

**PENNSYLVANIA
ASSOCIATION OF
NONPROFIT
ORGANIZATIONS**

FINANCIAL STATEMENTS
With Supplementary Information

YEARS ENDED DECEMBER 31, 2012 AND 2011

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pennsylvania Association of Nonprofit Organizations
2040 Linglestown Road, Suite 302
Harrisburg, Pennsylvania 17110

We have audited the accompanying financial statements of **Pennsylvania Association of Nonprofit Organizations** (a nonprofit organization), which comprise the Statements of Assets, Liabilities, and Net Assets - Modified Cash Basis as of December 31, 2012 and 2011, and the related Statements of Revenue, Functional Expenses, and Changes in Net Assets - Modified Cash Basis, Functional Expenses - Modified Cash Basis, and Cash Flows - Modified Cash Basis 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Auditors' 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 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 auditors' 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 auditors consider internal control relevant to the Association'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 Association'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.

Auditors' Responsibility (Continued)

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 assets, liabilities, and net assets of **Pennsylvania Association of Nonprofit Organizations** as of December 31, 2012 and 2011, and its revenue, functional expenses, and changes in net assets for the years then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

A handwritten signature in cursive script that reads "S.P. Company".

Harrisburg, Pennsylvania
February 11, 2013

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

**STATEMENTS OF ASSETS, LIABILITIES,
AND NET ASSETS - MODIFIED CASH BASIS**

	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 31,146	\$ 37,764
Due from Consortium	904	542
TOTAL CURRENT ASSETS	<u>32,050</u>	<u>38,306</u>
PROPERTY AND EQUIPMENT - At Cost,		
Less Accumulated Depreciation	3,569	4,567
OTHER ASSETS		
Security Deposit	<u>4,039</u>	<u>7,587</u>
TOTAL ASSETS	<u><u>\$ 39,658</u></u>	<u><u>\$ 50,460</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payroll Taxes and Other Withholdings	\$ 1,760	\$ 1,791
Escrow Liability	0	4,720
TOTAL CURRENT LIABILITIES	<u>1,760</u>	<u>6,511</u>
NET ASSETS		
Unrestricted	15,700	29,104
Temporarily Restricted	22,198	14,845
TOTAL NET ASSETS	<u>37,898</u>	<u>43,949</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 39,658</u></u>	<u><u>\$ 50,460</u></u>

See independent auditors' report and accompanying notes.

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

**STATEMENT OF REVENUE, FUNCTIONAL EXPENSES, AND
CHANGES IN NET ASSETS - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Membership Dues	\$ 194,877	\$ 0	\$ 194,877
Foundation Grants and Contributions	47,711	23,187	70,898
Conference and Training Fees	60,361	0	60,361
Other Program Income	84,538	0	84,538
Endorsement Fees	159,879	0	159,879
Contract Fees	7,625	0	7,625
Interest Income	22	0	22
Fundraising Income	13,400	0	13,400
Net Assets Released from Restrictions	15,834	(15,834)	0
TOTAL REVENUE AND OTHER SUPPORT	<u>584,247</u>	<u>7,353</u>	<u>591,600</u>
FUNCTIONAL EXPENSES			
Program Services	415,223	0	415,223
Supporting Services			
Management and General	159,142	0	159,142
Fundraising	23,286	0	23,286
TOTAL FUNCTIONAL EXPENSES	<u>597,651</u>	<u>0</u>	<u>597,651</u>
CHANGES IN NET ASSETS	(13,404)	7,353	(6,051)
NET ASSETS - BEGINNING	<u>29,104</u>	<u>14,845</u>	<u>43,949</u>
NET ASSETS - ENDING	<u><u>\$ 15,700</u></u>	<u><u>\$ 22,198</u></u>	<u><u>\$ 37,898</u></u>

See independent auditors' report and accompanying notes.

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

**STATEMENT OF REVENUE, FUNCTIONAL EXPENSES, AND
CHANGES IN NET ASSETS - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Membership Dues	\$ 212,610	\$ 0	\$ 212,610
Foundation Grants and Contributions	33,932	19,702	53,634
Conference and Training Fees	73,418	0	73,418
Other Program Income	69,257	0	69,257
Endorsement Fees	176,199	0	176,199
Contract Fees	22,194	0	22,194
Interest Income	57	0	57
Fundraising Income	14,544	0	14,544
Net Assets Released from Restrictions	9,357	(9,357)	0
TOTAL REVENUE AND OTHER SUPPORT	<u>611,568</u>	<u>10,345</u>	<u>621,913</u>
FUNCTIONAL EXPENSES			
Program Services	418,743	0	418,743
Supporting Services			
Management and General	174,511	0	174,511
Fundraising	21,280	0	21,280
TOTAL FUNCTIONAL EXPENSES	<u>614,534</u>	<u>0</u>	<u>614,534</u>
CHANGES IN NET ASSETS	(2,966)	10,345	7,379
NET ASSETS - BEGINNING	<u>32,070</u>	<u>4,500</u>	<u>36,570</u>
NET ASSETS - ENDING	<u>\$ 29,104</u>	<u>\$ 14,845</u>	<u>\$ 43,949</u>

See independent auditors' report and accompanying notes.

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

**STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2012 WITH COMPARATIVE
TOTAL FOR THE YEAR ENDED DECEMBER 31, 2011**

	Program Services	Supporting Services		Total	
		Management and General	Fundraising	2012	2011
FUNCTIONAL EXPENSES					
Salaries and Wages	\$ 249,897	\$ 61,996	\$ 13,678	\$ 325,571	\$ 320,862
Employee Benefits	18,929	2,177	0	21,106	22,434
Payroll Taxes	17,138	9,472	878	27,488	24,102
Consulting and Professional Fees	315	35,800	0	36,115	37,714
Occupancy	26,888	18,618	3,475	48,981	57,137
Advertising	2,334	102	0	2,436	1,113
Equipment Rental and Maintenance	10,258	1,309	66	11,633	11,253
Postage and Shipping	2,304	532	137	2,973	5,277
Printing and Reproduction	4,827	0	0	4,827	1,205
Supplies	3,598	2,423	30	6,051	4,490
Telephone	3,838	5,313	47	9,198	10,013
Staff Training	616	3,440	0	4,056	879
Travel	4,978	933	226	6,137	8,884
Liability Insurance	0	4,478	0	4,478	6,918
Depreciation	2,083	605	0	2,688	3,193
Dues and Subscriptions	8,970	2,821	350	12,141	13,890
Newsletter and Website	9,084	0	0	9,084	9,116
Hub Groups	6,244	0	0	6,244	16,916
Standards for Excellence Program	19,188	0	0	19,188	18,943
Publications	981	0	0	981	1,315
Stipends and Scholarships	5,683	0	0	5,683	0
Annual Meeting	13,665	3,700	0	17,365	20,090
Interest Expense	0	1,738	0	1,738	1,204
Miscellaneous	3,405	3,685	4,399	11,489	17,586
TOTAL FUNCTIONAL EXPENSES	\$ 415,223	\$ 159,142	\$ 23,286	\$ 597,651	\$ 614,534

See independent auditors' report and accompanying notes.

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2011**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	
FUNCTIONAL EXPENSES				
Salaries and Wages	\$ 236,141	\$ 72,952	\$ 11,769	\$ 320,862
Employee Benefits	20,423	2,011	0	22,434
Payroll Taxes	17,607	5,624	871	24,102
Consulting and Professional Fees	754	36,960	0	37,714
Occupancy	29,520	23,705	3,912	57,137
Advertising	1,083	30	0	1,113
Equipment Rental and Maintenance	9,785	1,468	0	11,253
Postage and Shipping	4,176	802	299	5,277
Printing and Reproduction	1,205	0	0	1,205
Supplies	2,414	2,068	8	4,490
Telephone	5,048	4,913	52	10,013
Staff Training	620	219	40	879
Travel	7,484	1,302	98	8,884
Liability Insurance	0	6,918	0	6,918
Depreciation	2,475	718	0	3,193
Dues and Subscriptions	12,690	1,171	29	13,890
Newsletter and Website	9,116	0	0	9,116
Hub Groups	16,916	0	0	16,916
Standards for Excellence Program	18,943	0	0	18,943
Publications	1,315	0	0	1,315
Annual Meeting	16,440	3,650	0	20,090
Interest Expense	0	1,204	0	1,204
Miscellaneous	4,588	8,796	4,202	17,586
TOTAL FUNCTIONAL EXPENSES	<u>\$ 418,743</u>	<u>\$ 174,511</u>	<u>\$ 21,280</u>	<u>\$ 614,534</u>

See independent auditors' report and accompanying notes.

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS

	Years Ended	
	December 31,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ (6,051)	\$ 7,379
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	2,688	3,193
(Increase) Decrease in		
Due from Consortium	(362)	2,817
Security Deposits	3,548	82
Increase (Decrease) in		
Payroll Taxes and Other Withholdings	(31)	1,791
Escrow Liability	(4,720)	(4,930)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(4,928)</u>	<u>10,332</u>
CASH FLOWS USED BY INVESTING ACTIVITIES		
Purchases of Property and Equipment	(1,690)	(3,120)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on Line of Credit	91,000	77,000
Repayments of Line of Credit	(91,000)	(77,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>0</u>	<u>0</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,618)	7,212
CASH AND CASH EQUIVALENTS - BEGINNING	<u>37,764</u>	<u>30,552</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 31,146</u>	<u>\$ 37,764</u>
SUPPLEMENTAL DISCLOSURES		
Interest Paid	<u>\$ 1,738</u>	<u>\$ 1,204</u>

See independent auditors' report and accompanying notes.

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Pennsylvania Association of Nonprofit Organizations (the Association), a nonprofit organization, is a statewide membership organization serving and advancing the charitable nonprofit sector through leadership, advocacy, education, and services in order to improve the quality of life in Pennsylvania.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Association records revenue when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred. Modifications to the cash basis of accounting include capitalizing and recording depreciation on office equipment and furnishings; receivables for reimbursement of expenses; and payroll withholdings and escrowed funds as liabilities.

Financial Statement Presentation

The Association's financial statement presentation follows the recommendations of Accounting Standards Codification (ASC) No. 958, "Not-for-Profit Entities." Under ASC No. 958, the Association 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 Association is required to present the Statements of Cash Flows - Modified Cash Basis. Under the provisions of ASC No. 958, net assets and changes therein are classified and reported, based on the existence or absence of donor-imposed stipulations 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 will be met either by action of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the Statements of Revenue, Functional Expenses, and Changes in Net Assets - Modified Cash Basis as net assets released from restrictions.
- * **Permanently Restricted Net Assets** - Net assets subject to permanent donor-imposed stipulations that they be maintained permanently. Generally, the donors of such assets permit the Association to use all or part of the income earned on the assets for general or specific purposes. The Association does not have any permanently restricted net assets at December 31, 2012.

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Association considers all highly liquid investments with an initial maturity of three months or less and all unrestricted certificates of deposit to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost. The Association follows the practice of capitalizing expenditures for assets over \$500, with useful lives of at least one year. Depreciation is computed using the straight-line method of accounting over the estimated useful lives of the assets. Maintenance and repairs are charged to expense as incurred and major renewals and improvements are capitalized.

Federal Income Taxes

The Association is exempt from federal income taxes as an organization described under the Internal Revenue Code (IRC) Section 501(c)(3), except for net income derived from unrelated business activities, if any. The Association's unrelated taxable business activities consist substantially of income from advertisements placed in publications, as described in Note 11. The Association's open audit periods are 2009 through 2011. ASC No. 740-10, "Income Taxes" prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose uncertain tax positions taken on its tax returns. The Association believes that it has appropriate support for tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

Contributions

The Association accounts for contributions in accordance with the recommendations of ASC No. 958-605, "Revenue Recognition." The Association reports gifts of cash and other assets as restricted revenue, if they are received with donor-imposed stipulations, which limit the use of the donated assets. When a donor-imposed stipulation 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 on the Statements of Revenue, Functional Expenses, and Changes in Net Assets - Modified Cash Basis as net assets released from restrictions.

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocation of Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis on the Statements of Revenue, Functional Expenses, and Changes in Net Assets - Modified Cash Basis and the Statements of Functional Expenses - Modified Cash Basis. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Advertising

Advertising is expensed as incurred. Advertising costs for the years ended December 31, 2012 and 2011 were \$2,436 and \$1,113, respectively.

Subsequent Events

Management of the Association has evaluated subsequent events through February 11, 2013, which is the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

2. CONCENTRATION OF CREDIT RISK

The Association's cash balances in financial institutions, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. Management regularly monitors the financial condition of the financial institutions, along with their cash balances and tries to keep potential risks to a minimum. The Association has not experienced any such losses on these accounts.

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>Useful Lives</u>	<u>2012</u>	<u>2011</u>
Furniture and Equipment	5 - 7 Years	\$ 27,902	\$ 48,852
Leasehold Improvements	5 Years	1,690	0
Less: Accumulated Depreciation		(26,023)	(44,285)
Net Book Value		<u>\$ 3,569</u>	<u>\$ 4,567</u>

Depreciation for the years ended December 31, 2012 and 2011 was \$2,688 and \$3,193, respectively.

4. LINE OF CREDIT

The Association has a line of credit with Susquehanna Bank, up to an available maximum of \$100,000. The interest rate is adjustable, based on the bank's prime rate. At December 31, 2012 and 2011, there were no outstanding balances on the line of credit.

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2012 AND 2011

6. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2012, temporarily restricted net assets consist of grants received to support the Association's Standards for Excellence Program and the Phoenixville Institute/Academy but not yet spent, in the amount of \$7,131 and \$15,067 respectively. At December 31, 2011, \$4,200 in grants supporting the Standards for Excellence program and \$10,645 in other program funds were temporarily restricted.

7. ENDORSEMENT FEES

The Association receives payments from various agreements with companies that provide products and services to the Association's members. Total endorsement fees received for the years ended December 31, 2012 and 2011 were \$159,879 and \$176,199, respectively.

8. OPERATING LEASES

During the year ended December 31, 2005, the Association entered into a lease agreement for office space. The lease agreement had a seven-year term, which commenced on July 1, 2005 and ended on June 30, 2012. The Association subleased portions of the property to other nonprofit entities, with the Association being the primary lessee. Sublessee's obligated under the sublease agreement through June 30, 2012 were PASAE, NAIFA-PA, Pennsylvania Association of Medical Supplies (PAMS), and the State YMCA. The lease was extended on a month-to-month basis through October 31, 2012.

During the year ended December 31, 2012, the Association entered into a lease agreement for new office space. The lease agreement has a five-year term, commencing on November 1, 2012 through October 31, 2017. The Association subleases a portion of the office space to PAMS under a sublease agreement through October 31, 2017.

The Association's annual lease commitment was \$92,710 and \$127,000 for the years ended December 31, 2012 and 2011, respectively.

The leases payments are offset by sublease income as follows:

	<u>2012</u>	<u>2011</u>
Gross Minimum Rentals	\$ 92,710	\$ 127,000
Sublease Rental Income	<u>(44,120)</u>	<u>(70,150)</u>
Net Building Rent Expense for PANO	<u>\$ 48,590</u>	<u>\$ 56,850</u>

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2012 AND 2011

8. OPERATING LEASES (Continued)

Future minimum payments, by year and in the aggregate, under the real estate operating leases, are as follows for the years ending:

2013	\$ 48,618
2014	50,320
2015	52,082
2016	53,906
2017	46,230
Total	<u>\$ 251,156</u>

Future minimum sublease rental income, by year and in the aggregate, consists of the following for the years ending:

2013	\$ 13,892
2014	14,376
2015	14,882
2016	15,402
2017	13,210
Total	<u>\$ 71,762</u>

The Association also leased equipment under operating leases, during each of the years ended December 31, 2012 and 2011. The total expense related to these equipment leases was \$10,148 and \$25,092 for the years ended December 31, 2012 and 2011, respectively.

Future minimum payments, by year and in the aggregate, under the equipment leases, are as follows for the years ending:

2013	\$ 13,278
2014	6,588
2015	6,049
Total	<u>\$ 25,915</u>

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2012 AND 2011

9. RELATED PARTY TRANSACTIONS

The executive director of the Association serves on the board of directors of First Nonprofit Companies and is the president of the Unemployment Benefits Board, a subsidiary of First Nonprofit Companies. These organizations provide endorsement income to the Association, based on services provided to its members. Endorsement fees from First Nonprofit Companies were \$156,815 and \$172,228 for the years ended December 31, 2012 and 2011, respectively.

The Association outsources its bookkeeping services to Human Services Co., a wholly-owned subsidiary of First Nonprofit Companies. During the years ended December 31, 2012 and 2011, the cost of this contract was \$12,819 and \$15,344, respectively.

10. 403(B) PLAN

The Association maintains a 403(b) plan for its employees. The Association does not have any matching requirements related to this plan.

11. UNRELATED BUSINESS INCOME

The Association generates unrelated business income through the sale of advertising in publications and files the appropriate 990-T tax return with the Internal Revenue Service. In the current year, gross unrelated income reported was \$10,561 and taxable income was \$3,269. The tax liability associated with unrelated business income was \$340 and \$227 for the years ended December 31, 2012 and 2011, respectively.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Pennsylvania Association of Nonprofit Organizations
2040 Linglestown Road, Suite 302
Harrisburg, Pennsylvania 17110

We have audited the financial statements of **Pennsylvania Association of Nonprofit Organizations** as of and for the years ended December 31, 2012 and 2011, and our report thereon, dated February 1, 2013, which expressed an unmodified opinion on those financial statements, appears on Pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Detail of Program Services - Modified Cash Basis are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material aspects, in relation to the financial statements as a whole.



Harrisburg, Pennsylvania
February 1, 2013

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

**SCHEDULE OF DETAIL OF PROGRAM SERVICES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2012**

	Program Services			Total
	Membership Services	Program Expenses	Standards for Excellence	
FUNCTIONAL EXPENSES				
Salaries and Wages	\$ 76,551	\$ 79,830	\$ 93,516	\$ 249,897
Employee Benefits	2,868	5,354	10,707	18,929
Payroll Taxes	5,591	5,194	6,353	17,138
Consulting and Professional Fees	0	315	0	315
Occupancy	8,782	9,053	9,053	26,888
Advertising	2,334	0	0	2,334
Equipment Rental and Maintenance	3,486	3,353	3,419	10,258
Postage and Shipping	1,911	32	361	2,304
Printing and Reproduction	0	0	4,827	4,827
Supplies	1,196	579	1,823	3,598
Telephone	1,269	1,226	1,343	3,838
Staff Training	329	257	30	616
Travel	3,291	983	704	4,978
Depreciation	687	771	625	2,083
Dues and Subscriptions	6,561	1,157	1,252	8,970
Newsletter and Website	9,084	0	0	9,084
Hub Groups	0	6,244	0	6,244
Standards for Excellence Program	0	0	19,188	19,188
Publications	981	0	0	981
Stipends and Scholarships	0	5,683	0	5,683
Annual Meeting	0	13,665	0	13,665
Miscellaneous	1,919	894	592	3,405
TOTAL FUNCTIONAL EXPENSES	\$ 126,840	\$ 134,590	\$ 153,793	\$ 415,223

See independent auditors' report on supplementary information.

PENNSYLVANIA ASSOCIATION OF NONPROFIT ORGANIZATIONS

**SCHEDULE OF DETAIL OF PROGRAM SERVICES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2011**

	Program Services			Total
	Membership Services	Program Expenses	Standards for Excellence	
FUNCTIONAL EXPENSES				
Salaries and Wages	\$ 77,661	\$ 74,889	\$ 83,591	\$ 236,141
Employee Benefits	3,843	5,066	11,514	20,423
Payroll Taxes	5,887	5,491	6,229	17,607
Consulting and Professional Fees	0	0	754	754
Occupancy	9,840	9,840	9,840	29,520
Advertising	836	60	187	1,083
Equipment Rental and Maintenance	3,331	3,227	3,227	9,785
Postage and Shipping	2,468	991	717	4,176
Printing and Reproduction	0	0	1,205	1,205
Supplies	947	548	919	2,414
Telephone	1,730	1,613	1,705	5,048
Staff Training	280	325	15	620
Travel	3,723	2,824	937	7,484
Depreciation	816	916	743	2,475
Dues and Subscriptions	10,782	1,260	648	12,690
Newsletter and Website	9,116	0	0	9,116
Hub Groups	0	16,916	0	16,916
Standards for Excellence Program	0	0	18,943	18,943
Publications	1,315	0	0	1,315
Annual Meeting	0	16,440	0	16,440
Miscellaneous	2,898	1,105	585	4,588
TOTAL FUNCTIONAL EXPENSES	\$ 135,473	\$ 141,511	\$ 141,759	\$ 418,743

See independent auditors' report on supplementary information.