The Nonprofit Partnership

Financial Statements

December 31, 2012 and 2011

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Malin, Bergquist & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

Independent Auditors' Report

To the Board of Directors
The Nonprofit Partnership
Erie, Pennsylvania

We have audited the accompanying financial statements of The Nonprofit Partnership (a nonprofit organization), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities 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 State 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 audits 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 The Nonprofit Partnership as of December 31, 2012 and 2011, 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.

Malin, Bergquist & Company, LLP

Erie, Pennsylvania
March 7, 2013

The Nonprofit Partnership
Statements of Financial Position
As of December 31, 2012 and 2011

	2012	2011
ASSETS		
Cash	$ 5,407	$ 1,144
Receivables	4,942	6,750
Prepaid expenses	2,747	3,331
Office equipment, net of accumulated depreciation of $4,401 (2012) and $3,336 (2011)	909	1,074
Total assets	$ 14,005	$ 12,299
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$ 720	$ 1,050
Deferred revenue	39,424	38,081
Total liabilities	40,144	39,131
Unrestricted net assets	(26,139)	(26,832)
Total liabilities and net assets	$ 14,005	$ 12,299

See Notes to Financial Statements.

The Nonprofit Partnership
Statements of Activities
Years Ended December 31, 2012 and 2011

	2012	2011
Support and Revenue:		
Contributions	$ 154,592	$ 204,649
Membership dues	72,057	70,713
Program revenue	44,448	40,696
Grants and other	14,000	21,091
Contributed services and facilities	12,750	23,700
Total support and revenue	297,847	360,849
Expenses:		
Program	256,522	316,389
General and administrative	36,491	40,238
Fundraising	4,141	7,668
Total expenses	297,154	364,295
Change in net assets	693	(3,446)
Unrestricted net assets at beginning of year	(26,832)	(23,386)
Unrestricted net assets at end of year	$ (26,139)	$ (26,832)

See Notes to Financial Statements.

The Nonprofit Partnership
Statements of Cash Flows
Years Ended December 31, 2012 and 2011

	2012	2011
Cash Flows From Operating Activities		
Change in net assets	$ 693	$ (3,446)
Depreciation expense	1,065	1,549
(Gain) loss on sale of office equipment	-	(1,906)
(Increase) decrease in receivables	1,808	(6,750)
(Increase) decrease in prepaid expenses	584	1,035
Increase (decrease) in accounts payable and accrued expenses	(330)	1,050
Increase (decrease) in deferred revenue	1,343	2,957
Net cash provided by (used in) operating activities	5,163	(5,511)
Cash Flows From Investing Activities		
Proceeds from sale of office equipment	-	3,472
Purchases of office equipment	(900)	(900)
Net cash provided by (used in) investing activities	(900)	2,572
Net increase (decrease) in cash	4,263	(2,939)
Cash		
Beginning	1,144	4,083
Ending	$ 5,407	$ 1,144

See Notes to Financial Statements.

The Nonprofit Partnership
Notes to Financial Statements
December 31, 2012 and 2011

1. ***Significant Accounting Policies***

Nature of Organization

The Nonprofit Partnership (Organization) is a membership-based organization that provides education, training, and tools to strengthen local nonprofit agencies. The Nonprofit Partnership's mission is to enhance the management and governance of regional nonprofit organizations in northwestern Pennsylvania through capacity-building programs and services. The Organization receives funding from The Erie Community Foundation, dues from member organizations, and program revenue from events held. During 2012 and 2011, The Nonprofit Partnership received 51% and 50%, respectively, of its support and revenue from The Erie Community Foundation.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Contributions are recorded when pledged by the donor. Membership dues are recognized as income as they are earned over the life of the membership (See Note 2). If revenue received by the Organization has not been earned at the end of the period, it is recorded as deferred revenue in the Statements of Financial Position. Expenses are recognized when incurred. Unrestricted net assets are not subject to donor-imposed stipulations. There are no temporarily or permanently restricted net assets.

Cash

Cash includes the balance in a checking account.

Receivables

The receivables at December 31, 2012 represented Community Fund Drive Committee (CFDC) Grant Shares and billings for work completed for conferences for Early Intervention Providers Association of PA and Osher Lifelong Learning Institute, which are expected to be fully collected during 2013.

Office Equipment

The Organization capitalizes all equipment with a useful life of greater than one year. Office equipment is recorded at cost, and depreciation is recorded using the straight-line basis over estimated useful lives of three to five years. Donated equipment is recorded at fair value on the date of the gift.

1. ***Significant Accounting Policies (Continued)***

Contributed Services and Facilities

Contributions of services are recognized as revenues if the services received (a) create or enhance non-financial assets (primarily property or other tangible or intangible assets) or (b) require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In 2012 and 2011, estimated values of $12,750 and $23,700, respectively, have been reflected in income in the Statements of Activities for donated services provided by speakers presenting at Nonprofit Partnership workshops. This amount represents workshops contributed at an estimated value of $450 each. This has also been included as a program expense in "professional services and events expense" as disclosed in Note 3. In addition, the Board of Directors of the Organization has made contributions of their time to the development of the Organization's growth, the value of which is not reflected in these statements.

Contributions

The Nonprofit Partnership reports gifts of cash and other assets as restricted, if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions. Temporarily restricted contributions, whose restrictions are satisfied in the year the contribution is received, are recorded as unrestricted contributions.

Use of Estimates

The preparation of financial statements 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 during the reporting period. Actual results could differ from those estimates.

Tax Status

The Nonprofit Partnership qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal or state income taxes. The Organization has evaluated its tax positions taken for all open tax years. Currently, the 2012, 2011, 2010, and 2009 tax years are open and subject to examination by the Internal Revenue Service and Pennsylvania Department of Revenue. However, the Organization is not currently under audit, nor has the Organization been contacted by any of these jurisdictions. Management has evaluated its revenue and activities and has determined the Organization is not subject to unrelated business income tax.

Based on the evaluation of the Organization's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended December 31, 2012 or 2011.

1. ***Significant Accounting Policies (Continued)***

Subsequent Events

The Organization evaluated its December 31, 2012 financial statements for subsequent events through March 7, 2013, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

2. ***Accounting for Membership Dues***

Membership dues are received from member agencies throughout the year. Revenue related to membership dues is recognized over the membership term, which is typically one year. The portion of membership dues not earned has been recorded as deferred revenue.

3. ***Expense Allocation***

The following summarizes expenses for the years ended December 31, 2012 and 2011, according to natural classification:

	Program	General and Administrative	Fundraising	Total 2012
Payroll and payroll taxes	$ 117,739	$ 16,236	$ 2,706	$ 136,681
Employee benefits	21,443	3,148	524	25,115
Professional services and events expense	61,311	6,801	338	68,450
Office supplies and expense	16,555	1,773	445	18,773
Travel and conferences	30,935	1,169	-	32,104
Marketing	778	-	-	778
Insurances	594	2,011	13	2,618
Depreciation	-	1,065	-	1,065
Grants paid	1,971	-	-	1,971
Miscellaneous expense	-	3,599	-	3,599
Rent and occupancy expense	5,196	689	115	6,000
Total	$ 256,522	$ 36,491	$ 4,141	$ 297,154

3. ***Expense Allocation (Continued)***

	Program	General and Administrative	Fundraising	Total 2011
Payroll and payroll taxes	$ 93,325	$ 14,161	$ 2,697	$ 110,183
Employee benefits	32,988	4,883	930	38,801
Professional services and events expense	111,834	14,497	3,300	129,631
Office supplies and expense	17,381	2,440	612	20,433
Travel and conferences	29,023	-	-	29,023
Marketing	778	-	-	778
Insurances	669	2,075	19	2,763
Depreciation	-	1,549	-	1,549
Grants paid	26,579	-	-	26,579
Miscellaneous expense	-	55	-	55
Rent and occupancy expense	3,812	578	110	4,500
Total	$ 316,389	$ 40,238	$ 7,668	$ 364,295

4. ***Retirement Plan***

The Organization participates in The Erie Community Foundation 401(k) retirement plan. Under this plan, the Organization matches 100% of employee contributions up to 6% of salary. In 2012 and 2011, the expense related to this plan totaled $4,320 and $4,620, respectively.

5. ***Lease Commitment***

On March 25, 2011, the Organization entered into an agreement with Public Broadcasting of NW PA, Inc. for the use of office space in the amount of $500 per month. The initial lease automatically renewed on March 31, 2012 and shall continue to automatically renew annually.