CENTER FOR NONPROFIT MANAGEMENT, INC.

FINANCIAL STATEMENTS

As of and for Years Ended December 31, 2017 and 2016

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

CENTER FOR NONPROFIT MANAGEMENT, INC.

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Directors of
Center for Nonprofit Management, Inc.
Nashville, Tennessee

We have audited the accompanying financial statements of Center for Nonprofit Management, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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 accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. 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 financial position of Center for Nonprofit Management, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements
The financial statements as of December 31, 2016, were audited by other auditors whose report dated March 8, 2017 expressed an unmodified opinion on those statements.

Cherry Bekaert LLP

Nashville, Tennessee
May 7, 2018

CENTER FOR NONPROFIT MANAGEMENT, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
Cash	$ 289,798	$ 175,106
Investments	1,609,905	1,600,597
Client fees receivable	155,319	102,289
Prepaid expenses	15,006	23,899
Inventory	-	4,645
Deposits	6,000	6,000
Property and equipment - net of accumulated depreciation of $288,983 and $277,970, respectively	57,330	53,167
Total Assets	$ 2,133,358	$ 1,965,703
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$ 43,016	$ 21,004
Deferred revenue and support	198,467	203,501
Total Liabilities	241,483	224,505
Net Assets:		
Unrestricted:		
Undesignated	1,508,705	1,470,540
Board designated	2,661	10,025
Total Unrestricted	1,511,366	1,480,565
Temporarily restricted	380,509	260,633
Total Net Assets	1,891,875	1,741,198
Total Liabilities and Net Assets	$ 2,133,358	$ 1,965,703

The accompanying financial statements are an integral part of these statements.

CENTER FOR NONPROFIT MANAGEMENT, INC.
STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Changes in Unrestricted Net Assets:		
Revenues and Other Support:		
Service fees	$ 1,322,610	$ 1,073,690
Association fee revenue	196,467	217,092
Grants	182,500	165,200
Contributions (including in-kind contributions of $46,240 and $52,730 , respectively)	162,171	177,644
Event ticket sales	90,670	82,790
Other	25,152	19,008
Interest income	9,316	8,686
Released from restriction for purpose accomplished	405,364	158,181
Total Revenues and Other Support	2,394,250	1,902,291
Expenses:		
Consulting	1,131,769	831,377
Training and development	427,634	339,352
Salute to Excellence	327,821	271,048
Membership	105,910	142,518
Collective Impact	199,319	-
Management and general and fundraising	170,996	196,884
Total Expenses	2,363,449	1,781,179
Change in Unrestricted Net Assets	30,801	121,112
Changes in Temporarily Restricted Net Assets:		
Contributions	525,240	152,206
Released from restriction for purpose accomplished	(405,364)	(158,181)
Change in Temporarily Restricted Net Assets	119,876	(5,975)
Total change in net assets	150,677	115,137
Net assets, beginning of year	1,741,198	1,626,061
Net assets, end of year	$ 1,891,875	$ 1,741,198

CENTER FOR NONPROFIT MANAGEMENT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Consulting	Training and Development	Salute to Excellence	Membership	Collective Impact	Total Program Services	Management and General and Fundraising	Total Expenses
Cost of services	$ 764,621	$ 158,219	$ 193,847	$ 2,271	$ 105,906	$ 1,224,864	$ 1,846	$ 1,226,710
Salaries/benefits	273,107	136,554	34,138	68,277	68,277	580,353	102,415	682,768
Office rent	14,073	46,909	4,691	9,382	4,691	79,746	14,072	93,818
Insurance	1,275	4,251	425	850	425	7,226	1,275	8,501
Miscellaneous	2,897	6,533	48,103	1,473	874	59,880	9,492	69,372
Professional fees	38,346	19,173	4,793	9,587	9,587	81,486	14,380	95,866
Video production	-	-	25,738	-	-	25,738	-	25,738
Equipment rent	2,171	7,238	724	1,448	724	12,305	2,170	14,475
Depreciation	1,652	5,507	551	1,101	551	9,362	1,651	11,013
Repairs and maintenance	5,597	18,658	1,866	3,732	1,866	31,719	5,596	37,315
Office supplies	5,224	2,612	7,572	1,306	1,306	18,020	1,958	19,978
Telephone/internet	1,660	830	207	415	415	3,527	2,257	5,784
Meals/breaks	5,195	2,598	649	1,299	1,299	11,040	1,948	12,988
Audit/legal	4,534	2,267	567	1,133	1,133	9,634	1,700	11,334
Utilities	1,524	5,080	508	1,016	508	8,636	1,524	10,160
Printing	1,842	6,141	2,746	1,228	614	12,571	1,842	14,413
Travel	1,279	639	160	320	320	2,718	480	3,198
Postage/shipping	290	968	97	194	97	1,646	289	1,935
Advertising	-	-	-	-	-	-	2,096	2,096
Software	-	-	-	-	-	-	1,708	1,708
Dues/subscriptions	458	1,527	153	305	153	2,596	458	3,054
Bad debt expense	3,733	784	-	-	-	4,517	-	4,517
License	-	-	-	-	-	-	979	979
Payroll services	873	437	109	218	218	1,855	328	2,183
Employee development	1,418	709	177	355	355	3,014	532	3,546
	$ 1,131,769	$ 427,634	$ 327,821	$ 105,910	$ 199,319	$ 2,192,453	$ 170,996	$ 2,363,449

CENTER FOR NONPROFIT MANAGEMENT, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

	Consulting	Training and Development	Salute to Excellence	Membership	Total Program Services	Management and General and Fundraising	Total Expenses
Cost of services	$ 497,332	$ 127,221	$ 64,306	$ 3,488	$ 692,347	$ 375	$ 692,722
Salaries/benefits	236,924	118,462	59,231	88,847	503,464	88,847	592,311
Office rent	23,175	27,811	9,270	13,905	74,161	18,540	92,701
Insurance	33,392	17,940	8,615	12,922	72,869	13,277	86,146
Miscellaneous	2,664	3,199	53,797	1,598	61,258	3,986	65,244
Temporary services	9,403	11,283	6,923	5,642	33,251	7,522	40,773
Video production	-	-	28,187	-	28,187	-	28,187
Equipment rent	-	-	15,915	-	15,915	11,570	27,485
Depreciation	6,276	7,531	2,510	3,765	20,082	5,020	25,102
Repairs and maintenance	5,525	6,629	2,210	3,315	17,679	4,420	22,099
Office supplies	3,008	3,610	8,187	1,805	16,610	2,406	19,016
Telephone/internet	3,065	3,678	1,226	1,839	9,808	2,452	12,260
Meals/breaks	2,913	3,495	1,573	1,748	9,729	2,330	12,059
Audit/legal	-	-	-	-	-	10,651	10,651
Utilities	2,305	2,765	922	1,383	7,375	1,844	9,219
Printing	636	763	6,260	382	8,041	509	8,550
Travel	16	19	321	9	365	4,815	5,180
Postage/shipping	1,077	1,292	779	646	3,794	861	4,655
Advertising	1,157	1,388	463	694	3,702	926	4,628
Small equipment purchase	-	-	-	-	-	4,028	4,028
Software	-	-	-	-	-	3,210	3,210
Memberships	-	-	-	-	-	3,067	3,067
Large equipment purchase	-	-	-	-	-	2,829	2,829
Bad debt expense	1,374	1,374	-	-	2,748	-	2,748
Publications	-	-	-	-	-	2,601	2,601
License	463	556	185	278	1,482	371	1,853
Payroll services	672	336	168	252	1,428	252	1,680
Employee development	-	-	-	-	-	175	175
	$ 831,377	$ 339,352	$ 271,048	$ 142,518	$ 1,584,295	$ 196,884	$ 1,781,179

The accompanying financial statements are an integral part of these statements.

CENTER FOR NONPROFIT MANAGEMENT, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ 150,677	$ 115,137
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	11,013	25,102
Realized and unrealized gain on investments	(9,308)	(8,749)
Changes in operating assets and liabilities:		
Client fees receivable	(53,030)	(1,734)
Prepaid expenses	8,893	(5,827)
Inventory	4,645	(2,425)
Accounts payable and accrued expenses	22,012	(9,371)
Deferred revenue and support	(5,034)	15,129
Net cash provided by operating activities	129,868	127,262
Cash flows from investing activities:		
Purchase of investments	-	(167,000)
Purchase of property and equipment	(15,176)	(783)
Net cash used in investing activities	(15,176)	(167,783)
Increase (decrease) in cash	114,692	(40,521)
Cash, beginning of year	175,106	215,627
Cash, end of year	$ 289,798	$ 175,106

The accompanying financial statements are an integral part of these statements.

Note 1—Nature of operations and summary of significant accounting policies

During 1986, the Management Development Center began operations through funding from the HCA Foundation and the United Way of Metropolitan Nashville. On May 5, 1992, the Management Development Center was incorporated as a not-for-profit organization and changed its name to the Center for Nonprofit Management, Inc. (the "Organization"). The purpose of the Organization is to enhance the ability of nonprofit organizations to manage their business by providing services and resources to the governing board, employees, and volunteers of those organizations, including, but not limited to, management education and training and management consultation services.

Financial Statement Presentation – In accordance with the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC"), the Organization 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.

Contributions – In accordance with accounting principles generally accepted in the United States of America ("GAAP") for nonprofit organizations, unconditional contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Under these provisions, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported 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 may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.
>
> *Permanently Restricted Net Assets* – net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, donors of these assets permit the Organization to use all or part of the income earned for general or specific purposes. The Organization had no permanently restricted net assets at December 31, 2017 and 2016.

Support in the form of conditional contributions is not recognized until such conditions are met.

Deferred Revenue and Support – Fees received in the current year for services to be performed in the subsequent years are shown as deferred revenue.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Organization considers all cash funds, cash bank accounts, and highly liquid debt instruments with an original maturity when purchased of three months or less to be cash and cash equivalents other than certain money market funds held by the Organization for investment.

Investments – Investments in money market funds and marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the accompanying statements of financial position. See further discussion of fair value measurements at Note 2. Investment income and realized and unrealized gains and losses are reported as changes in unrestricted net assets, or if from restricted sources, are reported as changed in restricted net assets if specified by the donor for a particular purpose.

Note 1—Nature of operations and summary of significant accounting policies (continued)

Receivables – The Organization considers all receivables to be fully collectible. Accordingly, no allowance for doubtful accounts has been provided in the accompanying financial statements.

Property and Equipment – Property and equipment are recorded at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets or lease terms, if shorter, for leasehold improvements. Estimated useful lives of all major classes of assets are as follows:

Equipment and database	3 - 5 years
Furniture and fixtures	7 years
Leasehold improvements (remaining life of lease)	5 - 10 years

Income Taxes – The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income tax has been made.

The Organization follows FASB ASC guidance related to unrecognized tax benefits. The guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying financial statements. Tax years that remain open for examination include years ended December 31, 2013 through 2016.

Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses and allocation of functional expenses during the reporting period. Actual results could differ from those estimates.

In-Kind Contributions – Contributed services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received.

Additionally, the Organization receives a significant amount of contributed time from volunteers which does not meet the recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Functional Expenses – Costs of providing the Organization's programs are summarized and reported on a functional basis. Expenses of each program include costs directly associated with the program and other indirect costs determined to benefit that program. These costs have been allocated between program and supporting services based on estimates by management. Fundraising expenses approximated $30,000 (primarily for salaries) in 2017 and 2016.

Advertising Expense – The Organization expenses advertising costs as incurred. Advertising costs charged to expense totaled $2,096 and $4,628 in 2017 and 2016, respectively.

Note 1—Nature of operations and summary of significant accounting policies (continued)

Reclassifications – Certain reclassifications of net assets have been made to the 2016 financial statements to conform to the 2017 presentation.

Subsequent Events – The Organization evaluated subsequent events through May 7, 2018, when these financial statements were available to be issued. The Organization is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

Note 2—Fair value measurements and investments

The Organization has adopted the fair value measurement topic of the FASB ASC, which establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include the following:
- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. A description of the valuation methodologies used for assets measured at fair value is as follows:

Money Market and Mutual Funds – Valued at the amounts reported at closing prices of shares in active markets held by the Organization at year end.

Agency Funds – Valued at cost which approximates fair value.

Note 2—Fair value measurements and investments (continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31:

	2017			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 1,089,682	$ -	$ -	$ 1,089,682
Mutual funds:				
Low duration bond funds	509,302	-	-	509,302
Agency funds	10,921	-	-	10,921
Total assets, at fair value	$ 1,609,905	$ -	$ -	$ 1,609,905

	2016			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 1,086,809	$ -	$ -	$ 1,086,809
Mutual funds:				
Low duration bond funds	504,469	-	-	504,469
Agency funds	9,319	-	-	9,319
Total assets, at fair value	$ 1,600,597	$ -	$ -	$ 1,600,597

Note 3—Property and equipment

Property and equipment consists of the following at December 31:

	2017	2016
Equipment	$ 85,922	$ 76,451
Furniture and fixture	96,713	91,008
Leasehold improvements	4,689	4,689
Database	158,989	158,989
	346,313	331,137
Less accumulated depreciation	(288,983)	(277,970)
	$ 57,330	$ 53,167

Note 4—Board designated net assets

Board designated net assets are available for the following purposes at December 31:

	2017	2016
Nonprofit Excellence Funds ("Invest in Success")	$ 2,661	$ 10,025

Note 5—Temporarily restricted net assets

Temporarily restricted net assets are available for the following purposes at December 31:

	2017	2016
Nonprofit Excellence Funds ("Invest in Success")	$ 178,873	$ 214,192
Collective Impact	155,702	-
Association of Nonprofit Excellence Funds	43,698	43,698
MatchGrant Funds	2,236	2,743
Total temporarily restricted net assets	$ 380,509	$ 260,633

During 2007, the Organization received the remaining assets of the Association for Nonprofit Executives ("ANE"). Any funds received from ANE have been recorded as temporarily restricted contributions and net assets of the Organization. Restrictions are released when expenditures are approved by the ANE advisory board.

Note 6—Retirement plan

The Organization adopted a Simplified Employee Pension Plan ("SEP") for all employees as of January 1, 1993, and as modified December 8, 1999. Contributions to the SEP begin after one year of qualifying employment if the employee is 21 years of age or older. Contributions were calculated at a rate of 6% of base salary for 2017 and 2016. Contributions to the SEP or to alternative employee-elected payment options amounted to $18,165 and $20,595 for the years ended December 31, 2017 and 2016, respectively.

Note 7—Lease contracts

During June 2011, the Organization entered into a new lease for office space with a start date of February 17, 2012 and expiring in June 2022. The lease requires monthly payments of $6,083 subject to annual increases calculated using the published consumer price index.

Expense for all leases was approximately $108,000 and $120,000 for the years ended December 31, 2017 and 2016, respectively. Future minimum lease commitments are as follows:

Years Ending December 31,	
2018	$ 84,084
2019	84,084
2020	82,542
2021	74,373
2022	36,498
	$ 361,581

Note 8—Concentrations

The Organization recorded contributions from one major donor representing 15% and 10% of total revenues and other support for the years ended December 31, 2017 and 2016, respectively. A significant reduction in the support from this donor, if this were to occur, could have an adverse impact on the Organization's programs and services.

Certain investments are not insured by the Federal Deposit Insurance Corporation ("FDIC") or any other government agency and are subject to investment risk, including loss of principal. Investments are insured by the Securities and Investor Protection Corporation, which covers investor losses, in some cases, attributable to bankruptcy or fraudulent practices of brokerage firms.

At times throughout the year, the Organization may maintain balances at financial institutions in excess of FDIC insured limits. Amounts in excess of these limits totaled approximately $7,570 and $22,500 at December 31, 2017 and 2016, respectively.