



Montana Nonprofit Association

FINANCIAL STATEMENTS

December 31, 2010

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Montana Nonprofit Association
Helena, Montana

We have audited the accompanying statement of financial position of the Montana Nonprofit Association (a nonprofit organization) as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Montana Nonprofit Association as of December 31, 2009, were audited by other auditors whose report dated May 13, 2010, expressed an unqualified opinion on those 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 the Montana Nonprofit Association of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Helena, Montana
May 9, 2011

FINANCIAL STATEMENTS

MONTANA NONPROFIT ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 114,468	\$ 83,725
Grants receivable, current portion	168,750	104,750
Accounts receivable	59,812	21,332
Prepaid expense	<u>1,000</u>	<u>662</u>
Total current assets	<u>344,030</u>	<u>210,469</u>
PROPERTY AND EQUIPMENT		
Computers and equipment	32,168	32,168
Accumulated depreciation	<u>(16,430)</u>	<u>(10,676)</u>
Total property and equipment	<u>15,738</u>	<u>21,492</u>
OTHER ASSETS		
Long-term grants receivable, net	<u>103,046</u>	<u>50,080</u>
Total assets	<u>\$ 462,814</u>	<u>\$ 282,041</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 15,820	\$ 1,801
Deferred membership dues	44,103	38,309
Payroll taxes payable	7,851	12,100
Accrued wages payable	<u>24,002</u>	<u>30,730</u>
Total current liabilities	<u>91,776</u>	<u>82,940</u>
NET ASSETS		
Unrestricted	71,713	27,114
Temporarily restricted	<u>299,325</u>	<u>171,987</u>
Total net assets	<u>371,038</u>	<u>199,101</u>
Total liabilities and net assets	<u>\$ 462,814</u>	<u>\$ 282,041</u>

The Notes to Financial Statements are an integral part of this statement.

MONTANA NONPROFIT ASSOCIATION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
Revenues			
Nonprofit member dues	\$ 95,382	\$ -	\$ 95,382
Affiliate member dues	13,200	-	13,200
Sponsorships	38,240	15,000	53,240
Discount product fees	80,088	-	80,088
Conference and training fees	76,880	-	76,880
Contributed support	23,588	305,466	329,054
Project Fees	24,750	-	24,750
Interest and dividends	1,026	-	1,026
	<u>353,154</u>	<u>320,466</u>	<u>673,620</u>
Net assets released from restrictions	193,128	(193,128)	-
Total revenue	<u>546,282</u>	<u>127,338</u>	<u>673,620</u>
Expenses			
Program	414,025	-	414,025
Management and general	76,276	-	76,276
Fundraising	11,382	-	11,382
Total expenses	<u>501,683</u>	<u>-</u>	<u>501,683</u>
Increase in net assets	44,599	127,338	171,937
Net assets, beginning of year	<u>27,114</u>	<u>171,987</u>	<u>199,101</u>
Net assets, end of year	<u>\$ 71,713</u>	<u>\$ 299,325</u>	<u>\$ 371,038</u>

The Notes to Financial Statements are an integral part of this statement.

MONTANA NONPROFIT ASSOCIATION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2009

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
Revenues			
Nonprofit member dues	\$ 91,085	\$ -	\$ 91,085
Affiliate member dues	5,905	-	5,905
Sponsorships	36,225	10,000	46,225
Discount product fees	67,473	-	67,473
Conference and training fees	58,795	-	58,795
Contributed support	21,870	178,844	200,714
Miscellaneous	36	-	36
Interest and dividends	1,545	-	1,545
	<u>282,934</u>	<u>188,844</u>	<u>471,778</u>
Net assets released from restrictions	<u>229,916</u>	<u>(229,916)</u>	<u>-</u>
Total revenue	<u>512,850</u>	<u>(41,072)</u>	<u>471,778</u>
Expenses			
Program	470,931	-	470,931
Management and general	67,030	-	67,030
Fundraising	10,193	-	10,193
Total expenses	<u>548,154</u>	<u>-</u>	<u>548,154</u>
Decrease in net assets	(35,304)	(41,072)	(76,376)
Net assets, beginning of year	<u>62,418</u>	<u>213,059</u>	<u>275,477</u>
Net assets, end of year	<u>\$ 27,114</u>	<u>\$ 171,987</u>	<u>\$ 199,101</u>

The Notes to Financial Statements are an integral part of this statement.

MONTANA NONPROFIT ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2010

	<u>Group Buying</u>	<u>Public Policy</u>	<u>Professional/ Organizational Development</u>	<u>Membership/ Communications</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses:								
Personnel Expenses	\$ 29,915	\$ 26,946	\$ 85,802	\$ 106,506	\$ 249,169	\$ 48,560	\$ 9,054	\$ 306,783
Contracted Services	585	852	43,904	29,043	74,384	12,259	23	86,666
Travel	-	2,900	6,080	1,675	10,655	285	659	11,599
Occupancy	2,207	1,948	6,312	7,822	18,289	3,429	657	22,375
Property and Equipment	2,597	1,402	9,783	9,801	23,583	4,214	774	28,571
Other Expenses	3,210	2,349	27,942	4,444	37,945	7,529	215	45,689
Total Expenses	<u>\$ 38,514</u>	<u>\$ 36,397</u>	<u>\$ 179,823</u>	<u>\$ 159,291</u>	<u>\$ 414,025</u>	<u>\$ 76,276</u>	<u>\$ 11,382</u>	<u>\$ 501,683</u>

The Notes to Financial Statements are an integral part of this statement.

MONTANA NONPROFIT ASSOCIATION
 STATEMENTS OF CASH FLOW
 For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 171,937	\$ (76,376)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,755	5,755
(Increase) decrease in:		
Grants receivable	(116,966)	3,506
Accounts receivable	(38,480)	5,419
Prepaid expenses	(338)	5,778
Increase (decrease) in:		
Accounts payable	14,019	(19,137)
Deferred dues	5,794	2,643
Payroll taxes payable	(4,250)	479
Accrued wages payable	(6,728)	11,834
Net cash provided by (used in) operating activities	<u>30,743</u>	<u>(60,099)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>-</u>	<u>(650)</u>
Net cash provided by investing activities	<u>-</u>	<u>(650)</u>
Net increase (decrease) in cash and cash equivalents	30,743	(60,749)
CASH AND CASH EQUIVALENTS, beginning of year	<u>83,725</u>	<u>144,474</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 114,468</u>	<u>\$ 83,725</u>

The Notes to Financial Statements are an integral part of this statement.

MONTANA NONPROFIT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Purpose:

The Montana Nonprofit Association (MNA) is a membership organization that promotes a strong nonprofit sector. MNA achieves its mission by providing the following programs and services for members: advocacy and public policy on sector-wide issues; group buying opportunities to save administrative costs; organizational development including training and technical assistance to build nonprofit capacity, research and communications on issues of importance to nonprofits, and network building to connect and strengthen nonprofits.

Basis of Presentation:

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted and Unrestricted Support, Revenue and Net Assets:

In accordance with GAAP, the Association reports information regarding its net assets and activities as unrestricted, temporarily restricted or permanently restricted, depending on the existence and/or nature of any external restrictions.

Support received and revenue earned without any restrictions imposed by external sources is reported as an increase to unrestricted net assets that are available to the Association for day-to-day activities.

Support received that is restricted either by use or time is reported as an increase in temporarily restricted net assets. When a donor restriction expires (i.e. time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as support released from restrictions.

Permanently restricted net assets represent contributions that the donor has stipulated be held in perpetuity. At December 31, 2010 and 2009, the Association did not have any permanently restricted net assets.

Conference Revenue:

Conference revenue is reported net of discounts and scholarships awarded. Total discounts and scholarships given in 2010 and 2009 were \$20,238 and \$18,648, respectively.

MONTANA NONPROFIT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2010 and 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents:

For financial statement purposes, the Association defines cash and cash equivalents as checking, money market accounts, and all certificates of deposit with an original maturity of three months or less. At December 31, 2010 and 2009, there were no bank deposits that exceeded FDIC coverage.

Accounts and Grants Receivable:

The Association grants credit to members for dues and to sponsors for commissions, endorsements and management fees and conference revenue. Accounts and grants receivable consist of discounted product fees earned but not yet received as of the financial statement date, in-kind donations receivable and grants and contribution receivable. A present value factor is applied to multi-year grants to ascertain a present value of grants receivable. The accretion of discounted amounts is recorded as revenue in the year received.

Allowance for Doubtful Accounts:

The Association writes off individual accounts receivable when they are determined to be uncollectible. Management of the Association has evaluated outstanding balances and considers there to be no material uncollectible accounts at December 31, 2010 or 2009.

Property and Equipment:

Property and equipment is valued at cost at the time of purchase or estimated fair value at the date of donation, if received as support. Depreciation expense is computed using the straight-line method over the estimated useful lives of the individual assets as follows:

- Computers and equipment..... 3-7 years

Capitalization Policy:

The Association capitalizes all fixed assets with an economic benefit longer than one year and cost over \$500. All other items are expensed in the year purchased.

Deferred Dues:

Deferred dues represent the prorated share of the total annual dues assessed to members of the Association that have been collected but not earned.

Income Taxes:

The Association is exempt from income taxes under the provision of Section 501(c)(3) of the U.S. Internal Revenue Code. As a result, no provision for income tax is included in the financial statements. The Association also qualifies for the charitable contribution deduction allowed under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

MONTANA NONPROFIT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2010 and 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (continued):

With few exceptions, the Association is not subject to examination by federal tax authorities for years prior to 2007.

Reclassifications:

Certain reclassifications were made to the 2009 financial statement presentation in order to conform to the 2010 financial statement presentation. The reclassifications had no effect on the previously reported change in net assets or total net assets. A statement of functional expenses was not prepared for the year ended December 31, 2009.

Subsequent Events:

Management has evaluated subsequent events through May 9, 2011, the date which the financial statements were available for issuance.

NOTE 2. RELATED PARTY TRANSACTIONS

The Association earned fees for services in the amount of \$29,524 and \$29,614 in 2010 and 2009, respectively, from Montana Nonprofit Association Group Benefits Trust. The Association incurred group health, vision and life insurance premiums with Montana Nonprofit Association Group Benefits Trust in the amount of \$20,715 and \$21,709 in 2010 and 2009, respectively.

NOTE 3. RETIREMENT PLAN

All eligible employees are covered under a defined contribution SEP plan. The Association makes contributions of 6% of compensation after one year of employment. The Association made contributions totaling \$15,121 and \$11,796 for the plan years ended December 31, 2010 and 2009, respectively.

MONTANA NONPROFIT ASSOCIATION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2010 and 2009

NOTE 4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2010 and 2009 are available for the following purposes:

	<u>2010</u>	<u>2009</u>
Restricted by purpose:		
Technology project	\$ 25,084	\$ -
Capacity building programs	10,000	-
Other restricted purpose	<u>1,195</u>	<u>900</u>
Total purpose-restricted	<u>36,279</u>	<u>900</u>
Restricted by purpose and time:		
Grants receivable for MNA organizational development programs & activities	<u>263,046</u>	<u>171,087</u>
	<u>\$ 299,325</u>	<u>\$ 171,987</u>

NOTE 5. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, by the expiration of time, or satisfaction of other donor requirements:

	<u>2010</u>	<u>2009</u>
Purpose restrictions accomplished:		
Annual conference	\$ 5,000	\$ 10,000
Technology project	2,416	-
Other restricted purpose	<u>4,705</u>	<u>33,196</u>
Total purpose restrictions accomplished	12,121	43,196
Released through satisfaction of time and purpose restrictions:		
Scheduled grant payments received for MNA organizational development program & activities	<u>181,007</u>	<u>186,720</u>
Total released from restrictions	<u>\$ 193,128</u>	<u>\$ 229,916</u>

MONTANA NONPROFIT ASSOCIATION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2010 and 2009

NOTE 6. GRANTS RECEIVABLE

Grants receivable include awards payable over terms of one or more years. A schedule of payments outstanding at December 31, 2010 and 2009 follows:

	<u>2010</u>	<u>2009</u>
Receivable in one year or less	\$ 168,750	\$ 104,750
Receivable in one year to five years	<u>115,000</u>	<u>60,000</u>
	283,750	164,750
Less: unamortized discount:	(11,954)	(9,920)
Less: current portion	<u>(168,750)</u>	<u>(104,750)</u>
Net grants receivable, long-term	<u>\$ 103,046</u>	<u>\$ 50,080</u>

Grants receivable in more than one year are discounted at rates varying from 1.72% to 4.2%.

NOTE 7. OPERATING CASH FLOWS

The following reconciles the increase (decrease) in unrestricted net assets to cash flows from operating activities using the direct method of presentation:

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Revenue received from:		
Membership dues	\$ 113,478	\$ 98,820
Sponsorships (net)	52,231	49,225
Discount product fees	73,861	65,759
Conference and training fees	75,783	60,270
Contributed support	207,589	206,820
Miscellaneous	-	86
Interest and dividends	<u>1,026</u>	<u>1,545</u>
	523,968	482,525
Cash payments for:		
Management and general	(76,276)	(67,030)
Fundraising	(11,382)	(10,193)
Program services	<u>(405,567)</u>	<u>(465,401)</u>
	<u>(493,225)</u>	<u>(542,624)</u>
Net cash provided by (used in) operating activities	<u>\$ 30,743</u>	<u>\$ (60,099)</u>