



# Arkansas Nonprofit Alliance

**Financial Statements**  
June 30, 2015 and 2014

**(With Independent Auditor's Report Thereon)**



# Arkansas Nonprofit Alliance

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June 30, 2015 and 2014

Independent Auditor's Report

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## Independent Auditor's Report

To the Board of Directors of  
Arkansas Nonprofit Alliance

We have audited the accompanying financial statements of Arkansas Nonprofit Alliance (the Organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets and cash flows 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 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 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 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.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arkansas Nonprofit Alliance as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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**Arkansas Nonprofit Alliance**  
**Statements of Financial Position**  
**As of June 30, 2015 and 2014**

**Assets**

	2015	2014
<b>Current assets</b>		
Cash and cash equivalents	\$ 7,075	\$ 71,478
Grants receivable	50,000	97,000
Prepaid expenses	2,925	956
Other receivables	-	69
<b>Total current assets</b>	60,000	169,503
<b>Fixed assets</b>		
Computer equipment and software	34,633	20,333
Accumulated depreciation	(17,117)	(10,414)
<b>Total fixed assets, net</b>	17,516	9,919
<b>Other assets</b>		
Certificate of deposit	26,872	26,863
Grants receivable	-	5,000
<b>Total other assets</b>	26,872	31,863
 <b>Total assets</b>	 \$ 104,388	 \$ 211,285

**Liabilities and Net Assets**

<b>Current liabilities</b>		
Accounts payable	\$ 3,420	\$ 5,790
Accrued payroll and taxes	-	4,305
Accrued employee benefits	4,531	3,267
<b>Total current liabilities</b>	7,951	13,362
<b>Net assets</b>		
Unrestricted	89,725	125,986
Temporarily restricted	6,712	71,937
<b>Total net assets</b>	96,437	197,923
 <b>Total liabilities and net assets</b>	 \$ 104,388	 \$ 211,285

**Arkansas Nonprofit Alliance**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenue</b>			
Foundation grants	\$ 66,500	\$ 1,000	\$ 67,500
Government grants	-	-	-
Membership dues	72,772	-	72,772
Program Service Fees	9,555	-	9,555
Other corporate and individual contributions	8,679	-	8,679
Interest income	11	-	11
Net assets released from restrictions	<u>66,225</u>	<u>(66,225)</u>	<u>-</u>
<b>Total support and revenue</b>	<u>223,742</u>	<u>(65,225)</u>	<u>158,517</u>
<b>Expenses</b>			
Program services	204,494	-	204,494
Supporting services - general & administrative	33,104	-	33,104
Supporting services - fundraising	<u>22,405</u>	<u>-</u>	<u>22,405</u>
<b>Total expenses</b>	<u>260,003</u>	<u>-</u>	<u>260,003</u>
<b>Change in net assets</b>	(36,261)	(65,225)	(101,486)
<b>Net assets, beginning of year</b>	<u>125,986</u>	<u>71,937</u>	<u>197,923</u>
<b>Net assets, end of year</b>	<u>\$ 89,725</u>	<u>\$ 6,712</u>	<u>\$ 96,437</u>

**Arkansas Nonprofit Alliance**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenue</b>			
Foundation grants	\$ 162,075	\$ 40,000	\$ 202,075
Membership dues	50,000	50,000	100,000
Program service fees	23,685	-	23,685
Other corporate and individual contributions	40,363	6,582	46,945
In-kind revenue	15,086	-	15,086
Interest income	21	-	21
Net assets released from restrictions	59,112	(59,112)	-
<b>Total support and revenue</b>	<u>350,342</u>	<u>37,470</u>	<u>387,812</u>
<b>Expenses</b>			
Program services	187,072	-	187,072
Supporting services - general & administrative	49,265	-	49,265
Supporting services - fundraising	26,001	-	26,001
<b>Total expenses</b>	<u>262,338</u>	<u>-</u>	<u>262,338</u>
<b>Change in net assets</b>	88,004	37,470	125,474
<b>Net assets, beginning of year</b>	<u>37,982</u>	<u>34,467</u>	<u>72,449</u>
<b>Net assets, end of year</b>	<u>\$ 125,986</u>	<u>\$ 71,937</u>	<u>\$ 197,923</u>

**Arkansas Nonprofit Alliance**  
**Statements of Cash Flows**  
**For the Year Ended June 30, 2015 and 2014**

	2015	2014
<b>Cash flows from Operating Activities</b>		
Change in net assets	\$ (101,486)	\$ 125,474
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Depreciation	6,705	2,814
Changes in operating assets and liabilities		
Grants receivable	52,069	(67,931)
Prepaid expenses	(1,969)	376
Accounts payable	(2,370)	830
Accrued payroll and taxes	(4,305)	866
Accrued employee benefits	1,264	(1,333)
<b>Net cash provided (used) by operating activities</b>	<b>(50,092)</b>	<b>61,096</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	(14,300)	(11,298)
Reinvestment of interest earned on certificate of deposit	(11)	(18)
<b>Net cash provided (used) by investing activities</b>	<b>(14,311)</b>	<b>(11,316)</b>
<b>Net change in cash and cash equivalents</b>	(64,403)	49,780
<b>Cash and cash equivalents, beginning of year</b>	<b>71,478</b>	<b>21,698</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 7,075</b>	<b>\$ 71,478</b>

**Arkansas Nonprofit Alliance**  
**Notes to the Financial Statements**  
**June 30, 2015 and 2014**

**Note 1: Organization and Significant Accounting Policies**

Organization

Arkansas Coalition for Excellence founded on July 10, 2003, operating under Arkansas Nonprofit Alliance as of July 1, 2013, amending their articles effective July 1, 2015 becoming Arkansas Nonprofit Alliance (the Organization), is a statewide membership association of nonprofit organizations, businesses, individuals and foundations dedicated to promoting excellence in governance and management among Arkansas' non-profit organizations.

The Organization is supported through membership dues, foundation and government grant awards, and fees derived from various program services.

Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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. Temporarily restricted net assets represent the unspent portion of contributions and grants received by the Organization that have been restricted by the donor or awarding agency for use in a specified time period or for a particular purpose. The Organization does not have any permanently restricted net assets, which would consist of donations the Organization is required to hold in perpetuity.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Income Taxes

The Organization is a nonprofit organization, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. The Organization does not have any unrelated business income subject to taxes. Accordingly, there is no provision for income taxes in the accompanying financial statements. The Organization believes that it has appropriate support for all tax positions, and as such, does not have any uncertain tax positions. However, the last three tax years are subject to IRS examination.

**Arkansas Nonprofit Alliance**  
**Notes to the Financial Statements**  
**June 30, 2015 and 2014**

**Note 1: Organization and Significant Accounting Policies (Continued)**

*Cash and Cash Equivalents*

For the purposes of the statements of financial position and the statements of cash flows, cash and cash equivalents consist of bank accounts and money market funds.

*Fixed Assets*

The Organization capitalization policy as of June 30, 2014 was to capitalize assets of \$2,500 or more with as useful life of one year or more. As of January 15, 2016 the board passed a motion to change the Organization's policy from \$2,500 to \$500 with the useful life of one year or more, retroactive to the June 30, 2015 year end. Depreciable assets, which comprise of computer equipment, membership training curriculum and software, are reported at historical cost and are depreciated using the straight-line method over their estimated useful lives, which management estimates to be three to five years.

*Contributions*

Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. 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.

*Membership Dues*

In accordance with FASB ASC 958-605-25-2, the Organization considers membership dues to be contribution revenue as the members do not receive significant additional benefits and the Organization is not required to provide specific services to members. As such, the membership dues are recorded when dues are collected as opposed to being recognized over the membership period.

*Reclassification*

Certain 2014 amounts have been reclassified to conform to the 2015 financial statements presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

**Arkansas Nonprofit Alliance**  
**Notes to the Financial Statements**  
**June 30, 2015 and 2014**

**Note 2: Grants Receivable**

Grants receivable represents promises to give from certain foundations. As of June 30, 2015 and 2014 grants receivable totaled \$50,000 and \$97,000, respectively. As of June 30, 2014, \$5,000 of grants receivable was not expected to be collected within one year and, as such, was included in noncurrent assets. During the year ended June 30, 2015 the foundation allowed these funds to be released early.

**Note 3: Compensated Absences**

Employees of the Organization are entitled to paid time off depending on length of service. Employees are allowed to accumulate up to 40 days of paid time off and if employees resign in good standing with appropriate notice employees receive pay for unused paid time off. As of June 30, 2015 and 2014, the Organization accrued approximately \$4,531 and \$3,267, respectively, for paid time off earned by employees.

**Note 4: Temporarily Restricted Net Assets**

Temporarily restricted net assets are restricted for the following purposes for the year ended June 30, 2015:

Jim Harris Scholarship fund designated to provide training to members at no cost	\$ 6,712
Total	<u>\$ 6,712</u>

**Note 5: Leasing Agreement**

Beginning July 15, 2014, the Organization moved its office space to the Arkansas Studies Institute in Little Rock, Arkansas and entered into a one year lease agreement with the Central Arkansas Library System with minimum monthly lease payments of \$463.75 which continued through the year ended June 30, 2015. For the year ended June 30, 2014, the Organization leased office space, furniture and certain equipment from the Charles A. Frueauff Foundation, subject to one year lease agreements. For the years ended June 30, 2015 and 2014, rent expense totaled \$5,451 and \$4,297, respectively.

**Arkansas Nonprofit Alliance**  
**Notes to the Financial Statements**  
**June 30, 2015 and 2014**

**Note 6: Economic Dependency**

The Organization is economically dependent on grants from certain foundations and governmental entities. Grants from three foundations and two government agencies for the year ended June 30, 2015 and 2014 made up approximately 43% and 78% of support and revenue respectively. Although the decline in support shows less economic dependency the grants are still needed by the Organization in order to continue operations. The decline of grants received could become a concern for management if the Organization does not receive more grants in the upcoming year.

**Note 7: Expenses by Natural Classification**

Expenses for the years ended June 30, 2015 and 2014, by natural category are as follows:

	<u>2015</u>	<u>2014</u>
Salaries	\$ 129,346	\$ 127,139
Payroll taxes	9,999	9,828
Employee benefits	27,505	21,107
Programs and training	12,318	10,519
Program travel	6,447	6,246
Dues and subscriptions	3,843	5,740
Professional service fees	19,230	17,383
Marketing	8,616	5,500
Annual meeting and dinner	5,221	19,302
Office and training supplies	4,767	1,388
Parking	69	660
Postage	1,837	2,551
Printing	3,358	9,238
Rent	5,451	4,297
Depreciation	6,704	2,814
Staff development – conferences	3,863	5,608
Telephone	636	2,145
Insurance	1,888	1,428
Website maintenance	5,970	2,604
AmeriCorps	-	4,271
Merchant fees	1,840	1,036
Miscellaneous	1,095	1,534
Total	<u>\$ 260,003</u>	<u>\$ 262,338</u>

**Arkansas Nonprofit Alliance**  
**Notes to the Financial Statements**  
**June 30, 2015 and 2014**

**Note 8: Certificate of Deposit**

The Organization holds a certificate of deposit bearing interest of .05% with a maturity date of January 13, 2015. The certificate of deposit is held to cover future operating shortfalls. The asset is classified as long-term as the Organization does not expect to use the funds in the near term. As of June 30, 2015 and 2014, the certificate of deposit totaled \$26,872 and \$26,863, respectively.

**Note 9: Related Party Transactions**

For the year ended June 30, 2015, donations from the Board of Directors and their employers totaled approximately \$6,500. For the year ended June 30, 2014, donations from the Board of Directors and their employers totaled approximately \$18,000.

**Note 10: Employee Benefits**

On June 24, 2014, the Executive Committee passed a resolution implementing an employee benefits plan. The plan is provided through Delta Trust, which is now Simmons Bank, with Arkansas Nonprofit Alliance paying 4% of W2 wages and allows for employee voluntary contributions. Each employee will be eligible for the plan after one year of service and will be fully vested after three years of service.

**Note 11: Subsequent Events**

The date to which events occurring after June 30, 2015, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is May 15, 2016, which is the date the financial statements were available to be issued. No material adjustments were noted.