

**FINANCIAL STATEMENTS**

**MARYLAND ASSOCIATION OF  
NONPROFIT ORGANIZATIONS, INC.**

**FOR THE YEAR ENDED MARCH 31, 2003  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2002**

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

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# GELMAN, ROSENBERG & FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Maryland Association of Nonprofit Organizations, Inc.  
Baltimore, Maryland

We have audited the accompanying statement of financial position of the Maryland Association of Nonprofit Organizations, Inc. as of March 31, 2003, and the related statements of activities and change in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Maryland Association of Nonprofit Organizations, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Association's 2002 financial statements, and in our report dated June 20, 2002, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Maryland Association of Nonprofit Organizations, Inc. as of March 31, 2003, and its change in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Gelman, Rosenberg & Freedman*

June 24, 2003

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4550 Montgomery Avenue • Suite 650 North • Bethesda, Maryland 20814  
(301) 951-9090 • Fax: (301) 951-3570 • [www.grfcpa.com](http://www.grfcpa.com)

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## MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

STATEMENT OF FINANCIAL POSITION  
AS OF MARCH 31, 2003  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2002

## ASSETS

	<u>2003</u>	<u>2002</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 151,129	\$ 193,527
Short-term investments	498,810	575,056
Accounts receivable	320,718	283,267
Security deposit and prepaid expenses	50,518	24,768
Total current assets	<u>1,021,175</u>	<u>1,076,618</u>
<b>FURNITURE AND EQUIPMENT</b>		
Furniture and equipment at cost, net of accumulated depreciation of \$209,328 in 2003 and \$142,855 in 2002 (Note 2)	<u>202,995</u>	<u>221,837</u>
<b>TOTAL ASSETS</b>	<u><b>\$1,224,170</b></u>	<u><b>\$1,298,455</b></u>

## LIABILITIES AND NET ASSETS

## CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 96,013	\$ 116,321
Deferred revenue	3,925	36,670
Deferred membership dues	234,097	212,671
Total current liabilities	<u>334,035</u>	<u>365,662</u>

## NET ASSETS

Unrestricted		
Board designated (Note 3)	40,000	-
Undesignated	156,557	191,316
Temporarily restricted (Note 4)	693,578	741,477
Total net assets	<u>890,135</u>	<u>932,793</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$1,224,170</b></u>	<u><b>\$1,298,455</b></u>

See accompanying notes to financial statements.

## MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 2003  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2002

	2003			2002
	Unrestricted	Temporarily Restricted	Total	Total
<b>REVENUE</b>				
Membership dues	\$ 645,084	\$ -	\$ 645,084	\$ 562,852
Grants and contributions	459,612	1,418,591	1,878,203	2,099,170
Member services	754,737	-	754,737	626,919
Investment income	25,669	-	25,669	25,817
Net assets released from restrictions:				
Satisfaction of donor imposed restrictions (Note 4)	1,466,490	(1,466,490)	-	-
Total revenue	<u>3,351,592</u>	<u>(47,899)</u>	<u>3,303,693</u>	<u>3,314,758</u>
<b>EXPENSES</b>				
Personnel	1,817,664	-	1,817,664	1,445,536
Communications	131,204	-	131,204	132,197
Occupancy	150,284	-	150,284	108,064
Member services	326,917	-	326,917	260,567
All other	920,282	-	920,282	936,396
Total expenses	<u>3,346,351</u>	<u>-</u>	<u>3,346,351</u>	<u>2,882,760</u>
Change in net assets	5,241	(47,899)	(42,658)	431,998
Net assets at beginning of year	191,316	741,477	932,793	500,795
<b>NET ASSETS AT END OF YEAR</b>	<u><b>\$ 196,557</b></u>	<u><b>\$ 693,578</b></u>	<u><b>\$ 890,135</b></u>	<u><b>\$ 932,793</b></u>

See accompanying notes to financial statements.

## MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED MARCH 31, 2003  
 WITH SUMMARIZED FINANCIAL INFORMATION FOR 2002

	2003	2002
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (42,658)	\$ 431,998
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	139,066	104,747
(Increase) decrease in:		
Accounts receivable	(37,451)	(101,238)
Prepaid expenses and other assets	(25,750)	31,915
Increase (decrease) in:		
Accounts payable and accrued expenses	(20,308)	48,767
Deferred revenue	(32,745)	(2,577)
Deferred membership dues	21,426	24,290
Net cash provided by operating activities	1,580	537,902
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of furniture and equipment	(120,224)	(269,158)
Purchase of investments	76,246	(154,714)
Net cash used by investing activities	(43,978)	(423,872)
Net increase (decrease) in cash and cash equivalents	(42,398)	114,030
Cash and cash equivalents at beginning of year	193,527	79,497
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 151,129</b>	<b>\$ 193,527</b>

See accompanying notes to financial statements.

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization –

The Maryland Association of Nonprofit Organizations, Inc. (Maryland Nonprofits) is a statewide association of nonprofit organizations. Membership in Maryland Nonprofits is open to any organization which is exempt from taxation under Section 501(c) of the Internal Revenue Code.

Maryland Nonprofits was incorporated in September 1991 and was granted tax-exempt status by the Internal Revenue Service in April 1992. The mission of Maryland Nonprofits is to strengthen and support the ability of nonprofit organizations to serve the community, and to enhance public understanding of, confidence in, and support for the nonprofit sector.

Basis of presentation –

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with Statements of Financial Accounting Standard (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations".

Cash and cash equivalents –

Cash and cash equivalents include short-term investments with original maturities of less than three months.

Short-term investments –

Short-term investments are recorded at cost and consist of certificates of deposit which mature within one year.

Depreciation –

Depreciation is recorded on the straight-line basis. Property, plant and equipment are recorded at cost. Donated assets are recorded at fair value at the time of the gift.

Membership dues –

Membership dues are recorded as deferred membership fees when received and credited to income each month as revenue is earned.

Contributions pledged –

Contributions pledged are recorded as revenue when the pledge is made by the prospective donor. Such contributions are classified based upon the restrictions, if any, placed by the donor. An allowance for uncollectible pledges receivable is estimated on an annual basis, if considered significant. If restricted contributions are received and all restrictions are met in the current year, the revenue and expenses incurred are recognized in the unrestricted fund.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)

Summarized financial information –

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended March 31, 2002, from which the summarized information was derived.

2. FURNITURE AND EQUIPMENT

Furniture, fixtures and software at March 31, 2003 consisted of the following:

Furniture and fixtures – Baltimore	\$ 299,534
Furniture and fixtures – Silver Spring	41,877
Software	<u>209,978</u>
	551,389
Less: Accumulated depreciation	<u>(348,394)</u>
	<u><b>\$ 202,995</b></u>

3. BOARD DESIGNATED NET ASSETS

During 2003, the Board of Directors of the Maryland Association of Nonprofit Organizations, Inc. established a Board Designated Net Assets Fund for future contingencies in the amount of \$40,000.

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at March 31, 2003 consisted of the following:

Ethics	\$256,378
Management Innovation	71,585
Executive Transition	18,733
Consulting Services	20,297
State Fiscal Analysis	171,989
Advocacy Leaders	112,096
Capacity Building	27,500
Mid-Level Management Development	<u>15,000</u>
	<u><b>\$693,578</b></u>

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2003

4. TEMPORARILY RESTRICTED NET ASSETS (Continued)

During the fiscal year ended March 31, 2003, temporarily restricted net assets released from restriction due to the satisfaction of donor restrictions were as follows:

Ethics	\$ 787,945
Management Innovation	92,837
Executive Transition	215,076
Consulting Services	42,649
State Fiscal Analysis	122,576
Weinberg Fellows	52,503
Advocacy Leaders	142,904
Mid-Level Management Development	10,000
	<u>\$1,466,490</u>

5. LEASES

Maryland Nonprofits leases space for its corporate office and its Silver Spring office, which will expire January 15, 2011 and January 31, 2004, respectively. The lease agreements are classified as operating leases for financial reporting. Rent expense for the year ended March 31, 2003 was \$108,064. Future minimum obligations for the lease are as follows:

2004	\$121,101
2005	89,400
2006	93,600
2007	97,800
2008	102,000
2009 and Thereafter	255,600
	<u>\$759,501</u>

6. PENSION PLAN

Maryland Nonprofits has established an IRC Section 403(b) defined contribution pension plan covering substantially all employees. Pension expense for the year ended March 31, 2003 was approximately \$60,350.

7. CONCENTRATION OF CREDIT RISK

At times during the year, Maryland Nonprofits maintains cash balances at financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. Management believes the risk in these situations to be minimal.

**SUPPLEMENTAL FINANCIAL INFORMATION**

GELMAN, ROSENBERG & FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON  
SUPPLEMENTAL FINANCIAL INFORMATION**

To the Board of Directors  
Maryland Association of Nonprofit Organizations, Inc.  
Baltimore, Maryland

Our report on our audit of the basic financial statements of the Maryland Association of Nonprofit Organizations, Inc. for the year ended March 31, 2003 appears on page two. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Gelman, Rosenberg & Freedman*

June 24, 2003

## MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2003  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2002

	2003			2002
	Program	Management	Fundraising	Total
Grants and allocations	\$ 210,000	\$ -	\$ -	\$ 210,000
Salaries and wages	1,211,164	194,918	57,948	1,464,030
Pension plan contribution	48,763	8,932	2,655	60,350
Other employee benefits	137,482	25,084	7,457	170,023
Payroll taxes	91,844	14,763	4,388	110,995
Accounting fees	-	6,947	-	6,947
Professional fees	451,579	6,956	-	458,535
Supplies	22,966	4,207	1,250	28,423
Telephone	45,913	8,410	2,500	56,823
Postage and shipping	66,943	3,719	3,719	74,381
Occupancy	121,429	22,242	6,613	150,284
Equipment rental and maintenance	40,250	2,236	2,236	44,722
Printing and publications	145,218	4,219	4,219	153,656
Travel	42,566	4,039	1,201	47,806
Conferences and convention	181,519	-	-	181,519
Miscellaneous	-	(11,209)	-	(11,209)
Depreciation	112,366	10,359	16,341	139,066
<b>TOTAL EXPENSES</b>	<b>\$2,930,002</b>	<b>\$305,822</b>	<b>\$110,527</b>	<b>\$3,346,351</b>
				<b>\$2,882,760</b>