

**PENNSYLVANIA  
ASSOCIATION OF  
NONPROFIT  
ORGANIZATIONS**

**FINANCIAL STATEMENTS**  
With Supplementary Information

YEARS ENDED DECEMBER 31, 2013 AND 2012

# **PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
**Pennsylvania Association of Nonprofit Organizations**  
2040 Linglestown Road, Suite 302  
Harrisburg, Pennsylvania 17110

### *Report on the Financial Statements*

We have audited the accompanying financial statements of **Pennsylvania Association of Nonprofit Organizations** (the Association), a nonprofit organization, which comprise the Statements of Assets, Liabilities, and Net Assets - Modified Cash Basis as of December 31, 2013 and 2012, and the related Statements of Revenue, Functional Expenses, and Changes in Net Assets - Modified Cash Basis, Functional Expenses - Modified Cash Basis, and Cash Flows - Modified Cash Basis for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting, as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we express no such opinion.

### ***Auditors' Responsibility (Continued)***

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of **Pennsylvania Association of Nonprofit Organizations** as of December 31, 2012 and 2011, and its revenue, functional expenses, and changes in net assets for the years then ended in accordance with the basis of accounting as described in Note 1.

### ***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.



Harrisburg, Pennsylvania  
April 23, 2014

# PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

## STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS

	December 31,	
	2013	2012
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 109,474	\$ 31,146
Due from Consortium	274	904
<b>TOTAL CURRENT ASSETS</b>	<b>109,748</b>	<b>32,050</b>
<b>PROPERTY AND EQUIPMENT - At Cost,</b>		
Less Accumulated Depreciation	2,917	3,569
<b>OTHER ASSETS</b>		
Security Deposits	4,084	4,039
<b>TOTAL ASSETS</b>	<b>\$ 116,749</b>	<b>\$ 39,658</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Line of Credit	\$ 38,500	\$ 0
Payroll Taxes and Other Withholdings	1,544	1,760
<b>TOTAL CURRENT LIABILITIES</b>	<b>40,044</b>	<b>1,760</b>
<b>NET ASSETS</b>		
Unrestricted	69,112	15,700
Temporarily Restricted	7,593	22,198
<b>TOTAL NET ASSETS</b>	<b>76,705</b>	<b>37,898</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 116,749</b>	<b>\$ 39,658</b>

See independent auditors' report and accompanying notes.

# PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

## STATEMENT OF REVENUE, FUNCTIONAL EXPENSES, AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS YEAR ENDED DECEMBER 31, 2013

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUE AND OTHER SUPPORT</b>			
Membership Dues	\$ 213,482	\$ 0	\$ 213,482
Foundation Grants and Contributions	22,021	17,425	39,446
Conference and Training Fees	65,364	0	65,364
Other Program Income	81,167	0	81,167
Endorsement Fees	169,897	0	169,897
Contract Fees	2,800	0	2,800
Interest Income	18	0	18
Fundraising Income	6,266	0	6,266
Net Assets Released from Restrictions	32,030	(32,030)	0
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>593,045</b>	<b>(14,605)</b>	<b>578,440</b>
<b>FUNCTIONAL EXPENSES</b>			
Program Services	378,879	0	378,879
Supporting Services			
Management and General	146,859	0	146,859
Fundraising	13,895	0	13,895
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>539,633</b>	<b>0</b>	<b>539,633</b>
<b>CHANGES IN NET ASSETS</b>	53,412	(14,605)	38,807
<b>NET ASSETS - BEGINNING</b>	15,700	22,198	37,898
<b>NET ASSETS - ENDING</b>	\$ 69,112	\$ 7,593	\$ 76,705

See independent auditors' report and accompanying notes.

# PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

## STATEMENT OF REVENUE, FUNCTIONAL EXPENSES, AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS YEAR ENDED DECEMBER 31, 2012

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Membership Dues	\$ 194,877	\$ 0	\$ 194,877
Foundation Grants and Contributions	47,711	23,187	70,898
Conference and Training Fees	60,361	0	60,361
Other Program Income	84,538	0	84,538
Endorsement Fees	159,879	0	159,879
Contract Fees	7,625	0	7,625
Interest Income	22	0	22
Fundraising Income	13,400	0	13,400
Net Assets Released from Restrictions	15,834	(15,834)	0
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	584,247	7,353	591,600
<b>FUNCTIONAL EXPENSES</b>			
Program Services	415,223	0	415,223
Supporting Services			
Management and General	159,142	0	159,142
Fundraising	23,286	0	23,286
<b>TOTAL FUNCTIONAL EXPENSES</b>	597,651	0	597,651
<b>CHANGES IN NET ASSETS</b>	(13,404)	7,353	(6,051)
<b>NET ASSETS - BEGINNING</b>	29,104	14,845	43,949
<b>NET ASSETS - ENDING</b>	\$ 15,700	\$ 22,198	\$ 37,898

See independent auditors' report and accompanying notes.

# PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

## STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS YEAR ENDED DECEMBER 31, 2013 WITH COMPARATIVE TOTAL FOR THE YEAR ENDED DECEMBER 31, 2012

	Program Services	Supporting Services		Total	
		Management and General	Fundraising	2013	2012
<b>FUNCTIONAL EXPENSES</b>					
Salaries and Wages	\$ 207,286	\$ 64,604	\$ 10,793	\$ 282,683	\$ 325,571
Employee Benefits	13,641	4,915	0	18,556	21,106
Payroll Taxes	14,627	7,993	927	23,547	27,488
Consulting and Professional Fees	3,775	45,657	0	49,432	36,115
Occupancy	26,900	5,357	1,582	33,839	48,981
Advertising	1,772	97	0	1,869	2,436
Equipment Rental and Maintenance	12,544	2,137	0	14,681	11,633
Postage and Shipping	3,072	521	78	3,671	2,973
Printing and Reproduction	3,951	0	0	3,951	4,827
Supplies	993	1,524	30	2,547	6,051
Telephone	6,083	1,548	5	7,636	9,198
Staff Training	705	727	0	1,432	4,056
Travel	4,765	535	317	5,617	6,137
Liability Insurance	0	4,379	0	4,379	4,478
Depreciation	956	278	0	1,234	2,688
Dues and Subscriptions	6,760	692	132	7,584	12,141
Newsletter and Website	9,353	0	0	9,353	9,084
Hub Groups	8,575	0	0	8,575	6,244
Standards for Excellence Program	17,540	0	0	17,540	19,188
Publications	1,502	0	0	1,502	981
Stipends and Scholarships	12,853	0	0	12,853	5,683
Annual Meeting	17,403	3,700	0	21,103	17,365
Interest Expense	0	1,267	0	1,267	1,738
Member Service	485	0	0	485	0
Miscellaneous Expenses	3,338	928	31	4,297	11,489
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 378,879</b>	<b>\$ 146,859</b>	<b>\$ 13,895</b>	<b>\$ 539,633</b>	<b>\$ 597,651</b>

See independent auditors' report and accompanying notes.



# PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

## STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS YEAR ENDED DECEMBER 31, 2012

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
<b>FUNCTIONAL EXPENSES</b>				
Salaries and Wages	\$ 249,897	\$ 61,996	\$ 13,678	\$ 325,571
Employee Benefits	18,929	2,177	0	21,106
Payroll Taxes	17,138	9,472	878	27,488
Consulting and Professional Fees	315	35,800	0	36,115
Occupancy	26,888	18,618	3,475	48,981
Advertising	2,334	102	0	2,436
Equipment Rental and Maintenance	10,258	1,309	66	11,633
Postage and Shipping	2,304	532	137	2,973
Printing and Reproduction	4,827	0	0	4,827
Supplies	3,598	2,423	30	6,051
Telephone	3,838	5,313	47	9,198
Staff Training	616	3,440	0	4,056
Travel	4,978	933	226	6,137
Liability Insurance	0	4,478	0	4,478
Depreciation	2,083	605	0	2,688
Dues and Subscriptions	8,970	2,821	350	12,141
Newsletter and Website	9,084	0	0	9,084
Hub Groups	6,244	0	0	6,244
Standards for Excellence Program	19,188	0	0	19,188
Publications	981	0	0	981
Stipends and Scholarships	5,683	0	0	5,683
Annual Meeting	13,665	3,700	0	17,365
Interest Expense	0	1,738	0	1,738
Miscellaneous Expenses	3,405	3,685	4,399	11,489
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 415,223</b>	<b>\$ 159,142</b>	<b>\$ 23,286</b>	<b>\$ 597,651</b>

See independent auditors' report and accompanying notes.

# PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

## STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS

	Years Ended December 31,	
	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 38,807	\$ (6,051)
<b>Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities</b>		
Depreciation	1,234	2,688
<b>(Increase) Decrease in</b>		
Due from Consortium	630	(362)
Security Deposits	(45)	3,548
<b>Increase (Decrease) in</b>		
Payroll Taxes and Other Withholdings	(216)	(31)
Escrow Liability	0	(4,720)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	40,410	(4,928)
 <b>CASH FLOWS USED BY INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(582)	(1,690)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings on Line of Credit	40,500	91,000
Repayments of Line of Credit	(2,000)	(91,000)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	38,500	0
 <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	78,328	(6,618)
 <b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	31,146	37,764
 <b>CASH AND CASH EQUIVALENTS - ENDING</b>	\$ 109,474	\$ 31,146
 <b>SUPPLEMENTAL DISCLOSURES</b>		
Interest Paid	\$ 1,267	\$ 1,738

See independent auditors' report and accompanying notes.

# PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

## NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2013 AND 2012

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operations

Pennsylvania Association of Nonprofit Organizations (the Association), a nonprofit organization, is a statewide membership organization serving and advancing the charitable nonprofit sector through leadership, advocacy, education, and services in order to improve the quality of life in Pennsylvania.

#### Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Association records revenue and other support when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred. Modifications to the cash basis of accounting include capitalizing and recording depreciation on office equipment and furnishings; receivables for reimbursement of expenses; and payroll liabilities and debt.

#### Financial Statement Presentation

The Association's financial statement presentation follows the recommendations of Accounting Standards Codification (ASC) No. 958, "Not-for-Profit Entities." Under ASC No. 958, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Association is required to present the Statements of Cash Flows - Modified Cash Basis. Under the provisions of ASC No. 958, net assets and changes therein are classified and reported, based on the existence or absence of donor-imposed stipulations as follows:

- \* **Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations.
- \* **Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that will be met either by action of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the Statements of Revenue, Functional Expenses, and Changes in Net Assets - Modified Cash Basis as net assets released from restrictions.
- \* **Permanently Restricted Net Assets** - Net assets subject to permanent donor-imposed stipulations that they be maintained permanently. Generally, the donors of such assets permit the Association to use all or part of the income earned on the assets for general or specific purposes. The Association does not have any permanently restricted net assets at December 31, 2013.

# PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

## NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2013 AND 2012

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and other support and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### Cash and Cash Equivalents

The Association considers cash on hand and cash held in deposit accounts to be cash equivalents.

#### Property and Equipment

Property and equipment are stated at cost. The Association follows the practice of capitalizing expenditures for assets over \$500, with useful lives of at least one year. Depreciation is computed using the straight-line method of accounting over the estimated useful lives of the assets. Maintenance and repairs are charged to expense as incurred and major renewals and improvements are capitalized.

#### Contributions

The Association accounts for contributions in accordance with the recommendations of ASC No. 958-605, "*Revenue Recognition*." The Association reports gifts of cash and other assets as restricted revenue, if they are received with donor-imposed stipulations, which limit the use of the donated assets. When a donor-imposed stipulation expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the Statements of Revenue, Functional Expenses, and Changes in Net Assets - Modified Cash Basis as net assets released from restrictions.

#### Federal Income Taxes

The Association is exempt from federal income taxes as an organization described under the Internal Revenue Code (IRC) Section 501(c)(3), except for net income derived from unrelated business activities, if any. The Association's unrelated taxable business activities consist substantially of income from advertisements placed in publications, as described in Note 10. The Association's open audit periods are 2010 through 2012. ASC No. 740-10, "*Income Taxes*," prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose uncertain tax positions taken on its tax returns. The Association believes that it has appropriate support for tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

# PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

## NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2013 AND 2012

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Allocation of Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis on the Statements of Revenue, Functional Expenses, and Changes in Net Assets - Modified Cash Basis and Statements of Functional Expenses - Modified Cash Basis. Accordingly, certain costs have been allocated among the program and supporting services benefited.

#### Advertising

Advertising is expensed as incurred. Advertising costs for the years ended December 31, 2013 and 2012 were \$1,869 and \$2,436, respectively.

#### Subsequent Events

Management of the Association has evaluated subsequent events through February 20, 2014, which is the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

### 2. CONCENTRATION OF CREDIT RISK

The Association's cash balances in financial institutions, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. Management regularly monitors the financial condition of the financial institutions, along with their cash balances and tries to keep potential risks to a minimum. The Association has not experienced any such losses on these accounts.

### 3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>Useful Lives</u>	<u>2013</u>	<u>2012</u>
Furniture and Equipment	5 - 7 Years	\$ 28,485	\$ 27,902
Leasehold Improvements	5 Years	1,690	1,690
Less: Accumulated Depreciation		<u>(27,258)</u>	<u>(26,023)</u>
Net Book Value		<u>\$ 2,917</u>	<u>\$ 3,569</u>

Depreciation for the years ended December 31, 2013 and 2012 was \$1,234 and \$2,688, respectively.

### 4. LINE OF CREDIT

The Association has a line of credit with Susquehanna Bank, up to a maximum amount of \$100,000. The interest rate is adjustable, based on the bank's prime rate. At December 31, 2013 and 2012, the outstanding balances were \$38,500 and \$0, respectively.

# PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

## NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2013 AND 2012

### 5. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2013, temporarily restricted net assets consist of contributions received, but not yet spent, in the amounts of \$1,200 and \$6,393 to support the Association's Standards for Excellence Program and the Phoenixville Institute/Academy. At December 31, 2012, temporarily restricted net assets consist of grants in the amounts of \$7,131 and \$15,067 to support the Standards for Excellence Program and Phoenixville Institute/Academy.

### 6. ENDORSEMENT FEES

The Association receives payments from various agreements with companies, which provide products and services to the Association's members. Total endorsement fees received for the years ended December 31, 2013 and 2012 were \$169,897 and \$159,879, respectively.

### 7. OPERATING LEASES

During the year ended December 31, 2005, the Association entered into a lease agreement for office space. The lease agreement had a seven-year term, which commenced on July 1, 2005 and ended on June 30, 2012. The Association subleased portions of the property to other nonprofit entities, with the Association being the primary lessee. Sublessees obligated, under the sublease agreements, through June 30, 2012 were PASAE, NAIFA-PA, Pennsylvania Association of Medical Supplies (PAMS), and the State YMCA. The lease was extended on a month-to-month basis, through October 31, 2012.

During the year ended December 31, 2012, the Association entered into a lease agreement for new office space. The lease agreement has a five-year term, commencing November 1, 2012 and ending October 31, 2017. The Association subleases a portion of the office space to PAMS, under a sublease agreement, through October 31, 2017.

The Association's annual lease commitment was \$44,818 and \$92,710 for the years ended December 31, 2013 and 2012, respectively.

The leases payments are offset by sublease income as follows:

	<u>2013</u>	<u>2012</u>
Gross Minimum Rentals	\$ 44,818	\$ 92,710
Sublease Rental Income	<u>(12,741)</u>	<u>(44,120)</u>
Net Building Rent Expense for Pennsylvania Association of Nonprofit Organizations	<u>\$ 32,077</u>	<u>\$ 48,590</u>

# PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

## NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2013 AND 2012

### 7. OPERATING LEASES (Continued)

Future minimum payments, by year and in the aggregate under the real estate operating leases are as follows for the years ending December 31:

2014	\$	50,320
2015		52,082
2016		53,906
2017		46,230
Total	\$	<u>202,538</u>

Future minimum sublease rental income by year and in the aggregate are as follows for the years ending December 31:

2014	\$	14,376
2015		14,882
2016		15,402
2017		13,210
Total	\$	<u>57,870</u>

The Association also leased equipment under operating leases during each of the years ended December 31, 2013 and 2012. The total expense related to these equipment leases was \$15,264 and \$10,148 for the years ended December 31, 2013 and 2012, respectively.

Future minimum payments, by year and in the aggregate, under the equipment leases, are as follows for the years ending December 31:

2014	\$	6,588
2015		6,049
Total	\$	<u>12,637</u>

### 8. RELATED PARTY TRANSACTIONS

The executive director of the Association served on the board of directors of First Nonprofit Companies and is the president of the Unemployment Benefits Board, a subsidiary of First Nonprofit Companies during 2012 and part of 2013. These organizations provide endorsement income to the Association, based on services provided to its members. Endorsement fees from First Nonprofit Companies were \$163,353 and \$156,815 for the years ended December 31, 2013 and 2012, respectively. During the current year, the executive director resigned from the Association.

# PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

## NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2013 AND 2012

### 8. RELATED PARTY TRANSACTIONS (Continued)

The Association outsources its bookkeeping services to Human Services Co., a wholly-owned subsidiary of First Nonprofit Companies. During the years ended December 31, 2013 and 2012, the cost of this contract was \$17,646 and \$12,819, respectively.

### 9. 403(B) PLAN

The Association maintains a 403(b) plan for its employees. The Association does not have any matching requirements related to this plan.

### 10. UNRELATED BUSINESS INCOME

The Association generates unrelated business income through the sale of advertising in publications and files the appropriate 990-T tax return with the Internal Revenue Service. In the current year, gross unrelated income reported was \$10,279 and taxable income was \$3,341. The tax liability associated with unrelated business income was \$501 and \$340 for the years ended December 31, 2013 and 2012, respectively.

### 11. ACQUISITION OF CONTROL OF HEALTH ALLIANCE FOR NONPROFITS

On June 28, 2013, the Association entered into a Management Agreement with the Health Alliance for Nonprofits (HANP), a Pennsylvania nonprofit organization whose mission is to facilitate the availability of group and individual health insurance and other employee benefit products for purchase by members of the United Way Agencies participating in the Program and members of the Pennsylvania Association of Nonprofit Organizations.



## **SUPPLEMENTARY INFORMATION**



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2040 Linglestown Road, Suite 302  
Harrisburg, Pennsylvania 17110

We have audited the financial statements of **Pennsylvania Association of Nonprofit Organizations** as of and for the years ended December 31, 2013 and 2012, and our report thereon, dated February 20, 2014, which expressed a modified opinion on those financial statements, appears on Pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained in the accompanying Schedules of Detail of Program Services - Modified Cash Basis is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material aspects, in relation to the financial statements as a whole.

Harrisburg, Pennsylvania  
April 23, 2014

# PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

## SCHEDULE OF DETAIL OF PROGRAM SERVICES - MODIFIED CASH BASIS YEAR ENDED DECEMBER 31, 2013

	<u>Program Services</u>			<u>Total</u>
	<u>Membership Services</u>	<u>Program Expenses</u>	<u>Standards for Excellence</u>	
<b>FUNCTIONAL EXPENSES</b>				
Salaries and Wages	\$ 44,959	\$ 56,902	\$ 105,425	\$ 207,286
Employee Benefits	2,673	4,305	6,663	13,641
Payroll Taxes	3,720	5,918	4,989	14,627
Consulting and Professional Fees	705	705	2,365	3,775
Occupancy	9,494	7,912	9,494	26,900
Advertising	1,772	0	0	1,772
Equipment Rental and Maintenance	4,326	4,003	4,215	12,544
Postage and Shipping	2,437	147	488	3,072
Printing and Reproduction	0	0	3,951	3,951
Supplies	328	182	483	993
Telephone	1,799	1,780	2,504	6,083
Staff Training	295	390	20	705
Travel	2,228	1,740	797	4,765
Depreciation	315	354	287	956
Dues and Subscriptions	5,143	841	776	6,760
Newsletter and Website	9,353	0	0	9,353
Hub Groups	0	8,575	0	8,575
Standards for Excellence Program	0	0	17,540	17,540
Publications	1,502	0	0	1,502
Stipends and Scholarships	0	12,853	0	12,853
Annual Meeting	0	17,403	0	17,403
Member Service	485	0	0	485
Miscellaneous Expenses	1,747	963	628	3,338
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 93,281</u>	<u>\$ 124,973</u>	<u>\$ 160,625</u>	<u>\$ 378,879</u>

See independent auditors' report on supplementary information.

# PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

## SCHEDULE OF DETAIL OF PROGRAM SERVICES - MODIFIED CASH BASIS YEAR ENDED DECEMBER 31, 2012

	<u>Program Services</u>			<u>Total</u>
	<u>Membership Services</u>	<u>Program Expenses</u>	<u>Standards for Excellence</u>	
<b>FUNCTIONAL EXPENSES</b>				
Salaries and Wages	\$ 76,551	\$ 79,830	\$ 93,516	\$ 249,897
Employee Benefits	2,868	5,354	10,707	18,929
Payroll Taxes	5,591	5,194	6,353	17,138
Consulting and Professional Fees	0	315	0	315
Occupancy	8,782	9,053	9,053	26,888
Advertising	2,334	0	0	2,334
Equipment Rental and Maintenance	3,486	3,353	3,419	10,258
Postage and Shipping	1,911	32	361	2,304
Printing and Reproduction	0	0	4,827	4,827
Supplies	1,196	579	1,823	3,598
Telephone	1,269	1,226	1,343	3,838
Staff Training	329	257	30	616
Travel	3,291	983	704	4,978
Depreciation	687	771	625	2,083
Dues and Subscriptions	6,561	1,157	1,252	8,970
Newsletter and Website	9,084	0	0	9,084
Hub Groups	0	6,244	0	6,244
Standards for Excellence Program	0	0	19,188	19,188
Publications	981	0	0	981
Stipends and Scholarships	0	5,683	0	5,683
Annual Meeting	0	13,665	0	13,665
Miscellaneous Expenses	1,919	894	592	3,405
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 126,840</u>	<u>\$ 134,590</u>	<u>\$ 153,793</u>	<u>\$ 415,223</u>

See independent auditors' report on supplementary information.