THE CENTER FOR NONPROFIT MANAGEMENT, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

March 31, 2015

GOLDEN, DELLINGES & REDD, L.P.
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Center for Nonprofit Management, Inc.

We have audited the accompanying statements of financial position of The Center for Nonprofit Management, Inc. (a Texas nonprofit organization), as of March 31, 2015 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Center for Nonprofit Management, Inc.'s management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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 auditors' judgment, including the assessment of the risk 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Center for Nonprofit Management, Inc. as of March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Golden, Dellinger & Redd, L.L.P.

Dallas, Texas
July 15, 2015

THE CENTER FOR NONPROFIT MANAGEMENT, INC.
STATEMENT OF FINANCIAL POSITION
March 31, 2015

ASSETS

Current assets:		
Cash	$	536,813
Unconditional promises to give		81,609
Accounts receivable, trade, net of allowance for doubtful accounts		25,106
Accounts receivable, other		86,010
Prepaid expenses		2,329
Total current assets		731,867
Furniture and equipment, net		38,824
TOTAL ASSETS	$	770,691

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	$	243,844
Deferred revenue		104,113
Total current liabilities		347,957
Long-term liabilities		-
TOTAL LIABILITIES		347,957
Net assets:		
Unrestricted		335,885
Temporarily restricted		86,849
Permanently restricted		-
Total net assets		422,734
TOTAL LIABILITIES AND NET ASSETS	$	770,691

See accompanying notes.

THE CENTER OF NONPROFIT MANAGEMENT , INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended March 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and support:				
Contributions and grants	$ 381,505	$ 707,953	$ -	$ 1,089,458
Program service fees	1,005,637	-	-	1,005,637
Donated support	107,000	-	-	107,000
Special event income	156,100	-	-	156,100
Interest income	723	-	-	723
Interest income on loan funds	447	-	-	447
Total revenue	1,651,412	707,953	-	2,359,365
Net assets released from restrictions	1,264,217	(1,214,217)	(50,000)	-
Total adjusted revenue	2,915,629	(506,264)	(50,000)	2,359,365
Expenses:				
Program services	1,666,119	-	-	1,666,119
Supporting services	252,742	-	-	252,742
Fundraising	334,063	-	-	334,063
Total expenses	2,252,924	-	-	2,252,924
Increase (decrease) in net assets	662,705	(506,264)	(50,000)	106,441
Net assets, beginning of year	(326,820)	593,113	50,000	316,293
Net assets, end of year	$ 335,885	$ 86,849	$ -	$ 422,734

See accompanying notes.

THE CENTER FOR NONPROFIT MANAGEMENT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended March 31, 2015

	Program Services	Supporting Services	Fundraising	Total
Contract services	$ 151,003	$ 3,410	$ 6,718	$ 161,131
Depreciation	34,116	5,849	8,773	48,738
Employee benefits	83,311	7,849	11,631	102,791
Equipment expense	7,730	850	1,275	9,855
Grants and gifts	416	1,375	25,787	27,578
Grant to borrowers	60,000	-	-	60,000
Insurance	1,479	10,786	225	12,490
Interest/bank fees	347	32	-	379
Local transportation	715	139	745	1,599
Marketing and communications	9,316	2,146	6,898	18,360
Meetings and events	2,365	4,719	45,078	52,162
Office supplies	45,625	4,273	6,409	56,307
Other expenses	13,773	12,631	17,570	43,974
Payroll taxes	76,495	7,500	12,574	96,569
Professional fees	425	69,912	450	70,787
Program elements	36,098	5,953	858	42,909
Rent and space	153,114	16,311	24,467	193,892
Salaries and wages	949,605	96,697	160,642	1,206,944
Shipping and delivery	5,037	337	1,602	6,976
Telephone	30,935	1,447	2,171	34,553
Travel	4,214	526	190	4,930
Total expenses	$ 1,666,119	$ 252,742	$ 334,063	$ 2,252,924

See accompanying notes.

THE CENTER FOR NONPROFIT MANAGEMENT, INC.
STATEMENT OF CASH FLOWS
Year Ended March 31, 2015

Cash flows from operating activities:		
Increase in net assets	$	106,441
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization		48,395
Net change in operating assets and liabilities:		
Unconditional promises to give		39,708
Receivables		10,315
Prepaid expenses		7,401
Accounts payable and accrued expenses		121,895
Deferred revenue		1,766
Net cash provided by operating activities		335,921
Cash flows from investing activities:		
Loan payments received		82,862
Purchases of property and equipment		(1,270)
Net cash provided by investing activities		81,592
Cash flows from financing activities:		
Payments on debt obligations		(227,102)
Net cash used by financing activities		(227,102)
Net increase in cash		190,411
Cash at beginning of year		346,402
Cash at end of year	$	536,813

Supplemental Information:		
Interest paid	$	1,273

See accompanying notes.

NOTE 1 – NATURE OF OPERATIONS

The Center for Nonprofit Management, Inc. (Organization) is a Texas nonprofit corporation, classified by the Internal Revenue Service as tax-exempt under Section 501(a) of the Internal Revenue Code (IRC). The Organization was established and is operated to provide a comprehensive range of services to improve management effectiveness for nonprofit organizations. These services include consulting, seminars, employment ads, collaboration and loans. The Organization's support and revenues are derived primarily from program service fees and public contributions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the Organization is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Financial Statement Presentation – Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Revenues and expenses are recorded on the accrual basis. Accordingly, net assets and changes therein are classified as follows:

> Permanently Restricted Net Assets- Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the use of all or part of the income earned on related investments for general purposes.
>
> Temporarily Restricted Net Assets- Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.
>
> Unrestricted Net Assets- Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporarily restricted contributions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions are recognized as revenues in the period that pledges or unconditional promises to give are received.

Use of Estimates- Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used on the preparation of these financial statements include the assumptions in recording depreciation and amortization, realization or receivables, and functional allocation of expenses. It is at least reasonably possible that the significant estimates used will change within the next year. Actual results could vary from estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses – The cost of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents – The Organization considers all money market accounts maintained at brokerage firms and highly liquid investments with original maturities of ninety days or less to be cash equivalents. The Organization places its cash, which, at times, may exceed federally insured limits with high credit quality financial institutions. The Organization has not experienced any losses on such amounts.

Revenue Recognition – Contributions are recognized as revenues in the period that pledges or unconditional promises to give are received. These contributions are reduced by any allowance for uncollectible amounts and then discounted to their net present value if the collection period extends beyond the next fiscal year. Membership dues are recognized as revenue over the membership period. Revenues from education programs are recognized in the period the programs are held. Job board, executive search, consulting and management fee revenues are recognized when the services are rendered. Revenues collected in advance are deferred until earned.

Loans Receivable/Allowance for Doubtful Accounts – Loans receivable from other IRC Section 501(c)(3) organizations are stated at the principal balance and are typically due in three years or less with interest rates ranging from 0% to 4.0%. Interest income is imputed on the below market loans with the offset reported as a grant by the Organization. An allowance for uncollectible loans receivable is provided based upon management's judgment including factors such as prior loan history, current economic status, current client communications, aging, collateral and loan guarantees. During the year ended March 31, 2015, loans totaling $60,000 were forgiven through conversion to grants. There were no loans receivables outstanding as of March 31, 2015.

Accounts Receivable/Allowance for Doubtful Accounts – The Organization considers all accounts receivable balances that are over six months past due to be uncollectible. Historically, the Organization has written off a minimal amount of uncollectible trade receivables. At March 31, 2015, the allowance for doubtful accounts was $8,000.

Furniture, Equipment, and Depreciation – Furniture and equipment are recorded at cost when purchased; if donated, furniture and equipment are recorded at fair value as of the date donated. Furniture and Equipment is presented net of accumulated depreciation. Major expenditures and those that substantially increase useful lives are capitalized. Maintenance, repairs and replacements that do not improve or extend the lives of the respective assets are charged to operations when incurred. When furniture or equipment are sold or otherwise disposed of, the asset and related accumulated depreciation are removed, and any gain or loss is recognized and included in operations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation and amortization has been calculated using the straight-line method based on the estimated useful lives of the assets as follows:

Furniture and fixtures	5-7 years
Office equipment	5 years
Computer equipment	3 years
Computer software	3-5 years
Library	7 years

Income Taxes – The Organization is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) of 1986, as amended, as an organization described in Section 501 (c)(3) of the IRC. The Organization has been classified as an organization that is not a private organization under IRC Section 509 (a)(2), and as such, contributions to the organization qualify for deductions as charitable contributions. However, income generated from activities unrelated to the organization's exempt purpose is subject to tax under IRC Section 511.

Accounting for Uncertainty in Income Taxes – Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) Topic 740-10, *Accounting for Income Taxes*, would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the statements of activities or accrued in the statements of financial position. The Organization's federal income tax returns for 2014, 2013 and 2012 are subject to possible examination by the IRS, generally for three years after they are filed.

Date of Management's Review – Subsequent events have been evaluated for potential recognition or disclosure through July 15, 2015, which is the date the financial statements were available to be issued.

NOTE 3 – UNCONDITIONAL PROMISES TO GIVE

As of March 31, 2015, unconditional promises to give consisted of receivables (primarily from corporations and foundations) due in one year or less. Because these amounts are due in one year or less, a discount to present value was not material or required. Further, no allowance for doubtful accounts was considered necessary.

NOTE 4 – PROPERTY AND EQUIPMENT

At March 31, 2015, property and equipment consisted of the following:

Furniture and fixtures	$	18,292
Office equipment		3,227
Computer equipment		113,789
Library books		4,250
Computer software		331,029
		470,587
Less accumulated depreciation and amortization		431,763
	$	38,824

NOTE 5 – DEBT OBLIGATIONS

Community Response Loan Fund – The Community Response Loan Fund is comprised of borrowings from the Meadows Foundation. The purpose of the loan fund is to provide emergency operating support via loans to area nonprofit agencies that have been adversely affected by the economy and resultant reduction in private and public funding. Any losses on loans made in accordance with the loan agreement will not be required to be repaid to the Meadows Foundation. During the year ended March 31, 2015, loans totaling $60,000 were forgiven through conversion to grants. There were no community response loans outstanding as of March 31, 2015. The Community Response Loan program was terminated in February 2015.

Economic Stimulus Loan Fund – During the year ended March 31, 2010, a new loan fund was commissioned to bridge stimulus grants received by nonprofit organizations in Texas under The American Recovery and Reinvestment Act of 2009 (ARRA) and the House and Economic Recovery Act of 2008 (HERA). The Organization borrowed from five foundations to lend to nonprofits that have been awarded stimulus grants. Any losses on loans made in accordance with the loan agreements are not required to be repaid to the foundations. There were no economic stimulus loans outstanding as of March 31, 2015. The Economic Stimulus Loan program was terminated in August 2014.

Line of Credit - The Organization had an unsecured revolving line of credit of $150,000 with 4.75% interest due October 2015. There were no advances outstanding on the line of credit as of March 31, 2015.

NOTE 6 – OPERATING RESERVE FUND

The Organization received a grant of $250,000 from the Meadows Foundation in 1988, and grants from the Carl B. and Florence E. King Foundation between 1992 and 1997 totaling $100,000. These grants from the two foundations are to be used as an operating reserve fund, and must be replenished if used for general operations. These funds have been used for operational purposes as of March 31, 2015.

Effective March 17, 2015, The Meadows Foundation agreed to amend the terms of the Operating Reserve Fund. The $250,000 replenishment requirement has been eliminated. Beginning with the fiscal year ending March 31, 2016, CNM will make every effort to contribute a minimum of $67,000 to the Operating Reserve Fund each fiscal year for five years up to a total of $335,000. The Operating Reserve Fund will be managed as a Board Designated Fund.

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes as of March 31, 2015:

Education program	$ 35,000
Internal technology	24,349
A Night of Light	27,500
Total	$ 86,849

Net assets were released from donor restrictions as follows:

Expenses incurred satisfying the purpose restrictions specified by donors:	
Loan program	$ 422,116
Consulting program	72,500
Education program	137,600
Donor Bridge	35,000
Internal technology	111,473
A Night of Light	27,500
CCC Program	408,028
	$ 1,214,217

NOTE 8 – PERMANENTLY RESTRICTED NET ASSETS

During the year ended March 31, 2015, the Organization was released from restrictions on the $50,000 endowment from the Eugene McDermott Foundation. The funds will be used for general operating purposes. There were no permanently restricted net assets as of March 31, 2015.

NOTE 9 – CONTRIBUTED GOODS AND SERVICES

The Organization received and recognized contributed goods and services for office space for $107,000. This amount is included as unrestricted contributions, expenses and direct donor benefit costs in the accompanying financial statements.

In addition, individuals may volunteer their time and perform a variety of tasks that assist the Organization but these services do not meet the criteria for recognition as contributed services.

NOTE 10 – PROGRAM SERVICE FEE INCOME

The Organization earned the following program service fees:

Seminars	$ 196,171
Management fees	67,500
Newsletter/classified ads	283,377
Consulting/collaboration	229,317
Agency membership fees	177,584
Other	51,688
	$ 1,005,637