

FINANCIAL STATEMENTS

**MARYLAND ASSOCIATION OF
NONPROFIT ORGANIZATIONS**

**FOR THE YEAR ENDED MARCH 31, 2009
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2008**

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 (Maryland Nonprofits) as of March 31, 2009, 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 Maryland Nonprofits' 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 Maryland Nonprofits' 2008 financial statements and, in our report dated October 1, 2008, 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 Maryland Nonprofits as of March 31, 2009, 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

September 11, 2009

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MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS
STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2009
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2008

ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 319,151	\$ 429,372
Investments (Note 2)	194,783	191,010
Accounts receivable, net of allowance for doubtful accounts of \$8,000 and \$2,000 in 2009 and 2008, respectively.	201,331	163,797
Grants receivable	5,750	12,450
Prepaid expenses	<u>75,754</u>	<u>77,993</u>
Total current assets	<u>796,769</u>	<u>874,622</u>
FIXED ASSETS		
Furniture	302,324	302,324
Software	<u>363,952</u>	<u>363,952</u>
	666,276	666,276
Less: Accumulated depreciation and amortization	<u>(664,189)</u>	<u>(652,111)</u>
Net fixed assets	<u>2,087</u>	<u>14,165</u>
OTHER ASSETS		
Security deposit	<u>6,145</u>	<u>6,145</u>
TOTAL ASSETS	<u>\$ 805,001</u>	<u>\$ 894,932</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 133,085	\$ 154,814
Deferred revenue	39,453	64,040
Deferred membership dues	<u>411,224</u>	<u>427,672</u>
Total current liabilities	<u>583,762</u>	<u>646,526</u>
NET ASSETS		
Unrestricted:		
Board designated (Note 6)	40,000	40,000
Undesignated	<u>73,712</u>	<u>143,406</u>
Total unrestricted	113,712	183,406
Temporarily restricted (Note 3)	<u>107,527</u>	<u>65,000</u>
Total net assets	<u>221,239</u>	<u>248,406</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 805,001</u>	<u>\$ 894,932</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, 2009
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2008

	<u>2009</u>			<u>2008</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
REVENUE				
Membership dues	\$ 1,081,368	\$ -	\$ 1,081,368	\$ 1,037,100
Grants and contributions	450,142	441,000	891,142	821,369
Member services	985,019	-	985,019	984,583
Investment income (Note 2)	3,831	-	3,831	8,438
Other revenue	154,093	-	154,093	-
Rental income	20,100	-	20,100	5,700
Net assets released from donor restrictions (Note 4)	<u>398,473</u>	<u>(398,473)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>3,093,026</u>	<u>42,527</u>	<u>3,135,553</u>	<u>2,857,190</u>
EXPENSES (NOTE 10)				
Personnel	2,048,183	-	2,048,183	1,780,975
Communications	116,638	-	116,638	137,265
Occupancy	206,866	-	206,866	192,966
Member services	310,966	-	310,966	361,657
All other	<u>480,067</u>	<u>-</u>	<u>480,067</u>	<u>320,532</u>
Total expenses	<u>3,162,720</u>	<u>-</u>	<u>3,162,720</u>	<u>2,793,395</u>
Change in net assets	(69,694)	42,527	(27,167)	63,795
Net assets at beginning of year	<u>183,406</u>	<u>65,000</u>	<u>248,406</u>	<u>184,611</u>
NET ASSETS AT END OF YEAR	<u>\$ 113,712</u>	<u>\$ 107,527</u>	<u>\$ 221,239</u>	<u>\$ 248,406</u>

See accompanying notes to financial statements.

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2009
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2008**

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (27,167)	\$ 63,795
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	12,078	23,763
(Increase) decrease in:		
Accounts receivable	(37,534)	(31,906)
Grants receivable	6,700	70,050
Prepaid expenses	2,239	1,092
Increase (decrease) in:		
Accounts payable and accrued liabilities	(21,729)	(10,375)
Deferred revenue	(24,587)	40,410
Deferred membership dues	<u>(16,448)</u>	<u>20,223</u>
Net cash provided (used) by operating activities	<u>(106,448)</u>	<u>177,052</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	-	(3,464)
Purchase of investments	<u>(3,773)</u>	<u>(8,382)</u>
Net cash used by investing activities	<u>(3,773)</u>	<u>(11,846)</u>
Net increase (decrease) in cash and cash equivalents	(110,221)	165,206
Cash and cash equivalents at beginning of year	<u>429,372</u>	<u>264,166</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 319,151</u>	<u>\$ 429,372</u>

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009**

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 Maryland Nonprofits' financial statements for the year ended March 31, 2008, 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.

Accounts receivable -

Accounts receivable are stated at their fair value. Management considers all amounts to be fully collectible. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the customer.

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. Investment balances approximate fair value.

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.

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2009

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

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.

Uncertain tax positions -

In June 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. (FIN) 48, *Accounting for Uncertainty in Income Taxes*. FIN 48 interprets the guidance in FASB Statement of Financial Accounting Standards (SFAS) No. 109, *Accounting for Income Taxes*. When FIN 48 is implemented, reporting entities utilize different recognition thresholds and measurement requirements when compared to prior technical literature. On December 30, 2008, the FASB Staff issued FASB Staff Position (FSP) FIN 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*. As deferred by the guidance in FSP FIN 48-3, Maryland Nonprofits is not required to implement the provisions of FIN 48 until fiscal years beginning after December 15, 2008. As such, Maryland Nonprofits has not implemented those provisions in the 2009 financial statements.

Since the provisions of FIN 48 have not been implemented in accounting for uncertain tax positions, Maryland Nonprofits continues to utilize its prior policy of accounting for these positions, following the guidance in SFAS No. 5, *Accounting for Contingencies*. Disclosure is not required of a loss contingency involving an unasserted claim or assessment when there has been no manifestation by a potential claimant of an awareness of a possible claim or assessment unless it is considered probable that a claim will be asserted and there is a reasonable possibility that the outcome will be unfavorable. Using that guidance, as of March 31, 2009, Maryland Nonprofits has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

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.

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009

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

Grants and contributions -

Grants and contributions are recorded as revenue in the year notification is received from the donors. Grants and contributions 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 and contributions 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.

Functional allocation of 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.

2. **INVESTMENTS**

Investments consisted of the following at March 31, 2009:

	<u>Market Value</u>
Money Funds	\$ <u>194,783</u>

Included in investment income are the following:

Interest and Dividends	\$ <u>3,831</u>
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3. **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at March 31, 2009:

Special Program	\$ 14,300
Standards of Excellence Program	34,700
Maryland-Tax Policy	29,102
Advocacy Leader Program	17,725
Contract Task Force	<u>11,700</u>
	\$ <u>107,527</u>

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009**

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:

Training	\$ 25,000
Special Program	15,000
Standards for Excellence Programs	40,300
Maryland-Tax Policy	310,898
Advocacy Leaders Program	<u>7,275</u>
	<u>\$ 398,473</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, 2009 was \$179,342.

During 2007, Maryland Nonprofits entered into a sublease agreement with an organization to lease office space in its Baltimore office. The period of the lease is from October 2007 through September 2008. In 2008, Maryland Nonprofits entered into a sublease agreement to lease office space in its Silver Spring office. The lease will expire on March 2010.

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>
2010	\$ 167,433	\$ (12,600)	\$ 154,833
2011	173,328	-	173,328
2012	128,527	-	128,527
2013	61,730	-	61,730
2014	<u>52,726</u>	<u>-</u>	<u>52,726</u>
	<u>\$ 583,744</u>	<u>\$ (12,600)</u>	<u>\$ 571,144</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, 2009 was \$69,379.

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009**

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 4.25% at March 31, 2009. 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, 2009, there were no borrowings against the line of credit.

9. RELATED PARTY

Maryland Nonprofits established a for-profit organization to help non-profit organizations in Maryland operate more cost effectively by offering a variety of cooperative buying programs that enable even the smallest non-profit 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, 2009.

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	\$ 2,658,766
Management	323,443
Fundraising	<u>180,511</u>
	<u>\$ 3,162,720</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 of the basic financial statements of Maryland Association of Nonprofit Organizations appears on Page 3. 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

September 11, 2009

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MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS

**SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2009
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2008**

	2009			2008	
	Program Services	Management	Fundraising	Total Expenses	Total Expenses
Salaries and wages	\$ 1,402,443	\$ 171,022	\$ 96,200	\$ 1,669,665	\$ 1,477,434
Pension plan contribution	57,238	7,770	4,371	69,379	60,289
Other employee benefits	150,356	21,816	11,482	183,654	134,094
Payroll taxes	105,435	12,832	7,218	125,485	109,048
Accounting fees	-	15,208	-	15,208	11,094
Professional fees	210,896	34,311	28,854	274,061	154,614
Supplies	15,156	2,057	1,157	18,370	17,838
Telephone	41,660	5,656	3,181	50,497	58,616
Postage and shipping	59,527	3,307	3,307	66,141	78,647
Occupancy	170,665	23,169	13,032	206,866	192,967
Equipment rental and maintenance	72,376	4,021	4,021	80,418	62,351
Printing and publications	127,318	5,017	5,017	137,352	178,973
Travel	32,102	3,396	1,910	37,408	28,270
Conferences and convention	194,629	-	-	194,629	192,441
Miscellaneous	-	12,509	-	12,509	12,956
Depreciation	9,965	1,352	761	12,078	23,763
Grants and allocations	9,000	-	-	9,000	-
	<u>\$ 2,658,766</u>	<u>\$ 323,443</u>	<u>\$ 180,511</u>	<u>\$ 3,162,720</u>	<u>\$ 2,793,395</u>