

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

**INDEPENDENT AUDITOR'S REPORT,
FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

MARCH 31, 2001

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ORGANIZATIONS, INC.
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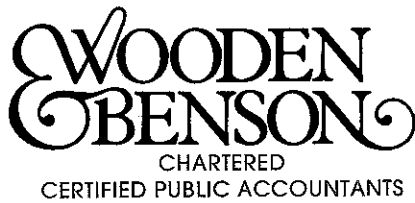
MARCH 31, 2001

MARYLAND ASSOCIATION OF NONPROFIT
ORGANIZATIONS, INC.
BALTIMORE, MARYLAND

MARCH 31, 2001

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Independent Auditor's Report

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

We have audited the accompanying statements of financial position of Maryland Association of Nonprofit Organizations, Inc. as of March 31, 2001 and 2000, and the related statements of activities, and cash flows for the year ended March 31, 2001. The financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. 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 audits provide 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 Maryland Association of Nonprofit Organizations, Inc. as of March 31, 2001 and 2000, and changes in net assets and cash flows for the year ended March 31, 2001 in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information for the year ended March 31, 2001 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.

Wooden & Benson

June 20, 2001
Baltimore, Maryland

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

**STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
ASSETS		
<u>Current</u>		
Cash	\$ 79,497	\$191,737
Short-term investments	420,342	289,826
Accounts receivable	182,029	190,762
Security deposit and prepaid expenses	<u>56,683</u>	<u>17,775</u>
Total current assets	738,551	690,100
Property and equipment at cost, net of accumulated depreciation of \$142,855 (2001) and \$113,698 (2000)	<u>57,426</u>	<u>55,173</u>
Total assets	<u>\$795,977</u>	<u>\$745,273</u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities</u>		
Accounts payable and accrued expenses	\$ 67,554	\$ 41,430
Deferred revenue	39,247	10,896
Deferred membership dues	<u>188,381</u>	<u>145,161</u>
Total current liabilities	295,182	197,487
<u>Net assets</u>		
Temporarily restricted	354,701	409,141
Unrestricted	<u>146,094</u>	<u>138,645</u>
Total net assets	<u>500,795</u>	<u>547,786</u>
Total liabilities and net assets	<u>\$795,977</u>	<u>\$745,273</u>

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

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

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2001
WITH COMPARATIVE TOTALS FOR 2000**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>2000</u>
<u>Revenues, Gains and Other Support</u>				
Membership dues	\$ 472,025		\$ 472,025	\$ 385,756
Grants and contributions	809,643	168,015	977,658	942,404
Member services	360,542		360,542	235,740
Investment income	25,523		25,523	16,460
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>222,455</u>	<u>(222,455)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	1,890,188	(54,440)	1,835,748	1,580,360
<u>Expenses</u>				
Personnel	1,099,884		1,099,884	906,711
Communications	113,784		113,784	103,799
Occupancy	91,430		91,430	84,151
Member services	267,609		267,609	163,219
All other	<u>310,032</u>		<u>310,032</u>	<u>302,651</u>
Total expenses	<u>1,882,739</u>	<u>-</u>	<u>1,882,739</u>	<u>1,560,531</u>
Change in net assets	7,449	(54,440)	(46,991)	19,829
Net assets at beginning of year	<u>138,645</u>	<u>409,141</u>	<u>547,786</u>	<u>527,957</u>
Net assets at end of year	<u>\$ 146,094</u>	<u>\$ 354,701</u>	<u>\$ 500,795</u>	<u>\$ 547,786</u>

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

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2001**

Cash Flows from Operating Activities

Cash received from service recipients	\$ 841,301
Cash received from contributions	1,049,229
Interest and dividends received	25,522
Cash paid to employees and suppliers	(1,317,882)
Cash paid on behalf of service recipients	<u>(541,150)</u>
Net cash provided by operating activities	57,020

Cash Flows from Investing Activities

Purchase of equipment	(38,744)
Purchase of short-term investments	<u>(130,516)</u>
Net cash (used in) investing activities	<u>(169,260)</u>

Net increase (decrease) in cash and cash equivalents	(112,240)
Cash and cash equivalents at beginning of year	<u>191,737</u>
Cash and cash equivalents at end of year	<u>\$ 79,497</u>

Reconciliation of Change in Net Assets
to Net Cash Provided by Operating Activities

Change in net assets	(46,991)
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Adjustments

Depreciation	36,491
Decrease in accounts receivable	8,733
(Increase) in prepaid expenses	(38,908)
Increase in accounts payable	26,124
Increase in deferred revenue	<u>71,571</u>
Net cash provided by operating activities	<u>\$ 57,020</u>

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

MARYLAND ASSOCIATION OF NONPROFIT
ORGANIZATIONS, INC.
Baltimore, Maryland

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2001

Note 1 - Summary of Significant Accounting Policies

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 improve individual nonprofit organizations and the nonprofit sector as a whole, while also working to bolster public confidence in and support for nonprofit organizations.

The accompanying financial statements are prepared in accordance with generally accepted accounting principles as promulgated by Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations."

Cash and cash equivalents on the statement of cash flows, includes short-term investments with original maturities of less than three months.

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

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

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.

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

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

Baltimore, Maryland

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2001**

Note 1 - Summary of Significant Accounting Policies - Continued

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended March 31, 2000, from which the summarized information was derived.

Note 2 - Property, Plant and Equipment

The Association depreciates equipment on the straight-line basis over the useful lives of its assets. Depreciation expense for the year ended March 31, 2001 amounted to \$36,491. Assets consist of office equipment, furniture and fixtures.

Note 3 - Restricted Net Assets

Temporarily restricted net assets are available for specific programs and projects.

Note 4 - Leases

The Association leases space for its corporate office and its Silver Spring office. The leases expire August 31, 2001 and January 31, 2004, respectively. The lease agreements are classified as operating leases for financial reporting. Rent expense for the year ended March 31, 2001 was \$84,743. Future minimum obligations for the lease are:

2002	40,811
2003	42,036
2004	<u>35,901</u>
	<u>\$118,748</u>

The Association maintains an operating lease on office equipment. The future minimum obligation for the lease is \$1,900 per year through March 31, 2002.

Note 5 - Pension Plan

The Association has established an IRC Section 403(b) defined contribution pension plan covering substantially all employees. Pension expense for the year ended March 31, 2001 was approximately \$41,241.

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

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2001**

Note 6 - Economic Development Fund Agreement

The Association has received a grant in the amount of \$20,000 from the Montgomery County Economic Development fund in order to facilitate the organizations' continued growth and expansion in the county. The Association must repay the County the entire amount if it sells, closes, or relocates a majority of its business interest outside the County within five years of the commencement of the lease. Also, if the organization fails to generate at least eleven positions by the end of the year 2003, they will repay the grant to the County at the rate of \$1,818 for each job short of the nine new job projections.

Note 7 - Financial Instruments

Concentrations of Credit Risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist primarily of cash deposits including certificates of deposit with financial institutions.

The Association restricts cash deposits to financial institutions with high credit standing. At times such deposits may be in excess of the FDIC insurance limit.

**MARYLAND ASSOCIATION OF NONPROFIT
ORGANIZATION, INC.
BALTIMORE, MARYLAND**

SUPPLEMENTAL INFORMATION

MARCH 31, 2001

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

**SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2001
WITH COMPARATIVE TOTALS FOR 2000**

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>	<u>1999</u>
Grants and allocations	\$ 48,375	-	-	\$ 48,375	\$ 545
Salaries and wages	717,118	104,793	59,001	880,912	722,147
Pension plan contributions	33,571	4,908	2,763	41,242	34,150
Other employee benefits	90,534	12,148	6,839	109,521	77,292
Payroll taxes	55,326	8,088	4,554	67,968	54,258
Accounting fees	313	4,658	-	4,971	5,342
Professional fees	175,372	1,889	-	177,261	194,651
Supplies	17,348	1,701	958	20,007	24,379
Telephone	43,519	5,056	2,847	51,422	42,801
Postage and shipping	56,408	2,977	2,977	62,362	60,996
Occupancy	82,175	5,921	3,334	91,430	84,150
Equipment rental and maintenance	33,134	1,449	1,449	36,032	39,455
Printing and publications	105,879	2,195	2,195	110,269	101,879
Travel	22,942	1,305	735	24,982	17,373
Conferences, conventions and meetings	116,268	-	-	116,268	65,436
Miscellaneous	1,174	-	2,052	3,226	2,007
Depreciation	31,545	3,164	1,782	36,491	33,670
Total functional expenses	<u>\$1,631,001</u>	<u>\$160,252</u>	<u>\$91,486</u>	<u>\$1,882,739</u>	<u>\$1,560,531</u>