

CENTER FOR NONPROFIT MANAGEMENT, INC.

FINANCIAL STATEMENTS

December 31, 2013 and 2012

CENTER FOR NONPROFIT MANAGEMENT, INC.

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INDEPENDENT AUDITOR'S REPORT

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 statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows 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 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 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 of 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, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Frasier, Dean & Howard, PLLC

March 17, 2014

CENTER FOR NONPROFIT MANAGEMENT, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2013 and 2012

	2013	2012
Assets		
Assets:		
Cash	\$ 337,068	\$ 656,890
Investments	1,019,725	569,214
Client fees receivable	75,725	101,596
Prepaid expenses	10,828	1,359
Inventory	13,125	400
Deposits	6,000	6,000
Property and equipment - net of accumulated depreciation of \$167,994 and \$117,366, respectively	<u>153,197</u>	<u>138,873</u>
Total assets	<u><u>\$ 1,615,668</u></u>	<u><u>\$ 1,474,332</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 319	\$ 6,093
Deferred revenue and support	<u>161,267</u>	<u>125,118</u>
Total liabilities	<u>161,586</u>	<u>131,211</u>
Net assets:		
Unrestricted:		
Undesignated	1,262,491	1,189,580
Board designated	<u>31,010</u>	<u>25,065</u>
Total unrestricted	1,293,501	1,214,645
Temporarily restricted	<u>160,581</u>	<u>128,476</u>
Total net assets	<u>1,454,082</u>	<u>1,343,121</u>
Total liabilities and net assets	<u><u>\$ 1,615,668</u></u>	<u><u>\$ 1,474,332</u></u>

See accompanying notes.

CENTER FOR NONPROFIT MANAGEMENT, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Changes in unrestricted net assets:		
Revenues and other support:		
Service fees	\$ 1,013,573	\$ 984,979
Association fee revenue	294,874	350,682
Grants	171,000	197,395
Contributions (including in-kind contributions of \$36,752 and \$36,615, respectively)	114,263	112,741
Event ticket sales	84,714	78,665
Other	15,630	7,947
Interest income	567	4,280
Released from restriction for purpose accomplished	58,135	31,114
Total revenues and other support	<u>1,752,756</u>	<u>1,767,803</u>
Expenses:		
Consulting	633,156	594,801
Training and development	315,064	286,210
Salute to Excellence	217,927	214,005
Evaluation	125,448	119,263
Membership	113,333	106,397
Management Resource Center	37,934	36,839
Products	34,570	35,183
Management and general and fundraising	196,468	198,245
Total expenses	<u>1,673,900</u>	<u>1,590,943</u>
Change in unrestricted net assets	<u>78,856</u>	<u>176,860</u>
Changes in temporarily restricted net assets:		
Contributions	90,240	80,753
Released from restriction for purpose accomplished	(58,135)	(31,114)
Change in temporarily restricted net assets	<u>32,105</u>	<u>49,639</u>
Total change in net assets	110,961	226,499
Net assets at beginning of year	<u>1,343,121</u>	<u>1,116,622</u>
Net assets at end of year	<u>\$ 1,454,082</u>	<u>\$ 1,343,121</u>

See accompanying notes.

CENTER FOR NONPROFIT MANAGEMENT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2013

	Consulting	Training and Development	Salute to Excellence	Evaluation	Membership	Management Resource Center	Products	Total Program Services	Management and General and Fundraising	Total All Expenses
Salaries/benefits	\$ 122,889	\$ 122,889	\$ 61,444	\$ 92,167	\$ 61,445	\$ 30,722	\$ 30,722	\$ 522,278	\$ 92,167	\$ 614,445
Cost of services	440,725	96,579	47,135	8,761	2,098	-	-	595,298	-	595,298
Insurance	16,629	17,503	8,315	11,599	8,752	3,720	3,720	70,238	12,908	83,146
Office rent	15,980	23,969	7,990	3,995	11,985	-	-	63,919	15,979	79,898
Depreciation	10,126	15,188	5,063	2,531	7,594	-	-	40,502	10,126	50,628
Miscellaneous	1,511	2,268	37,108	378	4,894	-	-	46,159	2,944	49,103
Temporary services	5,220	8,330	7,923	1,305	3,915	-	-	26,693	5,221	31,914
Repairs and maintenance	4,906	7,358	2,453	1,226	3,679	-	-	19,622	4,905	24,527
Equipment rent	-	-	8,455	-	-	-	-	8,455	12,174	20,629
Video production	-	-	19,468	-	-	-	-	19,468	-	19,468
Office supplies	2,803	4,205	5,296	892	2,102	-	-	15,298	2,803	18,101
Audit/legal	-	-	-	-	-	-	-	-	9,300	9,300
Utilities	1,770	2,655	885	443	1,328	-	-	7,081	1,770	8,851
Advertising	1,594	2,391	797	399	1,196	-	-	6,377	1,594	7,971
Telephone/internet	1,552	2,327	776	388	1,163	-	-	6,206	1,552	7,758
Meals/breaks	1,358	2,037	1,230	339	1,018	-	-	5,982	1,358	7,340
Postage/shipping	1,316	1,974	658	329	987	-	-	5,264	1,316	6,580
Bad debt expense	3,037	3,037	-	-	-	-	-	6,074	-	6,074
Large equipment purchase	-	-	-	-	-	-	-	-	5,154	5,154
Printing	617	925	2,299	154	463	-	-	4,458	617	5,075
Travel	159	239	150	44	119	-	-	711	4,333	5,044
Memberships	-	-	-	-	-	-	-	-	3,810	3,810
Software	-	-	-	-	-	-	-	-	3,110	3,110
Payroll services	513	513	257	385	257	128	128	2,181	385	2,566
License	451	677	225	113	338	-	-	1,804	451	2,255
Publications	-	-	-	-	-	2,164	-	2,164	-	2,164
Small equipment purchase	-	-	-	-	-	-	-	-	1,818	1,818
Grants	-	-	-	-	-	1,200	-	1,200	-	1,200
Employee development	-	-	-	-	-	-	-	-	673	673
	<u>\$ 633,156</u>	<u>\$ 315,064</u>	<u>\$ 217,927</u>	<u>\$ 125,448</u>	<u>\$ 113,333</u>	<u>\$ 37,934</u>	<u>\$ 34,570</u>	<u>\$ 1,477,432</u>	<u>\$ 196,468</u>	<u>\$ 1,673,900</u>

See accompanying notes.

CENTER FOR NONPROFIT MANAGEMENT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2012

	Consulting	Training and Development	Salute to Excellence	Evaluation	Membership	Management Resource Center	Products	Total Program Services	Management and General and Fundraising	Total All Expenses
Salaries/benefits	\$ 114,005	\$ 114,005	\$ 57,003	\$ 85,503	\$ 57,003	\$ 28,501	\$ 28,501	\$ 484,521	\$ 85,504	\$ 570,025
Cost of services	410,590	75,512	45,761	8,287	2,298	75	3,000	545,523	-	545,523
Insurance	14,782	15,911	7,391	9,956	7,957	3,131	3,131	62,259	11,650	73,909
Office rent	14,771	22,157	7,386	3,693	11,078	-	-	59,085	14,771	73,856
Temporary services	9,651	14,477	9,913	2,413	7,239	-	-	43,693	9,651	53,344
Depreciation	9,913	14,869	4,956	2,478	7,434	-	-	39,650	9,913	49,563
Miscellaneous	1,265	1,899	35,895	317	949	-	-	40,325	1,919	42,244
Equipment rent	-	-	8,703	-	-	-	-	8,703	13,532	22,235
Video production	-	-	19,468	-	-	-	-	19,468	-	19,468
Office supplies	2,871	4,307	5,718	901	2,154	-	-	15,951	2,871	18,822
Small equipment purchase	-	-	-	-	-	-	-	-	12,775	12,775
Telephone/internet	2,490	3,734	1,245	622	1,867	-	-	9,958	2,489	12,447
Repairs and maintenance	2,460	3,689	1,230	615	1,845	-	-	9,839	2,459	12,298
Postage/shipping	1,703	2,555	941	1,426	1,277	-	-	7,902	1,703	9,605
Moving expenses	1,781	1,781	890	1,336	890	445	445	7,568	1,336	8,904
Audit/legal	-	-	-	-	-	-	-	-	8,900	8,900
Printing	1,353	2,029	2,754	338	1,014	-	-	7,488	1,352	8,840
Meals/breaks	1,262	1,892	2,971	315	946	-	-	7,386	1,261	8,647
Utilities	1,409	2,114	705	352	1,057	-	-	5,637	1,409	7,046
Advertising	1,312	1,968	656	328	984	-	-	5,248	1,312	6,560
Bad debt expense	2,500	2,500	-	-	-	-	-	5,000	-	5,000
Publications	-	-	-	-	-	4,256	-	4,256	-	4,256
Large equipment purchase	-	-	-	-	-	-	-	-	3,713	3,713
Memberships	-	-	-	-	-	-	-	-	3,359	3,359
Employee development	-	-	-	-	-	-	-	-	2,277	2,277
Software	-	-	-	-	-	-	-	-	2,230	2,230
Payroll services	426	425	213	319	213	106	106	1,808	319	2,127
Travel	41	61	98	10	30	-	-	240	1,324	1,564
License	216	325	108	54	162	-	-	865	216	1,081
Grants	-	-	-	-	-	325	-	325	-	325
	<u>\$ 594,801</u>	<u>\$ 286,210</u>	<u>\$ 214,005</u>	<u>\$ 119,263</u>	<u>\$ 106,397</u>	<u>\$ 36,839</u>	<u>\$ 35,183</u>	<u>\$ 1,392,698</u>	<u>\$ 198,245</u>	<u>\$ 1,590,943</u>

See accompanying notes.

CENTER FOR NONPROFIT MANAGEMENT, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 110,961	\$ 226,499
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	50,628	49,563
Realized and unrealized gain on investments	(511)	-
Changes in operating assets and liabilities:		
Client fees receivable	25,871	18,964
Contributions receivable	-	7,000
Prepaid expenses	(9,469)	2,391
Inventory	(12,725)	325
Deposits	-	(1,000)
Accounts payable and accrued expenses	(5,774)	(18,130)
Deferred revenue and support	<u>36,149</u>	<u>8,277</u>
Net cash provided by operating activities	<u>195,130</u>	<u>293,889</u>
Cash flows from investing activities:		
Proceeds from sale of investments	50,000	-
Purchase of investments	(500,000)	(4,225)
Purchase of property and equipment	<u>(64,952)</u>	<u>(43,239)</u>
Net cash used in investing activities	<u>(514,952)</u>	<u>(47,464)</u>
(Decrease) increase in cash	(319,822)	246,425
Cash at beginning of year	<u>656,890</u>	<u>410,465</u>
Cash at end of year	<u><u>\$ 337,068</u></u>	<u><u>\$ 656,890</u></u>

See accompanying notes.

CENTER FOR NONPROFIT MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 1 – 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 Organization 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, management consultation services and the maintenance of a reference library.

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. In addition, the Organization is required to present a statement of cash flows.

Contributions

In accordance with accounting principles generally accepted in the United States of America 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 statement 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, 2013 and 2012.

CENTER FOR NONPROFIT MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2013 and 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue and Support

Fees received in the current year for services to be performed in the subsequent years are shown as deferred revenue.

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

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 statement of financial position. See further discussion of fair value measurements at Note 2. Investment income and unrealized gains and losses are reported as changes in unrestricted net assets.

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

CENTER FOR NONPROFIT MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2013 and 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 fifty percent 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, 2010 through 2013.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

CENTER FOR NONPROFIT MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2013 and 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2013 and 2012.

Advertising Expense

The Organization expenses advertising costs as incurred. Advertising costs charged to expense totaled \$7,971 in 2013 and \$6,560 in 2012.

Subsequent Events

The Organization evaluated subsequent events through March 17, 2014, 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: <ul style="list-style-type: none">• 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;• inputs that are derived principally from or corroborated by observable market data by correlation or other means. |

CENTER FOR NONPROFIT MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2013 and 2012

NOTE 2 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)

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 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 net asset value of shares in active markets held by the Organization at year end.

Agency funds: Valued at cost which approximates fair value.

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:

	2013			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 513,597	\$ -	\$ -	\$ 513,597
Mutual funds:				
Low duration bond funds	497,118	-	-	497,118
Agency funds	<u>9,010</u>	<u>-</u>	<u>-</u>	<u>9,010</u>
Total assets at fair value	<u>\$ 1,019,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,019,725</u>
	2012			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 561,360	\$ -	\$ -	\$ 561,360
Agency funds	<u>7,854</u>	<u>-</u>	<u>-</u>	<u>7,854</u>
Total assets at fair value	<u>\$ 569,214</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 569,214</u>

CENTER FOR NONPROFIT MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2013 and 2012

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2013</u>	<u>2012</u>
Equipment	\$ 73,268	\$ 55,083
Furniture and fixtures	84,245	73,852
Leasehold improvements	4,689	4,689
Database	158,989	112,225
Prepaid office furniture and equipment	<u>-</u>	<u>10,390</u>
	321,191	256,239
Less accumulated depreciation	<u>(167,994)</u>	<u>(117,366)</u>
	<u>\$ 153,197</u>	<u>\$ 138,873</u>

Prepaid office furniture and equipment at December 31, 2012 of \$10,390 represented furniture and equipment purchased in preparation of the Organization's repurposing of its library area. These items were placed into service during 2013.

NOTE 4 – BOARD DESIGNATED NET ASSETS

During 2012, the Organization's board of directors placed voluntary designations on \$50,000 of unrestricted net assets. During 2013, the board designated an additional \$25,000 of unrestricted net assets. Remaining board designated net assets are available for the following purposes at December 31:

	<u>2013</u>	<u>2012</u>
Nonprofit Excellence Funds ("Invest in Success")	<u>\$ 31,010</u>	<u>\$ 25,065</u>

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2013</u>	<u>2012</u>
Nonprofit Excellence Funds ("Invest in Success")	\$ 116,883	\$ 84,328
Association of Nonprofit Executives Funds	<u>43,698</u>	<u>44,148</u>
Total temporarily restricted net assets	<u>\$ 160,581</u>	<u>\$ 128,476</u>

CENTER FOR NONPROFIT MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2013 and 2012

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS (Continued)

During 2007, the Organization merged with 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 twenty-one years of age or older. Contributions were calculated at a rate of 6% base salary for 2013 and 2012. Contributions to the plan or to alternative employee-elected payment options amounted to \$27,015 and \$17,646 for the years ended December 31, 2013 and 2012, respectively.

NOTE 7 – LEASE CONTRACTS

The Organization was obligated under certain operating leases for office space and equipment through 2013. The lease for office space could be terminated by either party with six months notice with no penalty. During 2011, the Organization exercised this option and terminated the lease as of February 2012.

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 \$101,000 and \$96,000 for the years ended December 31, 2013 and 2012, respectively. Future minimum lease commitments are as follows:

Year ending <u>December 31,</u>	
2014	\$ 82,212
2015	82,212
2016	80,676
2017	72,996
2018	72,996
Thereafter	<u>249,403</u>
	<u>\$ 640,495</u>

CENTER FOR NONPROFIT MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2013 and 2012

NOTE 8 – CONCENTRATIONS

During 2013 and 2012, the Organization recorded contributions from one major donor comprising 10% and 8% of total revenue and other support for the years ended December 31, 2013 and 2012, 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 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 \$19,672 and \$28,098 at December 31, 2013 and 2012, respectively.