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Louisiana Association of
Nonprofit Organizations

Financial Statements
December 31, 2011

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2011

TABLE OF CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	1
<u>Financial Statements</u>	
Statements of Financial Position	2
Statements of Activities	3 - 4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to the Financial Statements	8 - 13
<u>Governmental Audit Reports</u>	
Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14
Summary Schedule of Findings and Questioned Costs	15
Summary Schedule of Prior Year Findings and Questioned Costs	16

INDEPENDENT AUDITORS' REPORT

Finance Committee and Board of Directors
Louisiana Association of Nonprofit Organizations, Inc.
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of Louisiana Association of Nonprofit Organizations, Inc. as of December 31, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Louisiana Association of Nonprofit Organizations, Inc. as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2012, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Postlethwaite : Netterville

Baton Rouge, Louisiana
June 19, 2012

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.

BATON ROUGE, LOUISIANA

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2011 AND 2010

ASSETS

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 326,441	\$ 524,085
Accounts receivable	5,200	17,978
Prepaid expenses	4,918	3,168
Furniture and equipment, net	18,145	9,343
Total assets	<u>\$ 354,704</u>	<u>\$ 554,574</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 18,634	\$ 45,540
Payroll related liabilities	15,418	24,202
Deferred membership revenue	66,294	56,656
Total liabilities	<u>100,346</u>	<u>126,398</u>

NET ASSETS

Unrestricted	17,398	56,226
Temporarily restricted	236,960	371,950
Total net assets	<u>254,358</u>	<u>428,176</u>

Total liabilities and net assets	<u>\$ 354,704</u>	<u>\$ 554,574</u>
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The accompanying notes are an integral part of these statements.

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011		
	Unrestricted	Temporarily Restricted	Total
<u>REVENUES</u>			
Membership dues	\$ 154,532	\$ -	\$ 154,532
Sponsorships	77,300	-	77,300
Grant revenues	-	542,462	542,462
Program revenues	26,475	-	26,475
Contract revenues	107,853	-	107,853
In kind contributions	102,670	-	102,670
Contributions	151,807	-	151,807
Other revenues	32,364	-	32,364
Total revenues	653,001	542,462	1,195,463
Net assets released from restrictions	677,452	(677,452)	-
Total revenues and other support	1,330,453	(134,990)	1,195,463
 <u>EXPENSES</u>			
Program services	1,024,710	-	1,024,710
Support services	344,571	-	344,571
	1,369,281	-	1,369,281
 CHANGE IN NET ASSETS	 (38,828)	 (134,990)	 (173,818)
 NET ASSETS - beginning of period	 56,226	 371,950	 428,176
 NET ASSETS - end of period	 \$ 17,398	 \$ 236,960	 \$ 254,358

The accompanying notes are an integral part of these statements.

2010

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 144,591	\$ -	\$ 144,591
80,424	-	80,424
-	707,000	707,000
87,120	-	87,120
205,605	-	205,605
102,986	-	102,986
254,315	-	254,315
39,316	-	39,316
<u>914,357</u>	<u>707,000</u>	<u>1,621,357</u>
681,916	(681,916)	-
<u>1,596,273</u>	<u>25,084</u>	<u>1,621,357</u>
1,474,632	-	1,474,632
<u>389,218</u>	<u>-</u>	<u>389,218</u>
<u>1,863,850</u>	<u>-</u>	<u>1,863,850</u>
(267,577)	25,084	(242,493)
<u>323,803</u>	<u>346,866</u>	<u>670,669</u>
<u>\$ 56,226</u>	<u>\$ 371,950</u>	<u>\$ 428,176</u>

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011		
	Program Services	Support Services	Total
Annual conference	\$ 2,481	\$ -	\$ 2,481
Professional fees	55,239	138,746	193,985
Depreciation	-	4,899	4,899
Dues and subscriptions	874	-	874
Other	82,098	78,399	160,497
Payroll taxes and benefits	98,662	14,081	112,743
Postage and delivery	1,440	799	2,239
Printing, reproduction, and publications	4,829	1,774	6,603
Rent	71,764	4,631	76,395
Salaries	690,798	98,760	789,558
Telephone	16,525	2,482	19,007
Total expenses	\$ 1,024,710	\$ 344,571	\$ 1,369,281

The accompanying notes are an integral part of these statements.

2010

<u>Program</u> <u>Services</u>	<u>Support</u> <u>Services</u>	<u>Total</u>
\$ 44,148	\$ -	\$ 44,148
44,182	110,974	155,156
-	8,588	8,588
7,227	-	7,227
91,412	87,293	178,705
149,192	21,292	170,484
2,300	1,277	3,577
20,223	7,432	27,655
93,389	6,027	99,416
1,002,477	143,319	1,145,796
20,082	3,016	23,098
<u>\$ 1,474,632</u>	<u>\$ 389,218</u>	<u>\$ 1,863,850</u>

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (173,818)	\$ (242,493)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	4,899	8,588
Decrease in accounts receivable	12,778	33,093
Decrease (increase) in prepaid expenses	(1,750)	1,876
Increase in deferred membership revenue	9,638	285
Increase (decrease) in accounts payable	(26,906)	32,575
Decrease in payroll related liabilities	(8,784)	(12,949)
Net cash used in operating activities	(183,943)	(179,025)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of furniture and equipment	(13,701)	-
Net cash used in investing activities	(13,701)	-
Net decrease in cash and cash equivalents	(197,644)	(179,025)
Cash and cash equivalents - beginning of year	524,085	703,110
Cash and cash equivalents - end of year	\$ 326,441	\$ 524,085

The accompanying notes are an integral part of these statements.

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies

Nature of activities

Louisiana Association of Nonprofit Organizations, Inc. (the Organization) was created in 1997 as a division of the Foundation for a Better Louisiana to provide essential services to other nonprofit organizations in an attempt to strengthen the nonprofit sector in Louisiana. On May 7, 1999, Louisiana Association of Nonprofit Organizations, Inc. was incorporated and became an independent entity.

The Organization's mission is to strengthen, promote, and build the capacity of Louisiana's nonprofit sector through education, advocacy, and member services. The Organization accomplishes its mission through the following programs:

- technical assistance through publications, training, and technology such as the LANO web-site;
- regional and statewide educational meetings on topics of importance to nonprofit organizations, including funding, public policy, and management related issues;
- Public Policy Initiative - training on public policy issues, advocacy, research, and publications;
- Long Term Recovery and Disaster coordination services;
- manuals and publications on management, training, and advocacy;
- periodic newsletters and other publications; and
- building the capacity of community and faith-based groups.

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 and expenses during the reporting period. Actual results could differ from those estimates.

Accounts receivable

Accounts are considered past due based on their contractual terms. Management monitors receivables throughout the year, and all accounts considered to be uncollectible are written off. As of December 31, 2011 and 2010, all accounts receivable were considered collectible; therefore, no allowances for uncollectible accounts were established.

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

Furniture and equipment

Furniture and equipment are recorded at cost with depreciation being recorded using the straight-line method over the estimated useful lives of the assets (three to five years). Maintenance and repairs are charged to expense, while additions and improvements are capitalized. Donated property is recorded at its estimated fair value on the date of receipt, which is then treated as cost.

When assets are retired or disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gains and losses are recognized in the Organization's yearly operations.

Deferred membership revenue

Membership dues that are paid prior to December 31st for subsequent periods are recorded as deferred revenue at December 31st.

Temporarily and permanently restricted net assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time, period, or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity. The Organization does not have any permanently restricted net assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a 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.

Grants receive the same accounting treatment as contributions, if the grant activity is to be planned and carried out by the Organization and the Organization has the right to the benefits of carrying out the activity.

Grant reimbursements

The Organization recognizes revenues and receivables on reimbursable grants to the extent that allowable expenses have been incurred.

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

Contributed services

The Organization recognizes revenue for certain services received at the estimated fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation.

Income taxes

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Internal Revenue Code. Accordingly, no provision for income taxes is necessary.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that would more likely than not be substantiated upon examination. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress. Management believes that it is no longer subject to income tax examinations for years prior to December 31, 2008.

Allocated expenses

The costs of providing for various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among program services and supporting services based on records and estimates made by the Organization's management.

Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents includes cash in checking accounts, money market accounts, and highly liquid investments with original maturities of three months or less.

Reclassification

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the current year presentation.

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

2. Liquidity

As shown in the accompanying financial statements, the Organization has had negative cash flows from operations for the past two years, and unrestricted net assets decreased to less than \$20,000 at December 31, 2011.

In response to this situation, management has taken actions in the form of reducing staff and general and administrative expenses. The LANO business model was also revised to increase the fiscal stability including cost containment, enhance operational and programmatic efficiency as well as customer service excellence and sustainable growth.

Furthermore, management has the following additional tools to address its liquidity issues:

- A line-of-credit with a financial institution that offers flexibility on a short-term basis to ensure the Organization can pay all obligations as they become due.
- Continued pursuit of unrestricted additional sources of revenues in grants, earned-income and membership.
- The 2012 fiscal year budget was developed with increased attention on the balance of restricted and unrestricted revenues directly tied to projected expenses which are closely monitored.
- Management has a Fund Development Plan which includes targeted foundation support for operations and corporate sponsorships.

3. Furniture and equipment

Furniture and equipment consisted of the following at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Furniture and equipment	\$ 98,722	\$ 100,513
Less: accumulated depreciation	(80,577)	(91,170)
	<u>\$ 18,145</u>	<u>\$ 9,343</u>

Depreciation expense totaled \$4,899 and \$8,588 for the years ended December 31, 2011 and 2010, respectively.

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

4. Line-of-credit

The Organization maintains an unsecured \$100,000 operating line-of-credit at a local financial institution. There was not an outstanding balance on this line-of-credit at either December 31, 2011 or 2010.

5. Temporarily restricted net assets

Temporarily restricted net assets at December 31, 2011 and 2010 were available for the following purposes:

	<u>2011</u>	<u>2010</u>
Louisiana Budget Project	\$ 27,000	\$ 266,529
North Louisiana - various	6,969	20,000
Lavoat	75,961	85,421
Blue Cross Blue Shield - technology	2,030	-
Accenture - workforce development	40,000	-
Frost - Community Coaching	15,000	-
Community Leaders	25,000	-
New Orleans	45,000	-
	<u>\$ 236,960</u>	<u>\$ 371,950</u>

6. Net assets released from restrictions

Net assets were released from donor restrictions by incurring program-related expenses satisfying the restricted purposes during the years ended December 31, 2011 and 2010, as follows:

	<u>2011</u>	<u>2010</u>
New Orleans	\$ 1,000	\$ 35,000
Baton Rouge Capacity Building	-	85,000
Louisiana Budget Project	411,529	335,337
North Louisiana - various	132,493	74,000
State Policy	-	15,000
Conference	-	100,000
Public policy	-	28,000
Lavoat and others	109,460	9,579
Blue Cross Blue Shield - technology	22,970	-
	<u>\$ 677,452</u>	<u>\$ 681,916</u>

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

7. Leases

The Organization has entered into various lease agreements for office space throughout the state. The majority of the leases are either on a month-to-month basis or have terms of twelve months or less. At December 31, 2011, the future minimum lease payments for those leases were as follows:

<u>Year ending December 31st</u>	<u>Amount</u>
2012	\$ 35,000
2013	6,000
	<u>\$ 41,000</u>

Rent expense totaled \$76,395 and \$99,416 for the years ended December 31, 2011 and 2010, respectively.

8. Employee benefits

The Organization sponsors a defined contribution retirement program for which it contributes 5% of the pay of all eligible employees. The program is available to all regular employees working 40 hours per week or more with at least two years of service. Contributions to this plan by the Organization totaled approximately \$13,000 and \$23,000 during the years end December 31, 2011 and 2010, respectively.

9. Concentrations of credit risk

The Organization maintains several deposit accounts at a local financial institution. The balances, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. Management believes the credit risk associated with these deposits is minimal.

10. Subsequent events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 19, 2012, and determined that there were no events that require additional disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Finance Committee and Board of Directors
Louisiana Association of Nonprofit Organizations, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of Louisiana Association of Nonprofit Organizations, Inc. (the Organization) as of and for the year ended December 31, 2011, and have issued our report thereon dated June 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the finance committee, the Board of Directors and management of Louisiana Association of Nonprofit Organization, Inc., federal and state awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite : Netterville

Baton Rouge, Louisiana
June 19, 2012

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2011

A. Summary of audit results:

- (1) The Independent Auditors' Report expressed an unqualified opinion on the financial statements of Louisiana Association of Nonprofit Organizations, Inc. as of and for the year ended December 31, 2011.
- (2) No material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- (3) No instances of noncompliance material to the financial statements of Louisiana Association of Nonprofit Organizations, Inc. were disclosed during the audit.
- (4) A management letter was not issued in connection with the current year audit.

B. Findings - financial statement audit:

- (1) None

LOUISIANA ASSOCIATION OF NONPROFIT ORGANIZATIONS, INC.
BATON ROUGE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2011

A. Findings - financial statement audit:

(1) None