

**PENNSYLVANIA ASSOCIATION OF
NONPROFIT ORGANIZATIONS**

FINANCIAL STATEMENTS
With Supplementary Information

YEARS ENDED DECEMBER 31, 2014 AND 2013



SFC&C COMPANY CPAS AND BUSINESS ADVISORS

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

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1027 Mumma Road, Wormleysburg, PA 17043
T 717.761.0211 F 717.975.9750

1423 N. Atherton Street, State College, PA 16803
T 814.238.8474 F 814.234.3523

235 St. Charles Way, Suite 250, York, PA 17402
T 717.741.0004 F 717.741.0361

73 E. Forrest Avenue, Shrewsbury, PA 17361
T 717.227.0004 F 717.227.0052

info@sfc-cpa.com
www.sfc-cpa.com

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 (Deficit) - Modified Cash Basis as of December 31, 2014 and 2013, and the related Statements of Revenue, Expenses, and Changes in Net Assets (Deficit) - 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.

Qualified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets (deficit) of **Pennsylvania Association of Nonprofit Organizations** as of December 31, 2014 and 2013, and its revenue, functional expenses, and changes in net assets (deficit) 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.

Emphasis-of-Matter Regarding Health Alliance for Non-Profits

As explained in Note 10, the Association has entered into an agreement with the Health Alliance for Non-Profits for the purpose of providing management and administrative services to the Alliance's program participants. As a part of the Agreement, the Association has effective control of the Alliance, through its majority membership on the Alliance's Board of Directors. These financial statements present only the financial position, activities, expenses, and cash flows of the Association.



Harrisburg, Pennsylvania
July 7, 2015



PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

**STATEMENTS OF ASSETS, LIABILITIES, AND
NET ASSETS (DEFICIT) - MODIFIED CASH BASIS**

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 13,964	\$ 109,474
Due from Consortium	2,255	274
Prepaid Expenses	566	56
TOTAL CURRENT ASSETS	<u>16,785</u>	<u>109,804</u>
PROPERTY AND EQUIPMENT - Net	2,675	2,917
OTHER ASSETS		
Security Deposit	4,028	4,028
TOTAL ASSETS	<u>\$ 23,488</u>	<u>\$ 116,749</u>
LIABILITIES AND NET ASSETS (DEFICIT)		
CURRENT LIABILITIES		
Line of Credit	\$ 26,500	\$ 38,500
Payroll Taxes and Other Withholdings	1,677	1,544
TOTAL CURRENT LIABILITIES	<u>28,177</u>	<u>40,044</u>
NET ASSETS (DEFICIT)		
Unrestricted	(4,689)	69,112
Temporarily Restricted	0	7,593
TOTAL NET ASSETS (DEFICIT)	<u>(4,689)</u>	<u>76,705</u>
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	<u>\$ 23,488</u>	<u>\$ 116,749</u>

See independent auditors' report and accompanying notes.



PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

**STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN NET ASSETS (DEFICIT) - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Membership Dues	\$ 206,649	\$ 0	\$ 206,649
Membership Services			
Royalty Income	75,581	0	75,581
Other Membership Services	9,138	0	9,138
Foundation Grants and Contributions	3,485	7,000	10,485
Program Income	99,239	0	99,239
Contract Income	32,844	0	32,844
Interest Income	29	0	29
Fundraising Income	18,335	0	18,335
Net Assets Released from Restrictions	14,593	(14,593)	0
TOTAL REVENUE AND OTHER SUPPORT	<u>459,893</u>	<u>(7,593)</u>	<u>452,300</u>
EXPENSES			
Program Services	432,609	0	432,609
Supporting Services			
Management and General	75,955	0	75,955
Fundraising	25,130	0	25,130
TOTAL EXPENSES	<u>533,694</u>	<u>0</u>	<u>533,694</u>
CHANGES IN NET ASSETS	(73,801)	(7,593)	(81,394)
NET ASSETS - BEGINNING	<u>69,112</u>	<u>7,593</u>	<u>76,705</u>
NET ASSETS (DEFICIT) - ENDING	<u>\$ (4,689)</u>	<u>\$ 0</u>	<u>\$ (4,689)</u>

See independent auditors' report and accompanying notes.



PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

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

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

See independent auditors' report and accompanying notes.



PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

STATEMENT OF EXPENSES - MODIFIED CASH BASIS YEAR ENDED DECEMBER 31, 2014 WITH COMPARATIVE TOTAL FOR THE YEAR ENDED DECEMBER 31, 2013

EXPENSES	Program Services	Supporting Services		Total	
		Management and General	Fundraising	2014	2013
Salaries and Wages	\$263,514	\$ 20,137	\$ 20,674	\$304,325	\$ 282,683
Employee Benefits	16,894	2,563	874	20,331	18,556
Payroll Taxes	19,947	1,516	1,569	23,032	23,547
Consulting and Professional Fees	0	21,670	0	21,670	49,432
Occupancy	30,673	3,874	1,489	36,036	33,839
Advertising	1,590	115	0	1,705	1,869
Equipment Rental and Maintenance	6,472	6,658	150	13,280	14,681
Postage and Shipping	1,444	627	38	2,109	3,671
Printing and Reproduction	0	0	0	0	3,951
Supplies	342	1,575	0	1,917	2,547
Telephone	5,470	2,730	0	8,200	7,636
Staff Training	945	4,477	0	5,422	1,432
Travel	4,697	409	300	5,406	5,617
Insurance	0	7,064	0	7,064	4,379
Depreciation	774	258	0	1,032	1,234
Dues and Subscriptions	9,743	695	0	10,438	7,584
Newsletter and Website	0	0	0	0	9,353
Webinars and Workshops	10,491	0	0	10,491	8,575
Standards for Excellence Program	12,449	0	0	12,449	17,540
Publications	75	0	0	75	1,502
Stipends and Scholarships	8,545	0	0	8,545	12,853
Annual Meeting	30,819	0	0	30,819	21,103
Interest Expense	0	514	0	514	1,267
Member Services	5,597	193	0	5,790	485
Miscellaneous Expenses	2,128	880	36	3,044	4,297
TOTAL EXPENSES	\$432,609	\$ 75,955	\$ 25,130	\$533,694	\$ 539,633

See independent auditors' report and accompanying notes.



PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

STATEMENT OF EXPENSES - MODIFIED CASH BASIS YEAR ENDED DECEMBER 31, 2013

EXPENSES	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and Wages	\$ 207,286	\$ 64,604	\$ 10,793	\$ 282,683
Employee Benefits	13,641	4,915	0	18,556
Payroll Taxes	14,627	7,993	927	23,547
Consulting and Professional Fees	3,775	45,657	0	49,432
Occupancy	26,900	5,357	1,582	33,839
Advertising	1,772	97	0	1,869
Equipment Rental and Maintenance	12,544	2,137	0	14,681
Postage and Shipping	3,072	521	78	3,671
Printing and Reproduction	3,951	0	0	3,951
Supplies	993	1,524	30	2,547
Telephone	6,083	1,548	5	7,636
Staff Training	705	727	0	1,432
Travel	4,765	535	317	5,617
Insurance	0	4,379	0	4,379
Depreciation	956	278	0	1,234
Dues and Subscriptions	6,760	692	132	7,584
Newsletter and Website	9,353	0	0	9,353
Webinars and Workshops	8,575	0	0	8,575
Standards for Excellence Program	17,540	0	0	17,540
Publications	1,502	0	0	1,502
Stipends and Scholarships	12,853	0	0	12,853
Annual Meeting	17,403	3,700	0	21,103
Interest Expense	0	1,267	0	1,267
Member Services	485	0	0	485
Miscellaneous Expenses	3,338	928	31	4,297
TOTAL EXPENSES	\$ 378,879	\$ 146,859	\$ 13,895	\$ 539,633

See independent auditors' report and accompanying notes.



PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS

	Years Ended December 31,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ (81,394)	\$ 38,807
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	1,032	1,234
(Increase) Decrease in		
Due from Consortium	(1,981)	630
Prepaid Expenses	(510)	(45)
Increase (Decrease) in		
Payroll Taxes and Other Withholdings	133	(216)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(82,720)	40,410
CASH FLOWS USED BY INVESTING ACTIVITIES		
Purchases of Property and Equipment	(790)	(582)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on Line of Credit	26,500	40,500
Repayments of Line of Credit	(38,500)	(2,000)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(12,000)	38,500
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(95,510)	78,328
CASH AND CASH EQUIVALENTS - BEGINNING	109,474	31,146
CASH AND CASH EQUIVALENTS - ENDING	\$ 13,964	\$ 109,474
SUPPLEMENTAL DISCLOSURES		
Interest Paid	\$ 514	\$ 1,267

See independent auditors' report and accompanying notes.



PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2014 AND 2013

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 (Deficit) - 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, 2014.



PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in accordance 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 (Deficit) - Modified Cash Basis as net assets released from restrictions.

Federal Income Taxes

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). However, income from certain unrelated business activities is subject to taxation as unrelated business income. The Association's unrelated taxable business activities substantially consist of income from advertisements placed in publications. Income taxes for such unrelated business income totaled \$0 and \$501 in 2014 and 2013, respectively. The tax filings for the years 2011, 2012, and 2013 are subject to examination, generally for three years after they are filed.



PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2014 AND 2013

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 (Deficit) - 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, 2014 and 2013 were \$1,705 and \$1,869, respectively.

Subsequent Events

Management of the Association has evaluated subsequent events through July 7, 2015, 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>2014</u>	<u>2013</u>
Furniture and Equipment	5 - 7 Years	\$ 29,275	\$ 28,485
Leasehold Improvements	5 Years	1,690	1,690
Total		30,965	30,175
Less: Accumulated Depreciation		(28,290)	(27,258)
Net Book Value		<u>\$ 2,675</u>	<u>\$ 2,917</u>

Depreciation for the years ended December 31, 2014 and 2013 was \$1,032 and \$1,234, respectively.



PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2014 AND 2013

4. LINE OF CREDIT

The Association has an unsecured bank line of credit with Susquehanna Bank that allows for borrowings up to \$100,000 with a maturity date of January 25, 2016. The interest rate is adjustable, based on the bank's prime rate (5.0% at December 31, 2014). At December 31, 2014 and 2013, the outstanding balances were \$26,500 and \$38,500, respectively.

5. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2013, temporarily restricted net assets consist of grants in the amounts of \$1,200 and \$6,393 to support the Standards for Excellence Program and Phoenixville Institute/Academy, respectively.

6. ROYALTY INCOME

The Association receives payments from various agreements with companies, which provide products and services to the Association's members. Total royalty income received for the years ended December 31, 2014 and 2013 were \$75,581 and \$169,897, respectively.

7. OPERATING LEASES

The Association leases office space under a non-cancelable operating lease. The lease expires 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 expense was \$50,320 and \$44,818 for the years ended December 31, 2014 and 2013, respectively. The leases expense is offset by sublease income as follows:

	2014	2013
Total Office Lease Expense	\$ 50,320	\$ 44,818
Less: Sublease Income	(14,592)	(12,741)
Net Office Lease Expense	\$ 35,728	\$ 32,077

Future minimum payments under the operating lease, are as follows for the years ending December 31:

Office Space - Gross	
2015	\$ 52,082
2016	53,906
2017	46,230
Total	\$ 152,218



PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2014 AND 2013

7. OPERATING LEASES (Continued)

Future minimum sublease rental income under the sublease agreement is as follows for the years ending December 31:

Office Space - Sublease	
2015	\$ 15,104
2016	15,563
2017	<u>16,169</u>
Total	<u>\$ 46,836</u>

During each of the years ended December 31, 2014 and 2013, the Association also leased equipment, under operating leases. The total expense related to these equipment leases was \$9,550 and \$15,264 for the years ended December 31, 2014 and 2013, respectively.

Future minimum payments, under the equipment leases, are \$7,777 for the year ending December 31, 2015.

8. RELATED PARTY TRANSACTIONS

In 2013, the former executive director of the Association served on the board of directors of First Nonprofit Companies and was the president of the Unemployment Benefits Board, a subsidiary of First Nonprofit Companies. These entities provided royalty income to the Association based on services provided to its members. Royalty income from First Nonprofit Companies was \$163,353 for the year ended December 31, 2013.

Also in 2013, the Association outsourced its bookkeeping services to Administrative and Consulting Solutions, a wholly-owned subsidiary of First Nonprofit Companies. During the year ended December 31, 2013, the cost of this contract was \$17,646.

As of December 31, 2013, the executive director resigned from the Association.

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. 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 Association.

11. EMPHASIS-OF-MATTER – NET ASSET DEFICIT



PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2014 AND 2013

As shown in the accompanying financial statements, the Association experienced a decrease in net assets of \$81,394 during the year ended December 31, 2014. As of that date, the Association's current liabilities exceeded its current assets by \$11,958, and total liabilities exceeded total assets by \$4,689. While expenses remained constant, there was a decrease in revenue over the prior year due to the loss of royalty income from First Nonprofit Company. These factors create an uncertainty about the Association's ability to continue as a going concern.

Management engaged in immediate staff restructuring in early 2014 in response to the revenue loss. Management also implemented a three-year strategic plan to increase membership and revenue. Management's plans include increasing membership through membership drives and offering group memberships, and increasing revenue by applying for grants, obtaining sponsorships for programs and monthly webinars, soliciting contributions through a "Top 10 at 10" fundraising campaign, and expanding the contracted services line. Management believes these factors may contribute toward achieving profitability. Management also projects that all cash needs will be met throughout 2015.

The ability of the Association to continue as a going concern is dependent on the success of these plans. The financial statements do not include any adjustments that might be necessary if the Association is unable to continue as a going concern.



SUPPLEMENTARY INFORMATION





1027 Mumma Road, Wormleysburg, PA 17043
T 717.761.0211 F 717.975.9750

1423 N. Atherton Street, State College, PA 16803
T 814.238.8474 F 814.234.3523

235 St. Charles Way, Suite 250, York, PA 17402
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73 E. Forrest Avenue, Shrewsbury, PA 17361
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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the financial statements of **Pennsylvania Association of Nonprofit Organizations** (the Association), a nonprofit organization, as of and for the years ended December 31, 2014 and 2013, and our report thereon, dated July 7, 2015, 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
July 7, 2015

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

SCHEDULE OF DETAIL OF PROGRAM SERVICES - MODIFIED CASH BASIS YEAR ENDED DECEMBER 31, 2014

	Program Services				Total
	Membership Services	Program Expenses	Standards for Excellence	Contracting Expenses	
FUNCTIONAL EXPENSES					
Salaries and Wages	\$ 84,152	\$ 87,799	\$ 48,292	\$ 43,271	\$ 263,514
Employee Benefits	5,683	7,431	2,008	1,772	16,894
Payroll Taxes	6,358	6,631	3,616	3,342	19,947
Occupancy	8,934	10,720	10,721	298	30,673
Advertising	1,550	20	20	0	1,590
Equipment Rental/Maintenance	2,058	2,280	2,134	0	6,472
Postage and Shipping	1,203	8	233	0	1,444
Supplies	35	5	302	0	342
Telephone	1,662	1,638	2,170	0	5,470
Staff Training	184	761	0	0	945
Travel	2,965	1,399	333	0	4,697
Depreciation	255	287	232	0	774
Dues and Subscriptions	3,020	1,169	4,287	1,267	9,743
Webinars and Workshops	0	6,901	3,590	0	10,491
Standards for Excellence Program	0	0	11,632	817	12,449
Publications	75	0	0	0	75
Annual Meeting	0	30,819	0	0	30,819
Member Services	5,334	263	0	0	5,597
Miscellaneous Expenses	1,191	581	348	8	2,128
TOTAL FUNCTIONAL EXPENSES	\$ 124,659	\$ 158,712	\$ 89,918	\$ 50,775	\$ 424,064

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, 2013**

	Program Services			Total
	Membership Services	Program Expenses	Standards for Excellence	
FUNCTIONAL EXPENSES				
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
Webinars and Workshops	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 Services	485	0	0	485
Miscellaneous Expenses	1,747	963	628	3,338
TOTAL FUNCTIONAL EXPENSES	<u>\$ 93,281</u>	<u>\$ 124,973</u>	<u>\$ 160,625</u>	<u>\$ 378,879</u>

See independent auditors' report on supplementary information.

