

**SOUTH CAROLINA ASSOCIATION OF NONPROFIT ORGANIZATIONS  
COLUMBIA, SOUTH CAROLINA**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**SOUTH CAROLINA ASSOCIATION OF NONPROFIT ORGANIZATIONS  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
South Carolina Association of Nonprofit Organizations  
Columbia, South Carolina

We have audited the accompanying financial statements of South Carolina Association of Nonprofit Organizations (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, 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.

### Auditors' Responsibility

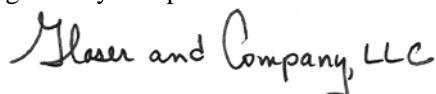
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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 South Carolina Association of Nonprofit Organizations as of June 30, 2016 and 2015, 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.



July 22, 2016  
Mount Pleasant, South Carolina

**SOUTH CAROLINA ASSOCIATION OF NONPROFIT ORGANIZATIONS**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and cash equivalents, undesignated	\$ 96,349	\$ 156,296
Cash and cash equivalents, board designated	109,000	67,000
Accounts receivable	4,466	11,307
Prepaid expenses	14,046	21,037
Total current assets	223,861	255,640
<b>Property, Plant and Equipment, net</b>	<b>7,864</b>	<b>469</b>
Total assets	\$ 231,725	\$ 256,109
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts payable	\$ 4,294	\$ 1,282
Accrued compensated absences	5,893	5,633
Unearned membership revenue	111,250	96,148
Deferred revenue	-	27,500
Total current liabilities	121,437	130,563
<b><u>Net Assets</u></b>		
Unrestricted		
Board designated	109,000	67,000
Undesignated	169	33,146
Temporarily restricted	1,119	25,400
Total net assets	110,288	125,546
Total liabilities and net assets	\$ 231,725	\$ 256,109

See Accompanying Notes to Financial Statements.

**SOUTH CAROLINA ASSOCIATION OF NONPROFIT ORGANIZATIONS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Changes in Unrestricted Net Assets</b>			
<b>Support and Revenue</b>			
Membership support	\$ 198,599	\$ -	\$ 198,599
Contributions and grants	52,463	-	52,463
Summit program and revenue	259,924	1,119	261,043
Sponsorships	28,253	-	28,253
Purchasing power and product revenue	6,419	-	6,419
Knowledge network program revenue	18,919	-	18,919
Interest	104	-	104
Total support and revenue	<u>564,681</u>	<u>1,119</u>	<u>565,800</u>
Net assets released from restriction	<u>25,400</u>	<u>(25,400)</u>	<u>-</u>
Total support, revenue and reclassifications	<u>590,081</u>	<u>(24,281)</u>	<u>565,800</u>
<b>Expenses</b>			
Program services	478,176	-	478,176
General and administrative	<u>102,882</u>	<u>-</u>	<u>102,882</u>
Total expenses	<u>581,058</u>	<u>-</u>	<u>581,058</u>
Increase (decrease) in net assets	9,023	(24,281)	(15,258)
<b>Beginning Net Assets</b>	<u>100,146</u>	<u>25,400</u>	<u>125,546</u>
<b>Ending Net Assets</b>	<u>\$ 109,169</u>	<u>\$ 1,119</u>	<u>\$ 110,288</u>

See Accompanying Notes to Financial Statements.

**SOUTH CAROLINA ASSOCIATION OF NONPROFIT ORGANIZATIONS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Changes in Unrestricted Net Assets</b>			
<b>Support and Revenue</b>			
Membership support	\$ 178,990	\$ -	\$ 178,990
Contributions and grants	57,885	25,400	83,285
Summit program and revenue	236,432	-	236,432
Sponsorships	42,850	-	42,850
Purchasing power and product revenue	7,714	-	7,714
Knowledge network program revenue	750	-	750
Gain on disposal of property, plant and equipment	3,450	-	3,450
Interest	103	-	103
Total support and revenue	<u>528,174</u>	<u>25,400</u>	<u>553,574</u>
Net assets released from restriction	<u>28,500</u>	<u>(28,500)</u>	<u>-</u>
Total support, revenue and reclassifications	<u>556,674</u>	<u>(3,100)</u>	<u>553,574</u>
<b>Expenses</b>			
Program services	450,884	-	450,884
Management and general	95,821	-	95,821
Total expenses	<u>546,705</u>	<u>-</u>	<u>546,705</u>
Increase (decrease) in net assets	9,969	(3,100)	6,869
<b>Beginning net assets</b>	<u>90,177</u>	<u>28,500</u>	<u>118,677</u>
<b>Ending net assets</b>	<u>\$ 100,146</u>	<u>\$ 25,400</u>	<u>\$ 125,546</u>

See Accompanying Notes to Financial Statements.

**SOUTH CAROLINA ASSOCIATION OF NONPROFIT ORGANIZATIONS  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b><u>Cash Flows from Operating Activities:</u></b>		
Change in net assets	\$ (15,258)	\$ 6,869
Adjustments to reconcile the change in net assets to net cash provided by (used for) operating activities:		
Depreciation	4,099	1,423
Gain on sale of purchase of property, plant and equipment	-	(3,450)
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	6,841	(9,659)
Decrease (increase) in prepaid expenses	6,991	(10,496)
Increase (decrease) in accounts payable	3,012	(59)
Increase (decrease) in compensated absences	260	(3,941)
Increase in unearned membership revenue	15,102	10,760
Increase (decrease) in deferred revenue	(27,500)	25,000
Net cash provided by (used for) operating activities	(6,453)	16,447
<b><u>Cash Flows from Financing Activities:</u></b>		
Purchase of purchase of property, plant and equipment	(11,494)	-
Principle payments on capital lease	-	(2,153)
Net cash used for financing activities	(11,494)	(2,153)
Net increase (decrease) in cash and cash equivalents	(17,947)	14,294
Cash and cash equivalents, beginning of year	223,296	209,002
Cash and cash equivalents, end of year	\$ 205,349	\$ 223,296
<b><u>Supplemental Disclosures of Non-cash Investing and Financing Activities:</u></b>		
Termination of capital lease	\$ -	\$ 8,454

See Accompanying Notes to Financial Statements.

**SOUTH CAROLINA ASSOCIATION OF NONPROFIT ORGANIZATIONS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Basic Program

South Carolina Association of Nonprofit Organizations (the "SCANPO"), is a not-for-profit organization established in 1996 to support and advocate for charitable nonprofit organizations in South Carolina. The Organization provides technical assistance, training programs, and materials to increase professionalism and accountability for its member organizations. It advocates on behalf of its members and creates communication networks within and between the state's public and private sectors. It offers services and technology that enable its members to save money and time while serving as a gateway for the flow of information to and from the nonprofit sector and the business and government sectors. SCANPO is supported by grants and by membership dues, as well as by fees paid by members to attend meetings and workshops and to participate in various training programs.

Basis of Accounting

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

Financial Statement Presentation

In accordance with GAAP, SCANPO is required to report information regarding its financial position and activities according to three classes of net assets. Supports and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of SCANPO and changes therein are classified and reported as follows:

*Unrestricted Net Assets*

Net assets that are not subjected to donor-imposed restrictions.

*Temporarily Restricted Net Assets*

Net assets subject to donor-imposed restrictions that may or will be met either by actions of SCANPO and/or the passage of time.

*Permanently Restricted Net Assets*

Net assets subject to donor-imposed restrictions that they may be maintained permanently by SCANPO. Generally, the donors of these assets permit the use of all or part of the income earned on related investments for general or specific purposes.

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 a 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 restriction. The Organization had no permanently restricted net assets as of June 30, 2016 and 2015.

Cash and Cash Equivalents and Designated Cash

For the purpose of the statements of cash flows, SCANPO considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

The Association has approved a board designated reserve for general operations based upon the current year's budgeted expenditures adjusted for certain expenses. The fully funded reserve is calculated based upon three months adjusted budgeted operating expenditures.



**SOUTH CAROLINA ASSOCIATION OF NONPROFIT ORGANIZATIONS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates.

Furniture and Equipment

Furniture and equipment are recorded at cost, or if donated, at the approximate fair value at the date of the donation. Improvements that materially add to the value, productivity, or extend the useful life of assets are capitalized. Other expenditures for repair and maintenance are charged to operations in the year the costs are incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, generally three to seven years.

Contributions

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

SCANPO received in-kind contributions consisting of primarily professional services, facility access and program expenses. These contributions are valued at the estimated value available in the market place. For the years ended June 30, 2016 and 2015, in-kind contributions of \$15,502 and \$48,185 respectively, were primarily included in summit program revenue and sponsorships.

Compensated absences

SCANPO accounts for paid time off by recording a liability for employees' vested rights to receive compensation for future absences attributable to services already performed.

Revenue recognition

SCANPO reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as assets released from restrictions.

Membership dues are recorded as revenue when earned over the applicable membership period. Unearned membership revenue results from membership periods which overlap SCANPO's fiscal year end. SCANPO reviews and analyzes contributions receivable on an annual basis. Amounts deemed uncollectible are charged off during the period in which such a determination is made.

Income Taxes

SCANPO is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, SCANPO has been determined by the Internal Revenue Service ("IRS") not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

GAAP requires management to evaluate tax positions taken by SCANPO and recognize a tax liability (or asset) if SCANPO has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by SCANPO, and has concluded that as of June 30, 2016, 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. SCANPO is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for the years prior to 2013.

**SOUTH CAROLINA ASSOCIATION OF NONPROFIT ORGANIZATIONS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Recent Accounting Pronouncements and Proposed Accounting Pronouncements

On April 22, 2015, the Financial Accounting Standards Board (FASB) issued an Exposure Draft of the proposed Accounting Not-for Profit Entities (Topic 958) and Health Care Entities (Topic 954), for public release. The comment period ended as of August 20, 2015. The objective of this project is to reexamine existing standards for financial statements presentation by not-for-profit entities (NFP), focusing on improving: 1) Net asset classification requirements; and 2) Information provided in the financial statements and notes about liquidity, financial performance and cash flows. The Board has continued to meet, as recently as June 16, 2016, and is reviewing the final draft of the Accounting Standards Update. The Association expects some form of this standard to be approved in the late summer 2016. Indications are this pronouncement will be effective for years beginning after December 17, 2017 and will be applied retrospectively with options, and the Association has the expertise and resources to implement these changes as currently proposed.

**2. CONCENTRATION OF CREDIT RISK**

SCANPO places its cash and cash equivalents with high quality financial institutions. At times, deposits may exceed Federal Deposit Insurance Corporation (FDIC) insurance limits. As of June 30, 2016 and 2015, no amounts exceeded FDIC limits.

**3. FAIR VALUE MEASUREMENTS**

ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

**Level 1** Quoted prices in active markets for identical assets or liabilities.

**Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The price for SCANPO's money market account totaling \$103,189 and \$103,086 as of June 30, 2016 and 2015, respectively, is valued using inputs other than quoted market prices in active markets and is directly observable. The resulting fair value is categorized as Level 2 for each of the years ending June 30, 2016 and 2015.

**SOUTH CAROLINA ASSOCIATION OF NONPROFIT ORGANIZATIONS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**4. PROPERTY, PLANT AND EQUIPMENT**

Furniture and equipment consist of the following as of June 30:

	<u>2016</u>	<u>2015</u>
Computer equipment	\$ 1,339	\$ 1,339
Website	<u>19,916</u>	<u>8,421</u>
	21,255	9,760
Less accumulated depreciation	<u>(13,391)</u>	<u>(9,291)</u>
	<u>\$ 7,864</u>	<u>\$ 469</u>

Depreciation expense for the years ended June 30, 2016 and 2015 was \$4,099 and \$1,423, respectively.

**5. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are to be used for the following programs at June 30:

	<u>2016</u>	<u>2015</u>
Restricted for future period operations	\$ -	\$ 400
Knowledge network services	-	25,000
Summit Scholarships	<u>1,119</u>	<u>-</u>
	<u>\$ 1,119</u>	<u>\$ 25,400</u>

**6. LEASES**

SCANPO leased equipment under a capital lease that expired in August 2017. The asset and liability under the capital lease are recorded at the present value of the minimum lease payments. The asset is amortized over the related lease term, which approximates its estimated useful life. On May 22, 2015, SCANPO transferred the lease of its office equipment to the United Way Association of South Carolina, Inc. The United Way Association of South Carolina, Inc. assumed all rights and future obligations under the lease agreement. Amortization of assets under the capital lease is included in depreciation expense for the years ended June 30, 2015.

SCANPO leases office space under a month-to-month operating lease from the United Way Association of South Carolina, Inc. Rent expense was \$5,424 and \$7,026, for the years ended June 30, 2016 and 2015, respectively.

**7. COMMITMENTS**

In July 2015, SCANPO entered into an agreement with a Columbia, South Carolina hotel to host the 2017 Annual Summit. SCANPO's future minimum liability under this contract is \$40,000.

**8. RELATED PARTIES**

Donations from the Board of Directors members totaled \$5,250 and \$7,185, for the years ended June 30, 2016 and 2015, respectively.

**SOUTH CAROLINA ASSOCIATION OF NONPROFIT ORGANIZATIONS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015**

**9. SUBSEQUENT EVENTS**

Management has evaluated the effect subsequent events would have on the financial statements of SCANPO at June 30, 2016 through July 22, 2016, which is the date the financial statements were available to issue. Based upon this evaluation, there were no material adjustments to these financial statements.