

**ASSOCIATION OF PROPOSAL
MANAGEMENT PROFESSIONALS**

FINANCIAL STATEMENTS

DECEMBER 31, 2013 and 2012

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, 2013 and 2012, 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 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 the Association of Proposal Management Professionals as of December 31, 2013 and 2012, 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 20, 2014

ASSOCIATION OF PROPOSAL MANAGEMENT PROFESSIONALS

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2013 AND 2012

ASSETS

	<u>2013</u>	<u>2012</u>
Assets		
Cash	\$ 460,750	\$ 417,057
Investments - mutual funds	780,702	805,343
Accounts receivable	6,330	11,150
Prepaid expenses	49,450	2,499
Office equipment, net	7,174	2,885
Deposits	2,000	-
Total Assets	<u>\$ 1,306,406</u>	<u>\$ 1,238,934</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 56,881	\$ 80,075
Deferred revenue	93,475	29,165
Accrued expenses	17,161	38,792
Payroll liabilities	-	1,817
Total Liabilities	<u>167,517</u>	<u>149,849</u>
Net Assets		
Unrestricted net assets		
Board designated	-	-
Undesignated	<u>1,138,889</u>	<u>1,089,085</u>
Total Unrestricted Net Assets	<u>1,138,889</u>	<u>1,089,085</u>
Total Liabilities and Net Assets	<u>\$ 1,306,406</u>	<u>\$ 1,238,934</u>

-See independent auditor's report and accompanying notes-

ASSOCIATION OF PROPOSAL MANAGEMENT PROFESSIONALS

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Revenues		
Membership	\$ 654,322	\$ 689,694
Conference	562,467	442,286
Accreditation	120,203	53,951
Marketing and communications	28,075	41,713
Education	37,190	9,545
Investment income	<u>14,430</u>	<u>7,255</u>
Total Revenues	<u>1,416,687</u>	<u>1,244,444</u>
Expenses		
Membership	138,860	120,120
Conference	352,672	290,703
Accreditation	78,284	186,360
Marketing and communications	98,345	60,256
Education	77,553	68,580
General operating expenses	586,293	500,477
Loss on investments	34,343	-
Loss on disposal of assets	<u>533</u>	<u>-</u>
Total Expenses	<u>1,366,883</u>	<u>1,226,496</u>
Change in Unrestricted Net Assets	49,804	17,948
Unrestricted Net Assets at Beginning of Year	<u>1,089,085</u>	<u>1,071,137</u>
Unrestricted Net Assets at End of Year	<u>\$ 1,138,889</u>	<u>\$ 1,089,085</u>

-See independent auditor's report and accompanying notes-

ASSOCIATION OF PROPOSAL MANAGEMENT PROFESSIONALS

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Change in unrestricted net assets	\$ 49,804	\$ 17,948
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities		
Depreciation	1,012	381
Unrealized loss from investments	7,594	13,513
Loss on disposal of fixed assets	533	-
Decrease(increase) in operating assets		
Accounts receivable	4,820	15,135
Prepaid expenses	(46,951)	(2,499)
(Increase)decrease in operating liabilities		
Accounts payable	(23,194)	61,586
Deferred revenue	64,310	29,165
Accrued expenses	(21,631)	34,131
Payroll liabilities	(1,817)	(7,261)
Net Cash Provided By Operating Activities	<u>34,480</u>	<u>162,099</u>
Cash Flows From Investing Activities		
Purchase of investments	(726,421)	(818,855)
Sale of investments	709,125	-
Realized loss on investments	34,343	-
Purchase of property and equipment	(5,834)	(3,266)
Security deposits	(2,000)	-
Net Cash Provided By(Used In) Investing Activities	<u>9,213</u>	<u>(822,121)</u>
Net Increase(Decrease) in Cash	43,693	(660,022)
Cash At Beginning of Year	<u>417,057</u>	<u>1,077,079</u>
Cash At End of Year	<u>\$ 460,750</u>	<u>\$ 417,057</u>

The Association paid no interest or income taxes and had no noncash investing or financing transactions in 2013 and 2012.

-See independent auditor's report and accompanying notes-

ASSOCIATION OF PROPOSAL MANAGEMENT PROFESSIONALS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

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, 2013 AND 2012

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 \$1,012 and \$381 for the years ended December 31, 2013 and 2012, respectively.

Property and equipment are detailed as follows:

	<u>2013</u>	<u>2012</u>
Office equipment	\$ 8,420	\$3,266
Less accumulated depreciation	<u>(1,246)</u>	<u>(381)</u>
	<u>\$ 7,174</u>	<u>\$2,885</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, 2013 AND 2012

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, 2010 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, 2013. 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. Advertising costs amounted to zero and \$13,000 for the years ended December 31, 2013 and 2012, respectively.

(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, 2013 AND 2012

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 2013 or 2012. There was no bad debt expense for the years ended December 31, 2013 and 2012.

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 at December 31, 2013 and 2012 consist entirely of mutual funds in the amount of \$780,702 and \$805,343, respectively and are categorized as Level 1.

ASSOCIATION OF PROPOSAL MANAGEMENT PROFESSIONALS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

Note 4 – Investments (Continued)

Investment income is as follows:

	<u>2013</u>	<u>2012</u>
Dividends	\$21,454	\$ 18,856
Interest	529	1,911
Unrealized Loss on Investments	<u>(7,593)</u>	<u>(13,512)</u>
	<u>\$14,430</u>	<u>\$ 7,255</u>

Advisory fees on investments amounted to \$7,726 and \$2,227 in 2013 and 2012, respectively.

Note 5 – Prepaid Expenses

Prepaid expenses consist of deposits on the upcoming conference of \$49,450 and \$2,499 for the years ended December 31, 2013 and 2012, 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, 2013 and 2012, the Association made payments of approximately \$33,000 and \$41,000, 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 entered into an operating lease agreement for the office located in Washington D.C. This lease commenced on September 1, 2013 and will expire on August 31, 2014.

Future minimum lease payments under the operating lease amount to \$7,192 for the year end December 31, 2014.

ASSOCIATION OF PROPOSAL MANAGEMENT PROFESSIONALS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

Note 9 – Deferred Revenue

At December 31, 2013 and 2012, deferred revenue consists of the following:

	<u>2013</u>	<u>2012</u>
Conference registration	\$ -	\$10,915
Conference sponsors	28,250	11,500
Membership	<u>65,225</u>	<u>6,750</u>
	<u>\$93,475</u>	<u>\$29,165</u>

Note 10 – Merger of Operations

On October 30, 2013, APMP and the Business Development Institute International (BDI) completed a merger of their operations. BDI was a provider of research and education in the area of business development. Through the merger, APMP has launched a Center for Business Development Excellence, which provides educational services for APMP members.

As of the fiscal year end, no amounts were recognized for assets, liabilities, or net assets, and there were no material transactions between APMP and BDI in 2013.

Note 11 – Subsequent Events

In preparing these financial statements, the association has evaluated events and transactions for potential recognition or disclosure through November 20, 2014, 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, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Salaries and wages	\$ 380,013	\$ 334,207
Board of Directors support	10,006	11,692
Board of Directors insurance	2,177	3,040
Depreciation	1,012	381
Dues and subscriptions	80	8,389
Employee benefits	10,178	8,176
Legal and professional	41,161	31,387
Merchant fees	50,613	39,172
Office	5,807	6,740
Outside services	500	-
Postage and freight	374	521
Rent	3,690	-
Storage rent	1,729	1,596
Software	27,766	11,914
Payroll taxes	23,462	21,533
Telephone	10,083	9,799
Travel and entertainment	<u>17,642</u>	<u>11,930</u>
Total General Operating Expenses	<u>\$ 586,293</u>	<u>\$ 500,477</u>

-See independent auditor's report-