

**CONNECTICUT ASSOCIATION OF NONPROFITS, INC.**

Independent Auditors' Report  
Financial Statements

June 30, 2009

# CONNECTICUT ASSOCIATION OF NONPROFITS, INC.

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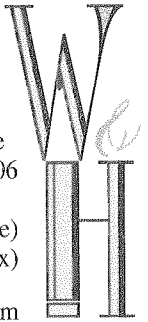
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Connecticut Association of Nonprofits, Inc.

We have audited the accompanying statements of financial position of Connecticut Association of Nonprofits, Inc. (a not-for-profit corporation) as of June 30, 2009, 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 information has been derived from the Connecticut Association of Nonprofits, Inc.'s 2008 financial statements which were audited by other auditors who issued an unqualified report dated September 12, 2008.

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 our 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, 2009, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Whittlesey & Hadley, P.C.*

October 15, 2009

CONNECTICUT ASSOCIATION OF NONPROFITS, INC.

Statement of Financial Position

June 30, 2009

ASSETS	2009	2008
Current		
Cash	\$ 162,859	\$ 152,658
Dues and revenues receivable (net of reserve)	79,921	82,123
Grants receivable	10,647	5,000
Prepaid expenses	20,458	6,024
Total current assets	<u>273,885</u>	<u>245,805</u>
Long Term Investments and Non-Current Cash	104,125	100,118
Furniture and Equipment (net)	29,866	12,526
Other		
Security deposit	<u>11,928</u>	<u>11,586</u>
Total Assets	<u>\$ 419,804</u>	<u>\$ 370,035</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 44,681	\$ 44,715
Accrued payroll	43,035	12,419
Deferred revenue	14,028	480
Total current liabilities	<u>101,744</u>	<u>57,614</u>
Net Assets		
Unrestricted	<u>318,060</u>	<u>312,421</u>
Total Liabilities and Net Assets	<u>\$ 419,804</u>	<u>\$ 370,035</u>

The accompanying notes are an integral part of the financial statements.

# CONNECTICUT ASSOCIATION OF NONPROFITS, INC.

## Statement of Activities and Changes in Net Assets

For the Years Ended June 30, 2009 and 2008

	For the Years Ended June 30,	
	2009	2008
<b>Revenue and Other Support</b>		
Grants and contracts	\$ 92,140	\$ 58,432
Memberships (net of discounts)	569,510	575,085
Products	176,478	184,241
Contributions and sponsor fees	43,625	52,313
Annual meeting	42,106	38,552
Training - general	116,137	104,886
Advertising	11,713	20,055
Interest income	5,016	1,669
Total revenue and other support	<u>1,056,725</u>	<u>1,035,233</u>
<b>Expenses</b>		
Programs	938,664	874,899
Management and general	112,422	108,713
Total expenses	<u>1,051,086</u>	<u>983,612</u>
<b>Changes in Net Assets</b>	5,639	51,621
Net assets - beginning of year	<u>312,421</u>	<u>260,800</u>
Net assets - end of year	<u>\$ 318,060</u>	<u>\$ 312,421</u>

The accompanying notes are an integral part of the financial statements.

# CONNECTICUT ASSOCIATION OF NONPROFITS, INC.

## Statement of Functional Expenses

For the Year Ended June 30, 2009

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	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Total 2009</u>
Salaries	\$ 459,866	\$ 71,115	\$ 530,981
Fringe benefits	89,984	13,976	103,960
Bank charges, finance charges and fees	1,064	108	1,172
Contract services	84,754	4,443	89,197
Contract services - training	48,646	-	48,646
Supplies	4,094	338	4,432
Telephone	8,763	956	9,719
Copying and printing	38,132	2,952	41,084
Postage	8,567	779	9,346
Dues and subscriptions	6,348	738	7,086
Travel	6,228	620	6,848
Training - staff development	2,769	170	2,939
Miscellaneous	490	-	490
Rent	67,290	8,935	76,225
Insurance	4,868	792	5,660
Conferences and meetings	63,505	1,033	64,538
Equipment repairs and supplies	6,881	791	7,672
Professional fees	5,676	924	6,600
Bad debt	212	-	212
Advertising	6,700	-	6,700
Depreciation	6,845	1,078	7,923
Retirement plan contribution	16,982	2,674	19,656
Total Expenses	<u>\$ 938,664</u>	<u>\$ 112,422</u>	<u>\$ 1,051,086</u>

The accompanying notes are an integral part of the financial statements.

# CONNECTICUT ASSOCIATION OF NONPROFITS, INC.

## Statement of Functional Expenses

For the Year Ended June 30, 2008

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

The accompanying notes are an integral part of the financial statements.

# CONNECTICUT ASSOCIATION OF NONPROFITS, INC.

## Statement of Cash Flows

For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 5,639	\$ 51,621
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,923	5,485
Change in assets and liabilities:		
Dues and revenues receivable	2,202	7,487
Grants receivable	(5,647)	(5,000)
Prepaid expenses	(14,434)	13,273
Security deposit	(342)	(332)
Accounts payable	(34)	(27,431)
Accrued payroll	30,616	3,305
Deferred revenue	13,548	(875)
Net cash provided by operating activities	<u>39,471</u>	<u>47,533</u>
<b>Cash flows used in investing activities</b>		
Purchases of investments	(4,007)	(100,118)
Capital expenditures	<u>(25,263)</u>	<u>(1,030)</u>
Net cash used in investing activities	<u>(29,270)</u>	<u>(101,148)</u>
<b>Net Increase (Decrease) in Cash</b>	10,201	(53,615)
Cash - beginning of year	<u>152,658</u>	<u>206,273</u>
Cash - end of year	<u>\$ 162,859</u>	<u>\$ 152,658</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid during the year:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
<u>Non-Cash Program Activities:</u>		
Supplies	\$ -	\$ -
Advertising	\$ 6,700	\$ 6,500

The accompanying notes are an integral part of the financial statements.

# CONNECTICUT ASSOCIATION OF NONPROFITS, INC.

## Notes to the Financial Statements

June 30, 2009 and 2008

### NOTE 1 – ACCOUNTING POLICIES

#### 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.

#### Management and General Expenditures

Management has determined that management and general expenditures approximate 11% of the related line items with respect to salaries, related fringes and certain other administrative costs. For the years ended June 30, 2009 and 2008, management and general expenses totaled \$112,422 and \$108,713, respectively.

#### 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, 2009 and 2008, the Association received advertising and supplies valued at \$6,500 and \$6,500 respectively, which are included in contributions and sponsor fees and expenses in the statement of activities.

#### Depreciation

Furniture and equipment 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, 2009 and 2008, depreciation was recorded in the amount of \$7,923 and \$5,485, respectively. The total cost and related accumulated depreciation for the years ended June 30, 2009 and 2008 are as follows:

	2009	2008
Cost of furniture and equipment	\$ 88,627	\$ 63,364
Less: Accumulated depreciation	(58,761)	(50,838)
Furniture and equipment (net)	<u>\$ 29,866</u>	<u>\$ 12,526</u>

#### 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 programs activities of the Association.

## NOTE 1 – ACCOUNTING POLICIES – (CONTINUED)

### 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.

### 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.

### 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.

### Fair Value Measurements

The Association adopted SFAS No. 157, "Fair Value Measurements". SFAS No. 157 defines fair value and establishes a framework for measuring fair value in generally accepted accounting principles. SFAS No. 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS No. 157 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair values:

- Level 1 — Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2 — Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Significant unobservable inputs that reflect the Association's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Valuation techniques based on unobservable inputs are highly subjective and require judgments regarding significant matters such as the amount and timing of future cash flows and the selection of discount rates that may appropriately reflect market and credit risks. Changes in these judgments often have a material impact on the fair value estimates. In addition, since these estimates are as of a specific point in time, they are susceptible to material near-term changes.

**NOTE 1 – ACCOUNTING POLICIES – (CONTINUED)**

Subsequent event measurement date

The Association monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements for the fiscal year ended June 30, 2009 through October 15, 2009, the date on which the financial statements were available to be issued.

**NOTE 2 – LEASE COMMITMENTS**

The Association leases 4,905 square feet of office space. The annual rent expense for the years ended June 30, 2009 and 2008, was \$76,225 and \$67,714, respectively.

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, 2009, future minimum lease payments over the term of the lease are as follows:

2010	\$	71,835
2011		73,994
2012		76,220
2013		78,511

**NOTE 3 – DUES AND REVENUES RECEIVABLE**

At June 30, 2009 and 2008, the accounts receivable balances were \$79,921 and \$82,123, respectively, shown as follows:

	<u>2009</u>	<u>2008</u>
Membership dues	\$ 21,215	\$ 23,605
Training	4,772	2,555
Group purchasing	12,762	16,813
Advertising	4,451	8,262
Insurance products	35,256	29,388
Other	1,465	1,500
Total	<u>\$ 79,921</u>	<u>\$ 82,123</u>

The Association determined that membership dues totaling \$212 and \$790 were uncollectible as of June 30, 2009 and 2008, respectively.

At June 30, 2009 and 2008, 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 the plan were \$19,656 and \$27,030 for the years ended June 30, 2009 and 2008, respectively.

**NOTE 5 – PRODUCTS**

At June 30, 2009 and 2008, Products were \$176,478 and \$184,241, respectively, shown as follows:

	<u>2009</u>	<u>2008</u>
Unemployment trust	\$ 67,355	\$ 65,008
Group purchasing	39,268	43,162
Insurance royalties	62,941	71,002
Publications and other	6,914	5,069
Total	<u>\$ 176,478</u>	<u>\$ 184,241</u>

**NOTE 6 – NONCURRENT CASH**

The Association had cash invested in a certificate of deposit of \$104,125 at June 30, 2009 and \$100,118, at June 30, 2008. The certificate of deposit had an interest rate of 3.93% and a maturity date of June 30, 2010.

Fair values of financial instruments measured on recurring basis are as follows at June 30, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificate of deposit	<u>\$ 104,125</u>	<u>\$ -</u>	<u>\$ -</u>