

The Nonprofit Partnership

Auditor's Report and Financial Statements

December 31, 2013 and 2012



The Nonprofit Partnership

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Independent Auditor's Report on Financial Statements

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 statement of financial position as of December 31, 2013, and the related statements of activities 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 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 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 Organization'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 Organization'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, 2013, 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 Year Audited by Other Auditors

The financial statements as of and for the year ended December 31, 2012, were audited by other auditors and their report thereon, dated March 7, 2013, expressed an unmodified opinion.

BKD, LLP

Erie, Pennsylvania
March 3, 2014

The Nonprofit Partnership
Statements of Financial Position
December 31, 2013 and 2012

Assets

	2013	2012
Cash	\$ 11,796	\$ 5,407
Receivables	4,050	4,942
Prepaid expenses	1,900	2,747
Office equipment, net of accumulated depreciation of \$5,014 (2013) and \$4,401 (2012)	996	909
Total assets	\$ 18,742	\$ 14,005

Liabilities and Net Assets

Accounts payable and accrued expenses	\$ 1,170	\$ 720
Deferred revenue	41,045	39,424
Total liabilities	42,215	40,144
Unrestricted net assets	(23,473)	(26,139)
Total liabilities and net assets	\$ 18,742	\$ 14,005

The Nonprofit Partnership
Statements of Activities
Years Ended December 31, 2013 and 2012

	2013	2012
Support and Revenue		
Contributions	\$ 205,006	\$ 154,592
Membership dues	74,084	72,057
Program revenue	50,508	44,448
Grants and other	10,411	14,000
Contributed services and facilities	7,650	12,750
Total support and revenue	347,659	297,847
Expenses		
Program	307,003	256,522
General and administrative	33,147	36,491
Fundraising	4,843	4,141
Total expenses	344,993	297,154
Change in Net Assets	2,666	693
Unrestricted Net Assets, Beginning of Year	(26,139)	(26,832)
Unrestricted Net Assets, End of Year	\$ (23,473)	\$ (26,139)

The Nonprofit Partnership
Statements of Cash Flows
Years Ended December 31, 2013 and 2012

	2013	2012
Operating Activities		
Change in net assets	\$ 2,666	\$ 693
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation expense	613	1,065
Changes in assets and liabilities		
Receivables	892	1,808
Prepaid expenses	847	584
Accounts payable and accrued expenses	450	(330)
Deferred revenue	1,621	1,343
	<u>7,089</u>	<u>5,163</u>
Investing Activities		
Purchases of office equipment	(700)	(900)
	<u>(700)</u>	<u>(900)</u>
Net Increase in Cash	6,389	4,263
Cash, Beginning of Year	<u>5,407</u>	<u>1,144</u>
Cash, End of Year	<u>\$ 11,796</u>	<u>\$ 5,407</u>

The Nonprofit Partnership

Notes to Financial Statements

December 31, 2013 and 2012

Note 1: Nature of Operations and Summary of 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 2013 and 2012, The Nonprofit Partnership received 51% and 50%, respectively, of its support and revenue from The Erie Community Foundation.

Use of 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, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash

Cash includes the balance in a checking account.

Receivables

The receivable at December 31, 2013, represented Center for Family Services billings for work completed at the end of the year. The account is expected to be fully collected during 2014.

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.

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.

The Nonprofit Partnership

Notes to Financial Statements

December 31, 2013 and 2012

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated 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 net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

Contributed Services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

In 2013 and 2012, estimated values of \$7,650 and \$12,750, 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 2. 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.

Deferred Revenue

Revenue from 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.

Income Taxes

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 2013, 2012, 2011 and 2010 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, 2013 or 2012.

The Nonprofit Partnership
Notes to Financial Statements
December 31, 2013 and 2012

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Certain costs have been allocated among the program, management and general and fundraising categories are based on the actual costs, employee time, square footage, and other methods. Note 2 summarizes expenses according to natural classification.

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report dated March 3, 2014, which is the date the financial statements were available to be issued.

Note 2: Expense Allocation

The following summarizes expenses for the years ended December 31, 2013 and 2012, according to natural classification:

	Program	General and Administrative	Fundraising	Total 2013
Payroll and payroll taxes	\$ 111,829	\$ 16,880	\$ 3,167	\$ 131,876
Employee benefits	23,519	3,490	557	27,566
Professional services and events expense	61,898	6,117	253	68,268
Office supplies and expense	19,579	2,493	617	22,689
Travel and conferences	35,271	637	119	36,027
Insurances	537	2,156	15	2,708
Depreciation	-	613	-	613
Grants paid	48,969	-	-	48,969
Miscellaneous expense	205	72	-	277
Rent and occupancy expense	5,196	689	115	6,000
Total	<u>\$ 307,003</u>	<u>\$ 33,147</u>	<u>\$ 4,843</u>	<u>\$ 344,993</u>

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Notes to Financial Statements
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	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	<u>\$ 256,522</u>	<u>\$ 36,491</u>	<u>\$ 4,141</u>	<u>\$ 297,154</u>

Note 3: 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 2013 and 2012, the expense related to this plan totaled \$4,320.

Note 4: 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 renews on March 31, 2014, and shall continue to automatically renew annually.