

MONTANA NONPROFIT ASSOCIATION

**Financial Statements
With
Independent Auditors' Report**

December 31, 2009 and 2008

MONTANA NONPROFIT ASSOCIATION
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RUDD & COMPANY^{INC.}

certified public accountants | business consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Montana Nonprofit Association
Helena, Montana

We have audited the accompanying statement of financial position of Montana Nonprofit Association (a nonprofit organization) as of December 31, 2009, and the related statements of activities 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, 2008, were audited by other auditors whose report dated April, 21, 2009, 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 the 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 Montana Nonprofit Association as of December 31, 2009, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

May 13, 2010

IDAHO FALLS | REXBURG | DRIGGS | BOZEMAN | WEST YELLOWSTONE | HELENA

MONTANA NONPROFIT ASSOCIATION
Statement of Financial Position
December 31,

Assets	2009	2008
Current Assets		
Cash and cash equivalents	\$ 83,725	\$ 144,474
Grants receivable	154,830	158,336
Accounts receivable	21,332	26,751
Prepaid expense	662	6,440
Total Current Assets	<u>260,549</u>	<u>336,001</u>
Property and Equipment		
Computers and equipment	32,168	31,518
Less: Accumulated depreciation	<u>(10,676)</u>	<u>(4,921)</u>
Total Property and Equipment	<u>21,492</u>	<u>26,597</u>
Total Assets	<u>\$ 282,041</u>	<u>\$ 362,598</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 1,801	\$ 20,938
Deferred membership dues	38,309	35,666
Payroll taxes payable	12,100	11,621
Accrued wages payable	<u>30,730</u>	<u>18,896</u>
Total Current Liabilities	<u>82,940</u>	<u>87,121</u>
Net Assets		
Unrestricted	27,114	62,418
Temporarily restricted	<u>171,987</u>	<u>213,059</u>
Total Net Assets	<u>199,101</u>	<u>275,477</u>
Total Liabilities and Net Assets	<u>\$ 282,041</u>	<u>\$ 362,598</u>

The accompanying notes are an integral part of these financial statements

MONTANA NONPROFIT ASSOCIATION
Statement of Activities
For the Year Ended December 31, 2009

	Unrestricted	Temporarily Restricted	Total
Revenue			
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			
Management and general	67,030	-	67,030
Fundraising	10,193	-	10,193
Program services	470,931	-	470,931
Total Expenses	<u>548,154</u>	<u>-</u>	<u>548,154</u>
Increase in Net Assets	(35,304)	(41,072)	(76,376)
Net assets at Beginning of the Year	<u>62,418</u>	<u>213,059</u>	<u>275,477</u>
Net Assets at End of Year	<u>\$ 27,114</u>	<u>\$ 171,987</u>	<u>\$ 199,101</u>

The accompanying notes are an integral part of these financial statements

MONTANA NONPROFIT ASSOCIATION
Statement of Activities
For the Year Ended December 31, 2008

	Unrestricted	Temporarily Restricted	Total
Revenue			
Nonprofit member dues	\$ 83,171	\$ -	\$ 83,171
Affiliate member dues	3,310	-	3,310
Sponsorships	34,425	10,000	44,425
Discount product fees	52,622	-	52,622
Conference and training fees	54,487	-	54,487
Contributed support	25,032	206,467	231,499
Interest and dividends	2,949	-	2,949
	<u>255,996</u>	<u>216,467</u>	<u>472,463</u>
Net assets released from restrictions	<u>202,886</u>	<u>(202,886)</u>	<u>-</u>
Total Revenue	<u>458,882</u>	<u>13,581</u>	<u>472,463</u>
Expenses			
Management and general	62,806	-	62,806
Fundraising	4,188	-	4,188
Program services	386,942	-	386,942
Total Expenses	<u>453,936</u>	<u>-</u>	<u>453,936</u>
Increase in Net Assets	4,946	13,581	18,527
Net assets at Beginning of the Year	<u>57,472</u>	<u>199,478</u>	<u>256,950</u>
Net Assets at End of Year	<u>\$ 62,418</u>	<u>\$ 213,059</u>	<u>\$ 275,477</u>

The accompanying notes are an integral part of these financial statements

MONTANA NONPROFIT ASSOCIATION
Statement of Cash Flows
For the Year Ended December 31

	2009	2008
Cash Flows from Operating Activities		
Revenue received from:		
Membership dues	\$ 98,820	\$ 92,029
Sponsorships	49,225	44,425
Discount product fees	65,759	52,058
Conference and training fees	60,270	54,487
Contributed support	206,820	167,032
Miscellaneous	86	-
Interest and dividends	1,545	2,949
	<u>482,525</u>	<u>412,980</u>
Cash payments for:		
Management and general	(67,030)	(60,058)
Fundraising	(10,193)	(4,188)
Program services	(465,401)	(370,740)
	<u>(60,099)</u>	<u>(22,006)</u>
Net cash used by operating activities	<u>(60,099)</u>	<u>(22,006)</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	<u>(650)</u>	<u>(21,161)</u>
Net cash used by investing activities	<u>(650)</u>	<u>(21,161)</u>
Net Decrease in Cash and Cash Equivalents	(60,749)	(43,167)
Cash and Cash Equivalents at Beginning of Year	<u>144,474</u>	<u>187,641</u>
Cash and Cash Equivalents at End of Year	<u>\$ 83,725</u>	<u>\$ 144,474</u>
Cash and Cash Equivalents Consist of:		
Cash in checking	\$ 77,944	\$ 24,852
Money market accounts	5,781	119,622
	<u>\$ 83,725</u>	<u>\$ 144,474</u>

The accompanying notes are an integral part of these financial statements

MONTANA NONPROFIT ASSOCIATION
Notes to the Financial Statements
For the Year Ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies

Organization and Operation

The Montana Nonprofit Association “MNA” is a membership organization that promotes a stronger nonprofit sector, supportive public climate and the ability of nonprofits to accomplish their missions. MNA achieves its mission by providing the following programs to its members: advocacy and public policy; access to affordable goods and services; research and education on issues of critical importance; professional and organizational development and technical assistance and special projects as needed. The Association grants credit to members for dues and to sponsors for commissions, endorsements and management fees and conference revenue.

Accounting Basis

The financial statements of the Association have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

In accordance with SFAS No. 116, restricted contributions received and expensed in the same fiscal year are recorded as unrestricted revenues. Under SFAS No. 117, 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. The following describes the Organization’s net assets:

Unrestricted net assets represents the net assets that are available to the Organization for day-to-day activities.

Temporarily restricted net assets represents the net assets that are restricted by time and/or purpose by the donor. Temporarily restricted net assets currently consist of unspent funds received from donors to further the mission of Montana Nonprofit Association.

Permanently restricted net assets are net assets that are contributed with donor stipulations that they be maintained permanently by the Association.

Income Taxes

Montana Nonprofit Association is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization 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 the Financial Statements
For the Year Ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of the statement cash flows, the Association considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the individual assets as follows:

Computers and equipment 3-7 years

Improvements and betterments in excess of \$500 are capitalized, while repairs and maintenance expenditures are expensed.

Deferred Dues

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 amounts.

Bad Debts

The Association writes off individual accounts receivable when they are determined to be uncollectible. Management of the Association feels that there are no material uncollectible accounts in the balance of accounts receivable at December 31, 2009. There were no bad debts in 2009 or 2008.

2. Related Party Transactions

The Association earned fees for services in the amount of \$29,614 and \$31,486 in 2009 and 2008, 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 \$21,709 and \$13,539 in 2009 and 2008, respectively.

MONTANA NONPROFIT ASSOCIATION
Notes to the Financial Statements
For the Year Ended December 31, 2009 and 2008

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 \$11,796 and \$9,326 for the plan years ended December 31, 2009 and 2008, respectively.

4. Cash Flows from Operating Activities

The following reconciles increases (decreases) in unrestricted net assets to cash flows from operating activities:

	<u>2009</u>	<u>2008</u>
Increase(decrease) in net assets	\$ (76,376)	\$ 18,527
Adjustments to reconcile net assets to net cash provided by operating activities		
Depreciation	5,755	2,748
(Increase) decrease in:		
Grants receivable	3,506	(64,467)
Accounts receivable	5,419	(564)
Prepaid expenses	5,778	-
(Decrease) increase in:		
Accounts payable	(19,137)	8,317
Deferred dues	2,643	5,549
Payroll taxes payable	479	3,245
Accrued wages payable	11,834	4,639
Net cash provided by operating activities	<u>\$ (60,099)</u>	<u>\$ (22,006)</u>

5. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 13, 2010, the date the financial statements were available to be issued.

MONTANA NONPROFIT ASSOCIATION
Notes to the Financial Statements
For the Year Ended December 31, 2009 and 2008

6. Accounts and Grants receivable

Accounts and grants receivable consist of discount product fees earned but not received, in-kind donations receivable and grants 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.