

**ASSOCIATION OF PROPOSAL
MANAGEMENT PROFESSIONALS**

FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

ASSOCIATION OF PROPOSAL MANAGEMENT PROFESSIONALS

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Independent Auditor's Report

To the Board of Directors
Association of Proposal Management Professionals
Washington, D.C.

We have audited the accompanying financial statements of the Association of Proposal Management Professionals (a non-profit organization) which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities 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 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 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 the Association of Proposal Management Professionals as of December 31, 2014 and 2013, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of general operating expenses on page 12 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit 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 respects in relation to the financial statements as a whole.

Clark and Anderson, P.A.

CLARK AND ANDERSON, P.A.
Certified Public Accountants

Glen Burnie, Maryland

November 9, 2015

ASSOCIATION OF PROPOSAL MANAGEMENT PROFESSIONALS

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2014 AND 2013

ASSETS

	<u>2014</u>	<u>2013</u>
Assets		
Cash	\$ 1,015,465	\$ 537,639
Investments - mutual funds	431,924	772,481
Accounts receivable	22,562	6,330
Prepaid expenses	8,162	49,450
Office equipment, net	5,596	7,174
Deposits	<u>2,000</u>	<u>2,000</u>
Total Assets	<u>\$ 1,485,709</u>	<u>\$ 1,375,074</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 193,890	\$ 56,881
Deferred revenue	10,000	93,475
Accrued expenses	12,222	17,161
Payroll liabilities	<u>7,387</u>	<u>-</u>
Total Liabilities	223,499	167,517
Net Assets - Unrestricted	<u>1,262,210</u>	<u>1,207,557</u>
Total Liabilities and Net Assets	<u>\$ 1,485,709</u>	<u>\$ 1,375,074</u>

-See independent auditor's report and accompanying notes-

ASSOCIATION OF PROPOSAL MANAGEMENT PROFESSIONALS

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Revenues		
Membership	\$ 819,198	\$ 681,309
Conference	646,467	569,117
Accreditation	104,896	122,366
Marketing and communications	35,729	28,075
Education	87,960	38,081
Investment income	<u>30,755</u>	<u>14,430</u>
Total Revenues	<u>1,725,005</u>	<u>1,453,378</u>
Expenses		
Membership	152,813	138,860
Conference	521,644	352,672
Accreditation	69,103	78,284
Marketing and communications	94,790	98,345
Education	144,816	77,553
General operating expenses	678,426	587,924
Loss on investments	7,731	34,343
Loss on disposal of assets	<u>1,029</u>	<u>533</u>
Total Expenses	<u>1,670,352</u>	<u>1,368,514</u>
Change in Unrestricted Net Assets	54,653	84,864
Unrestricted Net Assets at Beginning of Year		
Previously Reported	1,207,557	1,089,085
Prior Period Adjustment	<u>-</u>	<u>33,608</u>
Unrestricted Net Assets at End of Year		
As Restated	<u>\$ 1,262,210</u>	<u>\$ 1,207,557</u>

-See independent auditor's report and accompanying notes-

ASSOCIATION OF PROPOSAL MANAGEMENT PROFESSIONALS

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash Flows From Operating Activities		
Change in unrestricted net assets	\$ 54,653	\$ 84,864
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities		
Depreciation	1,674	1,012
Unrealized (gain)loss from investments	(8,555)	7,593
Loss on disposal of fixed assets	1,029	533
Decrease(increase) in operating assets		
Accounts receivable	(16,232)	4,820
Prepaid expenses	41,288	(46,951)
Increase(decrease) in operating liabilities		
Accounts payable	137,009	(23,194)
Deferred revenue	(83,475)	64,310
Accrued expenses	(4,939)	(21,631)
Payroll liabilities	7,387	(1,817)
	<u>129,839</u>	<u>69,539</u>
Net Cash Provided By Operating Activities		
Cash Flows From Investing Activities		
Purchase of investments	-	(718,200)
Sale of investments	341,381	709,126
Realized loss on investments	7,731	34,343
Purchase of property and equipment	(1,125)	(5,834)
Security deposits	-	(2,000)
	<u>347,987</u>	<u>17,435</u>
Net Cash Provided By Investing Activities		
Net Increase in Cash	477,826	86,974
Cash At Beginning of Year	<u>537,639</u>	<u>450,665</u>
Cash At End of Year	<u>\$ 1,015,465</u>	<u>\$ 537,639</u>

The Association paid no interest or income taxes and had no noncash investing or financing transactions in 2014 and 2013.

-See independent auditor's report and accompanying notes-

ASSOCIATION OF PROPOSAL MANAGEMENT PROFESSIONALS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 1 – Description of the Organization

The Association of Proposal Management Professionals (APMP) is a nonprofit professional membership association organized in 1989 to serve as the worldwide authority for professionals dedicated to the process of winning business through bids, proposals, tenders and presentations. Their stated mission is to promote the professional growth of its members, which it does through offering education, certification and networking.

Note 2 – Summary of Significant Accounting Policies

- (a) Basis of Accounting – The Association's policy is to prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Dues are recognized in the period received. Conference revenue is reported as revenue in the year in which the conference is held. Expenses are recognized in the period in which the related liability is incurred.
- (b) 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 estimates.
- (c) Inventory – The Association maintains an inventory of brochures and publications which are available to the membership. No inventory records are kept and the value of the inventory is not presented in these financial statements. Brochures and publications inventories are expensed in the year purchased.
- (d) Property and Equipment – The Organization capitalizes all property and equipment expenditures with a cost of \$1,000 or more and having estimated useful lives of more than one year. Property and equipment are recorded at cost. Maintenance and repairs are charged to expense when incurred.

ASSOCIATION OF PROPOSAL MANAGEMENT PROFESSIONALS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 2 – Summary of Significant Accounting Policies (Continued)

(d) Property and Equipment – (Continued)

When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the activities for the respective period. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, five years for office equipment. Depreciation expense amounted to \$1,674 and \$1,012 for the years ended December 31, 2014 and 2013, respectively.

Property and equipment are detailed as follows:

	<u>2014</u>	<u>2013</u>
Office equipment	\$ 8,172	\$ 8,420
Less accumulated depreciation	<u>(2,576)</u>	<u>(1,246)</u>
	<u>\$ 5,596</u>	<u>\$ 7,174</u>

- (e) Income Taxes – The Association is exempt from federal, state and local income taxes under Section 501(c)(6) of the Internal Revenue Code. The Association of Proposal Management Professionals is not a public charity.

The Association follows the guidance of the Financial Standards Board Accounting Standards Codification 740-10, *Accounting for Uncertainty in Income Taxes* which clarifies the accounting for the recognition and measurement of the benefits of individual tax positions in the financial statements, including those of non-profit organizations. Tax positions must meet a recognition threshold of more-likely-than-not in order for the benefit of those tax positions to be recognized in the financial statements.

ASSOCIATION OF PROPOSAL MANAGEMENT PROFESSIONALS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 2 – Summary of Significant Accounting Policies (Continued)

(e) Income Taxes (Continued)

The Association analyzes tax positions taken, including those related to the requirements set forth in IRC Section 501(c) to qualify as a tax exempt organization, activities performed by volunteers and board members, the reporting of unrelated business income, and its status as a tax-exempt organization. The Association does not know of any tax benefits arising from uncertain tax positions and there was no effect on the Association's financial position or changes in net assets as a result of analyzing its tax positions. Years ending on or after December 31, 2011 remain subject to examination by federal and state authorities.

(f) Basis of Presentation – The Association's financial reporting is in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, 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. There were no restricted net assets at December 31, 2014. In addition, the Association is required to present a statement of cash flows.

(g) Advertising Costs – The Association has only nondirect response advertising costs which are expensed as incurred. There were no advertising costs for the years ended December 31, 2014 and 2013.

(h) Donated Services – The Association receives a significant amount of donated services from unpaid volunteers who serve as committee chairs. No amounts have been recognized in the statement of activities because the criteria for recognition under revenue recognition guidance for not-for-profit entities have not been satisfied.

(i) Investments – The Association's investments consist of mutual funds and are reported at their fair value at the measurement date. Their fair value is based on quoted prices in active markets.

ASSOCIATION OF PROPOSAL MANAGEMENT PROFESSIONALS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 2 – Summary of Significant Accounting Policies (Continued)

- (j) Allowance for Doubtful Accounts – The Association provides an allowance for doubtful accounts based upon a review of existing receivables. Upon this review, there is no allowance for doubtful accounts for the years 2014 or 2013. There was no bad debt expense for the years ended December 31, 2014 and 2013.

Note 3 – Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Association considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Note 4 – Investments

The Organization adopted FASB ASC 820, *Fair Value Measurements and Disclosures*, for assets and liabilities measured at fair value on a recurring basis. The codification established a common definition for fair value to be applied to existing generally accepted accounting principles that requires the use of fair value measurements, establishes a framework for measuring fair value, and expands disclosure about such fair value measurements.

FASB ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, FASB ASC 820 requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized as follows:

- Level 1 – Observable inputs such as quoted market prices in active markets for identical assets or liabilities.
- Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3 – Unobservable inputs for which there is little or no market data, which require the use of the reporting entity's own assumptions.

Assets measured at fair value on a recurring basis at December 31, 2014 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds	\$431,924	\$ -	\$ -
	<u>\$431,924</u>	<u>\$ -</u>	<u>\$ -</u>

ASSOCIATION OF PROPOSAL MANAGEMENT PROFESSIONALS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 4 – Investments (Continued)

Assets measured at fair value on a recurring basis at December 31, 2013 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds	<u>\$772,481</u>	<u>\$_-</u>	<u>\$_-</u>
	<u>\$772,481</u>	<u>\$_-</u>	<u>\$_-</u>

Investment income is as follows:

	<u>2014</u>	<u>2013</u>
Dividends	\$21,776	\$21,454
Interest	424	569
Unrealized Gain(Loss) on Investments	<u>8,555</u>	<u>(7,593)</u>
	<u>\$30,755</u>	<u>\$14,430</u>

Advisory fees on investments amounted to \$7,805 and \$7,726 in 2014 and 2013, respectively.

Note 5 – Prepaid Expenses

Prepaid expenses consist of deposits on the upcoming conference of \$8,162 and \$49,450 for the years ended December 31, 2014 and 2013, respectively.

Note 6 – Concentrations of Credit Risk

The Association maintains its cash in checking and savings accounts, which at times exceeds federally insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Note 7 – Related Party

During the years ended December 31, 2014 and 2013, the Association made payments of approximately \$30,505 and \$33,000, respectively for publications from a company for which one of the Association's governing board members is a member of management.

Note 8 – Lease Commitment

The Company leases an office located in Washington D.C., under a month-to-month lease.

ASSOCIATION OF PROPOSAL MANAGEMENT PROFESSIONALS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 9 – Deferred Revenue

At December 31, 2014 and 2013, deferred revenue consists of the following:

	<u>2014</u>	<u>2013</u>
Conference sponsors	\$ -	\$28,250
Membership	<u>10,000</u>	<u>65,225</u>
	<u>\$10,000</u>	<u>\$93,475</u>

Note 10 – Reclassification

For year ended December 31, 2013, cash in the investment account was included with investments-mutual funds instead of being included as cash. These items were restated for comparative purposes. There was no net effect on the change in net assets for the year ended December 31, 2013.

Note 11 – Prior Period Adjustment

During 2015, the Organization determined that revenues from its PayPal account had not been recorded. The effect of the restatement is a \$33,608 prior period adjustment to report revenues received before January 1, 2013 and \$35,060 additional revenues received in 2013 and included in the re-stated 2013 revenues. The value of the PayPal account has been included with cash.

Note 12 – Subsequent Events

In preparing these financial statements, the association has evaluated events and transactions for potential recognition or disclosure through November 9, 2015, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

ASSOCIATION OF PROPOSAL MANAGEMENT PROFESSIONALS

SCHEDULES OF GENERAL OPERATING EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Salaries and wages	\$ 367,849	\$ 380,013
Board of Directors support	12,705	10,006
Board of Directors insurance	2,837	2,177
Depreciation	1,674	1,012
Dues and subscriptions	3,254	80
Employee benefits	23,800	10,178
Legal and professional	46,480	41,161
Merchant fees	59,287	52,244
Office	9,926	5,807
Outside services	69,445	500
Postage and freight	798	374
Rent	11,508	3,690
Storage rent	2,008	1,729
Software	17,573	27,766
Payroll taxes	24,137	23,462
Telephone	11,810	10,083
Travel and entertainment	<u>13,335</u>	<u>17,642</u>
Total General Operating Expenses	<u>\$ 678,426</u>	<u>\$ 587,924</u>

-See independent auditor's report-