

FINANCIAL STATEMENTS

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

**FOR THE YEAR ENDED MARCH 31, 2007
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2006**

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

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GELMAN, ROSENBERG & FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

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, 2007, 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 2006 financial statements, and in our report dated June 29, 2006 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, 2007, 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 26, 2007

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MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2007
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2006

ASSETS	2007	2006
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	\$ 264,166	\$ 122,099
Short-term investments (Note 3)	182,628	174,263
Grants receivable	82,500	500,000
Accounts receivable	131,891	136,643
Security deposit and prepaid expenses	85,230	99,713
Total current assets	746,415	1,032,718
FURNITURE AND EQUIPMENT		
Furniture and equipment at cost, net of accumulated depreciation of \$667,602 in 2007, \$611,931 in 2006 (Note 4)	34,464	63,528
TOTAL ASSETS	\$ 780,879	\$1,096,246
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 165,189	\$ 181,993
Deferred revenue	23,630	42,680
Deferred membership dues	407,449	338,559
Total current liabilities	596,268	563,232
NET ASSETS		
Unrestricted:		
Board designated (Note 5)	40,000	40,000
Undesignated	32,111	98,014
Total unrestricted	72,111	138,014
Temporarily restricted (Note 6)	112,500	395,000
Total net assets	184,611	533,014
TOTAL LIABILITIES AND NET ASSETS	\$ 780,879	\$1,096,246

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, 2007
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2006**

	2007			2006
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Membership dues	\$ 920,017	\$ -	\$ 920,017	\$ 825,684
Grants and contributions	759,489	92,500	851,989	1,497,177
Member services	790,655	-	790,655	853,107
Investment income (Note 3)	8,427	-	8,427	7,898
Net assets released from restrictions:				
Satisfaction of donor imposed restrictions (Note 6)	375,000	(375,000)	-	-
Total revenue	<u>2,853,588</u>	<u>(282,500)</u>	<u>2,571,088</u>	<u>3,183,866</u>
EXPENSES				
Personnel	1,898,809	-	1,898,809	1,834,330
Communications	119,089	-	119,089	126,656
Occupancy	191,409	-	191,409	173,036
Member services	346,501	-	346,501	262,733
All other	363,683	-	363,683	455,323
Total expenses	<u>2,919,491</u>	<u>-</u>	<u>2,919,491</u>	<u>2,852,078</u>
Change in net assets	(65,903)	(282,500)	(348,403)	331,788
Net assets at beginning of year	138,014	395,000	533,014	201,226
NET ASSETS AT END OF YEAR	<u>\$ 72,111</u>	<u>\$ 112,500</u>	<u>\$ 184,611</u>	<u>\$ 533,014</u>

See accompanying notes to financial statements.

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2007
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (348,403)	\$ 331,788
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Realized gain (loss) on investments	-	(107)
Unrealized gain on investments	-	(492)
Depreciation	55,671	83,211
(Increase) decrease in:		
Grants receivable	417,500	(460,000)
Accounts receivable	4,752	(13,942)
Security deposit and prepaid expenses	14,483	(19,081)
Increase (decrease) in:		
Accounts payable and accrued expenses	(16,804)	(14,489)
Deferred revenue	(19,050)	20,958
Deferred membership dues	68,890	33,321
Net cash provided (used) by operating activities	<u>177,039</u>	<u>(38,833)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(26,607)	(39,465)
Net purchase and sales of investments	<u>(8,365)</u>	<u>82,720</u>
Net cash provided (used) by investing activities	<u>(34,972)</u>	<u>43,255</u>
Net increase in cash and cash equivalents	142,067	4,422
Cash and cash equivalents at beginning of year	<u>122,099</u>	<u>117,677</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 264,166</u>	<u>\$ 122,099</u>

See accompanying notes to financial statements.

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2007

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 \$2,000.

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

**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.

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 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, 2006 and 2005, from which the summarized information was derived.

2. 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.

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

3. INVESTMENTS

Investments at March 31, 2007 consisted of the following:

Money Funds	<u>\$ 182,628</u>
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Investment income at March 31, 2007 consisted of the following:

Interest and Dividends	<u>\$ 8,427</u>
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4. FURNITURE AND EQUIPMENT

Furniture, fixtures and software at March 31, 2007 consisted of the following:

Furniture and fixtures – Baltimore	\$ 304,193
Furniture and fixtures – Silver Spring	33,921
Software	<u>363,952</u>
	702,066
Less: Accumulated depreciation	<u>(667,602)</u>
	<u>\$ 34,464</u>

5. BOARD DESIGNATED NET ASSETS

During 2004, 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.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at March 31, 2007 consisted of the following:

Time Restricted General Operations	\$ 42,500
Time Restricted Maryland-Tax Policy	50,000
Time Restricted Advocacy Leaders Program	<u>20,000</u>
	<u>\$ 112,500</u>

During the fiscal year ended March 31, 2007, temporarily restricted net assets released from restriction due to the satisfaction of donor restrictions were as follows:

Ethics	\$ 250,000
Maryland-Tax Policy	<u>125,000</u>
	<u>\$ 375,000</u>

MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007**

7. 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, 2007 was \$158,562. Future minimum obligations for the lease are as follows:

2008	\$ 156,005
2009	152,079
2010	110,950
2011	115,150
2012	<u>68,600</u>
	<u>\$ 602,784</u>

8. 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, 2007 was \$62,629.

9. 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 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, 2007, there were no borrowings against the line of credit.

10. 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, 2007.



GELMAN, ROSENBERG & FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

**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, 2007 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 26, 2007

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MARYLAND ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

**SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2007
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2006**

	2007			2006	
	Program	Management	Fundraising	Total	Total
Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and wages	1,327,402	187,453	56,986	1,571,841	1,462,868
Pension plan contribution	52,420	7,829	2,380	62,629	66,836
Other employee benefits	121,342	17,851	5,427	144,620	159,900
Payroll taxes	101,106	14,275	4,339	119,720	116,464
Accounting fees	-	12,534	-	12,534	11,576
Professional fees	132,432	936	32,996	166,364	215,550
Supplies	15,103	2,255	686	18,044	17,020
Telephone	42,126	6,291	1,912	50,329	42,350
Postage and shipping	61,883	3,438	3,438	68,759	84,305
Occupancy	160,209	23,926	7,274	191,409	173,036
Equipment rental and maintenance	44,090	2,450	2,450	48,990	46,582
Printing and publications	169,268	7,092	7,092	183,452	197,005
Travel	35,414	3,055	929	39,398	33,853
Conferences and convention	175,481	-	-	175,481	134,984
Miscellaneous	-	10,250	-	10,250	6,538
Depreciation	46,596	6,959	2,116	55,671	83,211
TOTAL EXPENSES	\$ 2,484,872	\$ 306,594	\$ 128,025	\$2,919,491	\$2,852,078