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INDEPENDENT AUDITORS' REPORT

Board of Directors
Connecticut Association of Nonprofits, Inc.
90 Brainard Road
Hartford, Connecticut 06114

We have audited the accompanying statements of financial position of Connecticut Association of Nonprofits, Inc. (a not-for-profit corporation) as of June 30, 2008, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from the Connecticut Association of Nonprofits, Inc.'s 2007 financial statements and, in our report dated September 14, 2007, 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 Connecticut Association of Nonprofits, Inc. as of June 30, 2008 and the changes 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.

Respectfully submitted,

Alfin, Fagin, Falce & Company, LLC

ALFIN, FAGIN, FALCE & COMPANY, LLC
Certified Public Accountants

September 12, 2008

We present the following report as of June 30, 2008:

- Exhibit A - Comparative Statement of Financial Position as of June 30, 2008 and June 30, 2007.
- Exhibit B - Comparative Statement of Activities and Changes in Net Assets for the Years Ended June 30, 2008 and June 30, 2007.
- Exhibit C - Statement of Functional Expenses for the Year Ended June 30, 2008 with Comparative Totals for the Year Ended June 30, 2007.
- Exhibit D - Comparative Statement of Cash Flows for the Years Ended June 30, 2008 and June 30, 2007.

Notes to Financial Statements.

CONNECTICUT ASSOCIATION OF NONPROFITS, INC.
HARTFORD, CONNECTICUT
COMPARATIVE STATEMENT OF FINANCIAL POSITION

	June 30,	
ASSETS	2008	2007
<u>Current:</u>		
Cash	\$ 152,658	\$ 206,273
Dues and revenues receivable (net of reserve)	82,123	89,610
Grants receivable	5,000	-
Prepaid expenses	6,024	19,297
Total Current Assets	245,805	315,180
<u>Long Term Investments and Non-Current Cash</u>	100,118	-
<u>Furniture and Equipment (net):</u>	12,526	16,981
<u>Other:</u>		
Security deposit	11,586	11,254
<u>TOTAL ASSETS</u>	\$ 370,035	\$ 343,415
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities:</u>		
Accounts payable	\$ 44,715	\$ 72,146
Accrued payroll	12,419	9,114
Deferred revenue	480	1,355
Total Current Liabilities	57,614	82,615
<u>Net Assets:</u>		
Unrestricted	312,421	260,800
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 370,035	\$ 343,415

See Accompanying Notes

CONNECTICUT ASSOCIATION OF NONPROFITS, INC.
HARTFORD, CONNECTICUT
COMPARATIVE STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS

	For the Years Ended June 30,	
	<u>2008</u>	<u>2007</u>
<u>Revenue and Other Support:</u>		
Grants and contracts	\$ 58,432	\$ 130,704
Memberships (net of discounts)	575,085	535,185
Products	184,241	175,022
Contributions and sponsor fees	52,313	31,604
Annual meeting	38,552	36,251
Training - general	104,886	119,820
Advertising	20,055	25,070
Interest income	<u>1,669</u>	<u>2,458</u>
<u>Total Revenue and Other Support</u>	<u>1,035,233</u>	<u>1,056,114</u>
<u>Expenses:</u>		
Programs	874,899	918,986
Management and general	<u>108,713</u>	<u>96,891</u>
<u>Total Expenses</u>	<u>983,612</u>	<u>1,015,877</u>
Changes in Net Assets	51,621	40,237
<u>Net Assets - Beginning</u>	<u>260,800</u>	<u>220,563</u>
<u>Net Assets - Ending</u>	\$ <u>312,421</u>	\$ <u>260,800</u>

CONNECTICUT ASSOCIATION OF NONPROFITS, INC.
HARTFORD, CONNECTICUT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>& General</u>	<u>Total Expenses</u>	
			<u>2008</u>	<u>2007</u>
Salaries	\$ 419,005	\$ 68,136	\$ 487,141	\$ 466,815
Fringe benefits	81,481	13,045	94,526	92,687
Bank charges, finance charges and fees	607	56	663	1,094
Contract services	57,432	4,429	61,861	123,319
Contract services - training	47,269	-	47,269	37,116
Supplies	3,264	288	3,552	10,075
Telephone	6,583	766	7,349	7,022
Copying and printing	47,401	5,822	53,223	57,551
Postage	10,499	1,097	11,596	10,204
Dues and subscriptions	9,701	1,183	10,884	8,139
Travel	12,043	499	12,542	10,035
Training - staff development	3,140	301	3,441	183
Miscellaneous	-	-	-	200
Rent	57,594	10,120	67,714	65,742
Insurance	5,102	830	5,932	6,166
Conferences and meetings	62,227	1,216	63,443	59,251
Maintenance and storage	5,097	-	5,097	5,537
Equipment repairs and supplies	1,446	78	1,524	1,789
Professional fees	5,203	847	6,050	6,300
Bad debt	790	-	790	4,265
Advertising	6,500	-	6,500	-
Depreciation	5,485	-	5,485	5,700
Retirement plan contribution	27,030	-	27,030	36,687
<u>Total Expenses</u>	<u>\$ 874,899</u>	<u>\$ 108,713</u>	<u>\$ 983,612</u>	<u>\$ 1,015,877</u>

CONNECTICUT ASSOCIATION OF NONPROFITS, INC.
HARTFORD, CONNECTICUT
COMPARATIVE STATEMENT OF CASH FLOWS
Increase (Decrease) in Cash

	For the Years Ended June 30,	
	<u>2008</u>	<u>2007</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ <u>51,621</u>	\$ <u>40,237</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,485	5,700
Change in assets and liabilities:		
Increase Decrease in Assets and Liabilities:		
Dues and revenues receivable	7,487	(35,027)
Grants receivable	(5,000)	-
Prepaid expenses	13,273	(13,957)
Security deposit	(332)	(486)
Accounts payable	(27,431)	63,327
Accrued payroll	3,305	1,884
Deferred revenue	(875)	1,355
Fiscal agent funds	-	(758)
Total Adjustments	<u>(4,088)</u>	<u>22,038</u>
Net Cash Provided By Operating Activities	<u>47,533</u>	<u>62,275</u>
<u>Cash Flows Used In Investing Activities:</u>		
Purchase of investments	(100,118)	-
Capital expenditures	(1,030)	(6,943)
Net Cash Used In Investing Activities	<u>(101,148)</u>	<u>(6,943)</u>
<u>Net Increase (Decrease) in Cash</u>	(53,615)	55,332
<u>Cash - Beginning of Year</u>	<u>206,273</u>	<u>150,941</u>
<u>Cash - End of Year</u>	\$ <u>152,658</u>	\$ <u>206,273</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid during the year:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
<u>Non-Cash Program Activities:</u>		
Supplies	\$ -	\$ 1,424
Advertising	\$ 6,500	\$ -

See Accompanying Notes

CONNECTICUT ASSOCIATION OF NONPROFITS, INC.
HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Note 1 - Accounting Policies:

A. Tax Status and Organization:

The Connecticut Association of Nonprofits, Inc. (the "Association") is a nonprofit corporation formed to provide supportive services to other not-for-profit organizations, in the State of Connecticut. The Association is exempt from federal income taxation under section 501(c)(3) of the U.S. Internal Revenue Code. The Internal Revenue Service classifies the organization as a non-private foundation.

B. Management and General Expenditures:

Management has determined that management and general expenditures approximate 15% of the related line items with respect to salaries, related fringes and certain other administrative costs. For the years ended June 30, 2008 and June 30, 2007, management and general expenses totaled and \$108,713 and \$96,891, respectively.

C. Donated Materials and Services:

The Association receives, at times, donated materials and volunteer assistance from various sources. The donated materials would be reflected as contributions in the accompanying statements at their estimated values at the date of their receipt. No amounts for volunteer assistance have been recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied. For the years ended June 30, 2008 and June 30, 2007, the Association received advertising and supplies valued at \$6,500 and \$1,424 respectively, which are included in contributions and sponsor fees and expenses in the statement of activities.

D. Depreciation:

Furniture and equipment acquired by the Association have been capitalized at cost, and are being depreciated over five and six years, utilizing the straight-line method. This includes equipment acquired with restricted grant revenues for respective program purposes. Expenditures for additions and improvements are capitalized, and costs for repairs and maintenance are charged to expense as incurred. The Association capitalizes expenditures for property and equipment in excess of \$1,000. For the years ended June 30, 2008 and 2007, depreciation was recorded in the amount of \$5,485 and \$5,700, respectively. The total cost and related accumulated depreciation for the years ended June 30, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Cost of furniture and equipment	\$ 63,364	\$ 62,334
Less: Accumulated depreciation	<u>50,838</u>	<u>45,353</u>
Furniture and equipment (net)	\$ <u>12,526</u>	\$ <u>16,981</u>

CONNECTICUT ASSOCIATION OF NONPROFITS, INC.
HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 - Accounting Policies (Continued):

E. Recognition of Restricted Grant Revenues:

Revenues restricted by the donor, grantor, board of directors or any other outside party for particular operating purposes, are deemed to be earned and are reported as revenues currently. Temporarily restricted net assets account for these particular program activities of the Association.

F. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Basis of Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association, and changes therein, are classified and reported as unrestricted net assets - net assets that are not subject to donor-imposed stipulations.

H. Comparative Financial Statements:

The financial statements include certain prior-year summarized comparative information in total, however, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statement for the year ended June 30, 2007, from which the summarized information was derived.

I. Cash and Cash Equivalents:

The Association holds all of its cash in accounts that are subject to immediate withdrawal. The Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. During the period covered by these financial statements, the Association did not invest in financial instruments classified as cash equivalents.

Note 2 - Lease Commitments:

In September 1998, the Association entered into a lease for 4,905 square feet of office space. The lease term was December 1, 1998 through November 30, 2003. In October 2003, the Association extended the lease term from December 31, 2003 through November 30, 2008. The annual rent expense for the years ended June 30, 2008 and 2007, was \$67,714 and \$65,742, respectively.

CONNECTICUT ASSOCIATION OF NONPROFITS, INC.
HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
 (Continued)

Note 2 - Lease Commitments (Continued):

In addition to the annual rental, the Association is responsible for its proportionate share of increases in property taxes and operating expenses over those for the base year.

At June 30, 2008, future minimum lease payments over the term of the lease are as follows:

June 30, 2009	\$ 28,560
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Note 3 - Dues and Revenues Receivable:

At June 30, 2008 and 2007, the accounts receivable balances were \$88,998 and \$89,610, respectively, shown as follows:

	<u>2008</u>	<u>2007</u>
Membership dues	\$ 30,480	\$ 54,263
Training	2,555	-
Sponsor	1,500	-
Group purchasing	16,813	12,420
Advertising	8,262	1,690
Insurance products	<u>29,388</u>	<u>21,237</u>
Total	<u>\$ 88,998</u>	<u>\$ 89,610</u>

The Association determined that membership dues totaling \$790 and \$4,265 were uncollectible as of June 30, 2008 and 2007, respectively.

At June 30, 2008 and 2007, the reserve for bad debts was \$5,000. The reserve for bad debt method of valuing accounts receivable is based on historical experience, coupled with a review of the current status of accounts receivable.

Note 4 - Retirement Plan:

The Association maintains a retirement plan utilizing the Association's fiscal year. Under this plan, contributions are at the discretion of management. Eligible participants include full-time and part-time employees who have completed at least 750 hours of service during the year. Total contributions to the plan were \$27,030 and \$36,687 for the years ended June 30, 2008 and 2007, respectively.

Note 5 - Products:

At June 30, 2008 and 2007, Products (Exhibit B) were \$184,241 and \$175,022, respectively, shown as follows:

	<u>2008</u>	<u>2007</u>
Unemployment Trust	\$ 65,008	\$ 61,123
Group Purchasing	43,162	47,175
Insurance Royalties	71,002	64,831
Publications	<u>5,069</u>	<u>1,893</u>
Total	<u>\$ 184,241</u>	<u>\$ 175,022</u>

CONNECTICUT ASSOCIATION OF NONPROFITS, INC.
HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 6 - Concentration of Credit Risk:

The Association maintains cash balances in excess of \$100,000 at banks, which are insured by the Federal Deposit Insurance Corporation for amounts up to \$100,000. At June 30, 2008 and 2007, the Association's uninsured cash balance was \$152,480 and \$56,254 respectively.

Note 7 - Long-Term Investments and Non-Current Cash:

At June 30, 2008, the Association had invested \$100,118 in a certificate of deposit. The certificate of deposit had an interest rate of 3.93% and a maturity date of June 30, 2010.