

FINANCIAL STATEMENTS

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

**FOR THE YEAR ENDED MARCH 31, 2005
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2004 AND 2003**

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

CONTENTS

	PAGE NO.
INDEPENDENT AUDITORS' REPORT	2
EXHIBIT A - Statement of Financial Position, as of March 31, 2005, with Summarized Financial Information for 2004 and 2003	3
EXHIBIT B - Statement of Activities and Change in Net Assets, for the Year Ended March 31, 2005, with Summarized Financial Information for 2004 and 2003	4
EXHIBIT C - Statement of Cash Flows, for the Year Ended March 31, 2005, with Summarized Financial Information for 2004 and 2003	5
NOTES TO FINANCIAL STATEMENTS	6-9
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL FINANCIAL INFORMATION	10
SCHEDULE 1 - Schedule of Functional Expenses, for the Year Ended March 31, 2005, with Summarized Financial Information for 2004 and 2003	11



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, 2005, 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 2004 and 2003 financial statements, and in our reports dated July 7, 2004 and June 24, 2003 respectively, 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, 2005, 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

July 14, 2005

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MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2005
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2004 AND 2003

	ASSETS		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
CURRENT ASSETS			
Cash and cash equivalents (Note 7)	\$117,677	\$ 423,523	\$ 151,129
Short-term investments	256,383	327,999	498,810
Accounts receivable	162,701	254,524	320,718
Security deposit and prepaid expenses	<u>80,632</u>	<u>66,624</u>	<u>50,518</u>
Total current assets	<u>617,393</u>	<u>1,072,670</u>	<u>1,021,175</u>
FURNITURE AND EQUIPMENT			
Furniture and equipment at cost, net of accumulated depreciation of \$556,134 in 2005, \$430,570 in 2004 and \$348,394 in 2003 (Note 2)	<u>107,274</u>	<u>140,066</u>	<u>202,995</u>
TOTAL ASSETS	<u>\$724,667</u>	<u>\$1,212,736</u>	<u>\$1,224,170</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$196,481	\$ 226,555	\$ 96,013
Deferred revenue	21,722	47,213	3,925
Deferred membership dues	<u>305,238</u>	<u>280,940</u>	<u>234,097</u>
Total current liabilities	<u>523,441</u>	<u>554,708</u>	<u>334,035</u>
NET ASSETS			
Unrestricted:			
Board designated (Note 3)	40,000	40,000	40,000
Undesignated	<u>136,226</u>	<u>192,493</u>	<u>156,557</u>
Total unrestricted	176,226	232,493	196,557
Temporarily restricted (Note 4)	<u>25,000</u>	<u>425,535</u>	<u>693,578</u>
Total net assets	<u>201,226</u>	<u>658,028</u>	<u>890,135</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$724,667</u>	<u>\$1,212,736</u>	<u>\$1,224,170</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, 2005
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2004 AND 2003

	2005			2004	2003
	Unrestricted	Temporarily Restricted	Total	Total	Total
REVENUE					
Membership dues	\$ 760,311	\$ -	\$ 760,311	\$ 699,844	\$ 645,084
Grants and contributions	953,487	-	953,487	1,602,690	1,878,203
Member services	1,081,435	-	1,081,435	721,843	754,737
Investment income	4,240	-	4,240	5,176	25,669
Net assets released from restrictions:					
Satisfaction of donor imposed restrictions (Note 4)	400,535	(400,535)	-	-	-
Total revenue	3,200,008	(400,535)	2,799,473	3,029,553	3,303,693
EXPENSES					
Personnel	1,998,227	-	1,998,227	2,029,878	1,817,664
Communications	134,737	-	134,737	139,743	131,204
Occupancy	159,618	-	159,618	157,500	150,284
Member services	317,239	-	317,239	303,381	326,917
All other	646,454	-	646,454	631,158	920,282
Total expenses	3,256,275	-	3,256,275	3,261,660	3,346,351
Change in net assets	(56,267)	(400,535)	(456,802)	(232,107)	(42,658)
Net assets at beginning of year	232,493	425,535	658,028	890,135	932,793
NET ASSETS AT END OF YEAR	\$ 176,226	\$ 25,000	\$ 201,226	\$ 658,028	\$ 890,135

See accompanying notes to financial statements.

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2005
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2004 AND 2003

	<u>2005</u>	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	\$(456,802)	\$(232,107)	\$ (42,658)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation	125,563	133,623	139,066
(Increase) decrease in:			
Accounts receivable	91,823	66,194	(37,451)
Security deposit and prepaid expenses	(14,008)	(16,106)	(25,750)
Increase (decrease) in:			
Accounts payable and accrued expenses	(30,074)	130,542	(20,308)
Deferred revenue	(25,491)	43,288	(32,745)
Deferred membership dues	24,298	46,843	21,426
Net cash provided (used) by operating activities	<u>(284,691)</u>	<u>172,277</u>	<u>1,580</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of furniture and equipment	(92,771)	(70,694)	(120,224)
Sale of investments	71,616	170,811	76,246
Net cash provided (used) by investing activities	<u>(21,155)</u>	<u>100,117</u>	<u>(43,978)</u>
Net increase (decrease) in cash and cash equivalents	(305,846)	272,394	(42,398)
Cash and cash equivalents at beginning of year	<u>423,523</u>	<u>151,129</u>	<u>193,527</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 117,677</u>	<u>\$ 423,523</u>	<u>\$ 151,129</u>

See accompanying notes to financial statements.

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

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 who pay the dues established by the Corporation and are approved for membership by the Board of Directors.

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 Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations".

Net asset classification –

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of Maryland Nonprofits and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of Maryland Nonprofits and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

Cash and cash equivalents –

Cash and cash equivalents include cash held in local financial institutions.

Short-term investments –

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

Depreciation –

Depreciation is recorded on the straight-line basis. Furniture and equipment are recorded at cost. Donated assets are recorded at fair value at the time of the gift. Maryland Nonprofits has established a capitalization policy of \$500.

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

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

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.

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 years ended March 31, 2004 and 2003, from which the summarized information was derived.

2. **FURNITURE AND EQUIPMENT**

Furniture, fixtures and software at March 31, 2005 consisted of the following:

Furniture and fixtures – Baltimore	\$ 302,194
Furniture and fixtures – Silver Spring	330,543
Software	30,671
	<hr/>
	663,408
Less: Accumulated depreciation	(556,134)
	<hr/>
	\$ 107,274

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

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, 2005 consisted of the following:

Ethics	<u>\$25,000</u>
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During the fiscal year ended March 31, 2005, temporarily restricted net assets released from restriction due to the satisfaction of donor restrictions were as follows:

Ethics	\$154,229
Management Innovation	46,404
Executive Transition	15,399
State Fiscal Analysis	35,985
Advocacy Leaders	67,557
Mid-Level Management Development	5,000
Casey Awards Program	<u>75,961</u>
	<u>\$400,535</u>

5. LEASES

Maryland Nonprofits leases space for its corporate office which will expire January 15, 2011. The lease agreement is classified as an operating lease for financial reporting. Rent expense for the year ended March 31, 2005 was \$138,681. Future minimum obligations for the lease are as follows:

2006	\$ 93,600
2007	97,800
2008	102,000
2009	106,200
2010 and Thereafter	<u>149,400</u>
	<u>\$549,000</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, 2005 was approximately \$70,472.

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

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, 2005 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

July 14, 2005

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SCHEDULE 1

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2005
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2004 AND 2003

	2005			2004	2003
	Program	Management	Fundraising	Total	Total
Grants	\$ 49,950	\$ -	\$ -	\$ 49,950	\$ 210,000
Salaries and wages	1,385,932	143,123	67,268	1,596,323	1,464,030
Pension plan contribution	60,113	7,047	3,312	70,472	60,350
Other employee benefits	158,622	18,484	8,688	185,794	170,023
Payroll taxes	113,289	11,801	5,546	130,636	110,995
Accounting fees	-	9,139	-	9,139	6,947
Professional fees	263,087	8,102	30,000	301,189	458,535
Supplies	17,240	2,021	950	20,211	28,423
Telephone	40,734	4,776	2,244	47,754	56,823
Postage and shipping	78,285	4,350	4,349	86,984	74,381
Occupancy	136,154	15,962	7,502	159,618	150,284
Equipment rental and maintenance	49,406	2,745	2,745	54,896	44,722
Printing and publications	172,268	5,679	5,679	183,626	153,656
Travel	31,282	2,229	1,047	34,558	47,806
Conferences and convention	193,782	-	-	193,782	181,519
Miscellaneous	-	5,780	-	5,780	(11,209)
Depreciation	107,106	12,556	5,901	125,563	139,066
TOTAL EXPENSES	\$2,857,250	\$253,794	\$145,231	\$3,256,275	\$3,346,351