

FINANCIAL STATEMENTS

**MARYLAND ASSOCIATION OF
NONPROFIT ORGANIZATIONS**

**FOR THE YEAR ENDED MARCH 31, 2008
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2007**

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS

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GELMAN, ROSENBERG & FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of the Maryland Association of Nonprofit Organizations as of March 31, 2008, 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'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 organization's 2007 financial statements and, in our report dated June 26, 2007, we expressed an unqualified opinion on those 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 as of March 31, 2008, 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

October 1, 2008

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MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS
STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2008
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2007

ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 429,372	\$ 264,166
Investments (Note 2)	191,010	182,628
Accounts receivable, net of allowance for doubtful accounts of \$2,000 and \$0 in 2008 and 2007, respectively.	163,797	131,891
Grants receivable	12,450	82,500
Prepaid expenses	<u>77,993</u>	<u>79,085</u>
Total current assets	<u>874,622</u>	<u>740,270</u>
FIXED ASSETS		
Furniture	302,324	338,114
Software	<u>363,952</u>	<u>363,952</u>
	666,276	702,066
Less: Accumulated depreciation and amortization	<u>(652,111)</u>	<u>(667,602)</u>
Net fixed assets	<u>14,165</u>	<u>34,464</u>
OTHER ASSETS		
Security deposit	<u>6,145</u>	<u>6,145</u>
TOTAL ASSETS	<u>\$ 894,932</u>	<u>\$ 780,879</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 154,814	\$ 165,189
Deferred revenue	64,040	23,630
Deferred membership dues	<u>427,672</u>	<u>407,449</u>
Total liabilities	<u>646,526</u>	<u>596,268</u>
NET ASSETS		
Unrestricted:		
Board designated (Note 6)	40,000	40,000
Undesignated	<u>143,406</u>	<u>32,111</u>
Total unrestricted	183,406	72,111
Temporarily restricted (Note 3)	<u>65,000</u>	<u>112,500</u>
Total net assets	<u>248,406</u>	<u>184,611</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 894,932</u>	<u>\$ 780,879</u>

See accompanying notes to financial statements.

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2008
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2007**

	2008			2007
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Membership dues	\$ 1,037,100	\$ -	\$ 1,037,100	\$ 920,017
Grants and contributions	658,869	162,500	821,369	851,989
Member services	984,583	-	984,583	789,455
Investment income (Note 2)	8,438	-	8,438	8,427
Rental income	5,700	-	5,700	1,200
Net assets released from donor restrictions (Note 4)	<u>210,000</u>	<u>(210,000)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>2,904,690</u>	<u>(47,500)</u>	<u>2,857,190</u>	<u>2,571,088</u>
EXPENSES				
Personnel	1,780,975	-	1,780,975	1,898,809
Communications	137,265	-	137,265	119,089
Occupancy	192,966	-	192,966	191,409
Member services	361,657	-	361,657	346,501
All other	<u>320,532</u>	<u>-</u>	<u>320,532</u>	<u>363,683</u>
Total expenses	<u>2,793,395</u>	<u>-</u>	<u>2,793,395</u>	<u>2,919,491</u>
Change in net assets	111,295	(47,500)	63,795	(348,403)
Net assets at beginning of year	<u>72,111</u>	<u>112,500</u>	<u>184,611</u>	<u>533,014</u>
NET ASSETS AT END OF YEAR	<u>\$ 183,406</u>	<u>\$ 65,000</u>	<u>\$ 248,406</u>	<u>\$ 184,611</u>

See accompanying notes to financial statements.

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2008
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2007**

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 63,795	\$ (348,403)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	23,763	55,671
(Increase) decrease in:		
Accounts receivable	(31,906)	4,752
Grants receivable	70,050	417,500
Prepaid expenses	1,092	14,483
Increase (decrease) in:		
Accounts payable and accrued liabilities	(10,375)	(16,804)
Deferred revenue	40,410	(19,050)
Deferred membership dues	<u>20,223</u>	<u>68,890</u>
Net cash provided by operating activities	<u>177,052</u>	<u>177,039</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(3,464)	(26,607)
Purchase of investments	<u>(8,382)</u>	<u>(8,365)</u>
Net cash used by investing activities	<u>(11,846)</u>	<u>(34,972)</u>
Net increase in cash and cash equivalents	165,206	142,067
Cash and cash equivalents at beginning of year	<u>264,166</u>	<u>122,099</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 429,372</u>	<u>\$ 264,166</u>

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Maryland Association of Nonprofit Organizations (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 are presented on the accrual basis of accounting, and in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations".

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, 2007, from which the summarized information was derived.

Cash and cash equivalents -

Maryland Nonprofits considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

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

Investments -

Investments are recorded at market value. Realized and unrealized gains and losses are included in investment income in the Statement of Activities and Change in Net Assets.

Fixed assets -

Fixed assets are stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred. Maryland Nonprofits has established a capitalization policy of \$5,000.

Income taxes -

Maryland Nonprofits is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Maryland Nonprofits is not a private foundation.

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2008

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.

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.

Contributions pledged and grants -

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.

Grants -

Grants are recorded as revenue in the year notification is received from the donors. Grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Grants received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

2. INVESTMENTS

Investments consisted of the following at March 31, 2008:

	<u>Market Value</u>
Money Funds	\$ <u>191,010</u>

Included in investment income are the following:

Interest and Dividends	\$ <u>8,438</u>
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3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at March 31, 2008:

Time Restricted	\$ 55,000
Maryland-Tax Policy	<u>10,000</u>
	\$ <u>65,000</u>

4. NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors:

Time Restricted General Operations	\$ 42,500
Time Restricted	157,500
Maryland-Tax Policy	<u>10,000</u>
	\$ <u>210,000</u>

5. LEASE COMMITMENT

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, 2008 was \$171,669.

During 2007, Maryland Nonprofits entered into a sublease agreement with an organization to lease office space. The period of the lease is from October 2007 through September 2008.

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

5. LEASE COMMITMENT (Continued)

Future minimum obligations for the lease and rental payments from the sublease are as follows:

<u>Year Ended March 31,</u>	<u>Minimum Operating Lease Payments</u>	<u>Sublease Rental Receipts</u>	<u>Minimum Capital Lease Payments</u>
2009	\$ 152,079	\$ (5,400)	\$ 146,679
2010	110,950	-	110,950
2011	115,150	-	115,150
2012	<u>68,600</u>	<u>-</u>	<u>68,600</u>
	<u>\$ 446,779</u>	<u>\$ (5,400)</u>	<u>\$ 441,379</u>

6. BOARD DESIGNATED NET ASSETS

During 2004, the Board of Directors of Maryland Nonprofits established a Board Designated Net Assets Fund for future contingencies in the amount of \$40,000.

7. 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, 2008 was \$60,289.

8. LINE OF CREDIT

Maryland Nonprofits has established a line of credit of \$150,000 with a local financial institution to be used for temporary cash flow purposes. The line bears interest at prime plus 1% which was 6.25% at March 31, 2008. The Finance Committee is to be informed of any borrowings, the reason for the borrowings, the status of the loan, and the repayment plan. As of March 31, 2008, there were no borrowings against the line of credit.

9. RELATED PARTY

Maryland Nonprofits established a for-profit organization to help nonprofit organizations in Maryland operate more cost effectively by offering a variety of cooperative buying programs that enable even the smallest nonprofit to access a range of benefits generally only available to larger groups. Maryland Nonprofits has one common board member with the related party. There was no financial activity during the year ended March 31, 2008.

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

10. FUNCTIONAL EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Program services, management and general and fundraising consisted of the following:

Program Services	\$ 2,338,871
Management	295,492
Fundraising	<u>159,032</u>
	<u>\$ 2,793,395</u>



GELMAN, ROSENBERG & FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information in Schedule 1 is presented for the purpose of additional analysis of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Gelman Rosenberg & Freedman

October 1, 2008

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MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS

**SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2008
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2007**

	2008			2007	
	Program Services	Management	Fundraising	Total Expenses	Total Expenses
Salaries and wages	\$ 1,217,282	\$ 176,103	\$ 84,049	\$ 1,477,434	\$ 1,571,841
Pension plan contribution	48,533	7,958	3,798	60,289	62,629
Other employee benefits	108,148	17,563	8,383	134,094	144,620
Payroll taxes	89,922	12,947	6,179	109,048	119,720
Accounting fees	-	11,094	-	11,094	12,534
Professional fees	131,087	1,048	22,479	154,614	166,364
Supplies	14,359	2,355	1,124	17,838	18,044
Telephone	47,186	7,738	3,692	58,616	50,329
Postage and shipping	70,783	3,932	3,932	78,647	68,759
Occupancy	155,338	25,472	12,157	192,967	191,409
Equipment rental and maintenance	56,115	3,118	3,118	62,351	48,990
Printing and publications	164,369	7,302	7,302	178,973	183,452
Travel	24,179	2,769	1,322	28,270	39,398
Conferences and convention	192,441	-	-	192,441	175,481
Miscellaneous	-	12,956	-	12,956	10,250
Depreciation	19,129	3,137	1,497	23,763	55,671
TOTAL	\$ 2,338,871	\$ 295,492	\$ 159,032	\$ 2,793,395	\$ 2,919,491