<u>239,911</u>	<u>87,361</u>	<u>327,272</u>	<u>(204,648)</u>	<u>(58,206)</u>	<u>(64,418)</u>	<u>(327,272)</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 518,565</u>	<u>\$ 229,002</u>	<u>\$ 747,567</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 747,567</u>	<u>\$ 711,864</u>

ASSOCIATED GRANT MAKERS, INC.

STATEMENT OF FUNCTIONAL EXPENSES EXCLUDING SUMMER FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

	PROGRAM				PROGRAM SUPPORT					TOTAL
	MEMBER AND GRANTMAKER SERVICES	LIBRARY INFORMATION SERVICES	INFORMATION TECHNOLOGY	NONPROFIT PARTNER SERVICES	TOTAL PROGRAM	GENERAL AND ADMINIS- TRATION	MARKETING	MEMBER DEVELOPMENT	TOTAL PROGRAM SUPPORT	
<b>PAYROLL AND RELATED:</b>										
Salaries	\$ 107,333	\$ 7,772	\$ 7,531	\$ 41,404	\$ 164,040	\$ 82,726	\$ 33,076	\$ 64,207	\$ 180,009	\$ 344,049
Fringe benefits	8,592	105	670	7,873	17,240	11,925	1,867	6,260	20,052	37,292
Payroll taxes	9,456	1,097	949	3,608	15,110	7,488	3,049	5,914	16,451	31,561
Total payroll and related	125,381	8,974	9,150	52,885	196,390	102,139	37,992	76,381	216,512	412,902
<b>OTHER:</b>										
Rent	11,038	62,219	23,332	7,778	104,367	33,935	8,483	4,927	47,345	151,712
Meetings and conferences	32,682	3,585	-	4,194	40,461	15	-	-	15	40,476
Professional fees	-	-	-	-	-	14,389	-	-	14,389	14,389
Equipment rental and repair	-	-	13,105	-	13,105	5,272	-	-	5,272	18,377
Telephone	3,941	347	1,066	2,400	7,754	2,507	1,035	1,799	5,341	13,095
Supplies	1,130	8,888	498	952	11,468	1,628	190	335	2,153	13,621
Outside services	-	-	-	445	445	2,400	6,350	-	8,750	9,195
Registration fees, dues and subscriptions	644	-	-	-	644	6,278	-	-	6,278	6,922
Utilities and insurance	404	1,163	463	208	2,238	3,865	177	56	4,098	6,336
Printing and graphics	-	-	-	-	-	-	3,382	-	3,382	3,382
Depreciation	1,228	580	325	480	2,613	1,230	392	574	2,196	4,809
Miscellaneous	170	-	-	325	495	5,371	-	615	5,986	6,481
Postage and delivery	316	96	-	1,374	1,786	2,981	227	284	3,492	5,278
Food and travel	4,840	-	-	-	4,840	49	-	-	49	4,889
Total other	56,393	76,878	38,789	18,156	190,216	79,920	20,236	8,590	108,746	298,962
Total expenses before allocation of program support	181,774	85,852	47,939	71,041	386,606	182,059	58,228	84,971	325,258	711,864
<b>ALLOCATION OF PROGRAM SUPPORT</b>	200,160	58,998	32,647	33,453	325,258	(182,059)	(58,228)	(84,971)	(325,258)	-
Total expenses	\$ 381,934	\$ 144,850	\$ 80,586	\$ 104,494	\$ 711,864	\$ -	\$ -	\$ -	\$ -	\$ 711,864