

**CENTER FOR NONPROFIT MANAGEMENT, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2024 AND 2023**

CENTER FOR NONPROFIT MANAGEMENT, INC.

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## Independent Auditor's Report

To the Board of Directors  
Center for Nonprofit Management, Inc.  
Nashville, Tennessee

### **Opinion**

We have audited the accompanying financial statements of Center for Nonprofit Management, Inc. (the "Organization"), a nonprofit organization, which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and 2023, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



To the Board of Directors  
Center for Nonprofit Management, Inc.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Crosslin, PLLC*

Nashville, Tennessee  
April 23, 2025

CENTER FOR NONPROFIT MANAGEMENT, INC.  
STATEMENTS OF FINANCIAL POSITION

ASSETS

	<u>2024</u>	<u>2023</u>
Cash	\$ 45,892	\$ 112,918
Investments	440,769	420,474
Client fees receivable, net of allowance for credit losses of \$-0- for both 2024 and 2023	11,725	11,950
Contributions receivable, net of allowance for doubtful accounts of \$-0- for both 2024 and 2023	60,000	-
Employee retention credit receivable	243,237	166,092
Prepaid expenses and other assets	40,034	23,038
Deposits	9,855	9,855
Property and equipment, net	644,651	755,147
Right-of-use asset operating	397,919	475,852
Total assets	<u>\$ 1,894,082</u>	<u>\$ 1,975,326</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and accrued expenses	\$ 20,898	\$ 50,459
Deferred revenue and support	191,655	69,529
Lease liability	581,154	690,117
Line of credit	249,748	148,947
Total liabilities	<u>1,043,455</u>	<u>959,052</u>

Net assets:

Without donor restrictions	779,603	805,225
With donor restrictions	71,024	211,049
Total net assets	<u>850,627</u>	<u>1,016,274</u>
Total liabilities and net assets	<u>\$ 1,894,082</u>	<u>\$ 1,975,326</u>

See accompanying notes to financial statements.

CENTER FOR NONPROFIT MANAGEMENT, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:			
Service fees	\$ 369,035	\$ -	\$ 369,035
Association fee revenue	92,708	-	92,708
Grants	348,700	-	348,700
Contributions and ticket sales	268,030	-	268,030
Other	103,803	-	103,803
Investment return, net	20,759	-	20,759
Released from restriction - satisfaction of purpose restrictions	140,025	(140,025)	-
Total Revenues and Other Support	1,343,060	(140,025)	1,203,035
Expenses:			
Education	217,049	-	217,049
Consulting	52,601	-	52,601
Membership	112,162	-	112,162
Collective impact	76,512	-	76,512
Salute to Excellence, marketing and other	276,052	-	276,052
Management and general	634,306	-	634,306
Total Expenses	1,368,682	-	1,368,682
Change in net assets	(25,622)	(140,025)	(165,647)
Net assets, beginning of year	805,225	211,049	1,016,274
Net assets, end of year	\$ 779,603	\$ 71,024	\$ 850,627

See accompanying notes to financial statements.

CENTER FOR NONPROFIT MANAGEMENT, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:			
Service fees	\$ 450,017	\$ -	\$ 450,017
Association fee revenue	102,233	-	102,233
Grants	303,818	-	303,818
Contributions and ticket sales	306,130	-	306,130
Other	17,709	-	17,709
Investment return, net	24,369	-	24,369
Released from restriction - satisfaction of purpose restrictions	110,937	(110,937)	-
Total Revenues and Other Support	1,315,213	(110,937)	1,204,276
Expenses:			
Education	263,816	-	263,816
Consulting	87,740	-	87,740
Membership	102,873	-	102,873
Collective impact	388,062	-	388,062
Salute to Excellence, marketing and other	134,980	-	134,980
Management and general	797,948	-	797,948
Total Expenses	1,775,419	-	1,775,419
Change in net assets	(460,206)	(110,937)	(571,143)
Net assets, beginning of year	1,265,431	321,986	1,587,417
Net assets, end of year	\$ 805,225	\$ 211,049	\$ 1,016,274

See accompanying notes to financial statements.

CENTER FOR NONPROFIT MANAGEMENT, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2024

	Education	Consulting	Membership	Collective Impact	Salute to Excellence, Marketing, and Other	Total Program Services	Management and General and Fundraising	Total Expenses
Salaries and benefits	\$ 80,962	\$ -	\$ 54,534	\$ 45,381	\$ 66,160	\$ 247,037	\$ 231,539	\$ 478,576
Professional fees	80,729	52,601	23,098	5,818	20,001	182,247	92,633	274,880
Cost of services	-	-	-	-	147,691	147,691	10,175	157,866
Office rent	21,404	-	14,417	11,997	17,491	65,309	61,211	126,520
Insurance	1,601	-	1,078	898	1,308	4,885	4,578	9,463
Depreciation	18,693	-	12,591	10,478	15,276	57,038	53,459	110,497
Meals and breaks	10,959	-	434	1,249	2,080	14,722	9,130	23,852
Advertising	-	-	-	-	481	481	504	985
Bad debts	-	-	-	-	-	-	4,120	4,120
Office supplies	2,227	-	2,278	-	54	4,559	7,492	12,051
Audit and legal	-	-	-	-	-	-	123,484	123,484
Dues and subscriptions	429	-	2,813	350	5,510	9,102	8,256	17,358
Lease-equipment	-	-	-	-	-	-	634	634
Employee development	-	-	-	230	-	230	2,261	2,491
Travel	45	-	40	111	-	196	1,359	1,555
Payroll services	-	-	-	-	-	-	12,928	12,928
Postage and shipping	-	-	879	-	-	879	19	898
Interest Expense	-	-	-	-	-	-	10,237	10,237
Investment fees	-	-	-	-	-	-	287	287
	<u>\$ 217,049</u>	<u>\$ 52,601</u>	<u>\$ 112,162</u>	<u>\$ 76,512</u>	<u>\$ 276,052</u>	<u>\$ 734,376</u>	<u>\$ 634,306</u>	<u>\$ 1,368,682</u>

See accompanying notes to financial statements.



CENTER FOR NONPROFIT MANAGEMENT, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2023

	Education	Consulting	Membership	Collective Impact	Salute to Excellence, Marketing, and Other	Total Program Services	Management and General and Fundraising	Total Expenses
Salaries and benefits	\$ 85,073	\$ -	\$ 52,494	\$ 133,635	\$ 68,738	\$ 339,940	\$ 244,146	\$ 584,086
Professional fees	97,071	87,740	3,229	116,482	6,208	310,730	288,575	599,305
Cost of services	2,500	-	-	17,831	-	20,331	-	20,331
Office rent	19,719	-	13,158	32,519	16,212	81,608	43,698	125,306
Insurance	1,264	-	844	2,085	1,040	5,233	3,644	8,877
Depreciation	19,048	-	12,711	31,412	15,660	78,831	54,893	133,724
Meals and breaks	11,799	-	26	3,131	1,920	16,876	3,889	20,765
Advertising	-	-	45	544	2,196	2,785	99	2,884
Bad debts	-	-	-	-	-	-	53,102	53,102
Office supplies	2,078	-	62	-	447	2,587	8,843	11,430
Audit and legal	21,679	-	14,466	38,000	17,822	91,967	77,030	168,997
Dues and subscriptions	488	-	3,747	5,000	1,922	11,157	7,711	18,868
Repairs and maintenance	-	-	-	-	-	-	1,321	1,321
Lease-equipment	-	-	-	-	-	-	1,372	1,372
Employee development	-	-	-	2,496	441	2,937	1,013	3,950
Travel	523	-	-	1,338	366	2,227	23	2,250
Payroll services	2,411	-	2,091	3,589	2,008	10,099	5,467	15,566
Postage and shipping	163	-	-	-	-	163	345	508
Licenses, taxes & permits	-	-	-	-	-	-	2,695	2,695
Investment fees	-	-	-	-	-	-	82	82
	<u>\$ 263,816</u>	<u>\$ 87,740</u>	<u>\$ 102,873</u>	<u>\$ 388,062</u>	<u>\$ 134,980</u>	<u>\$ 977,471</u>	<u>\$ 797,948</u>	<u>\$ 1,775,419</u>

See accompanying notes to financial statements.

CENTER FOR NONPROFIT MANAGEMENT, INC.  
STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ (165,647)	\$ (571,143)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	110,497	133,724
Provision for bad debts	4,120	53,102
Realized and unrealized gains on investments	(2,632)	(6,468)
Operating leases, net	(31,030)	(26,222)
Change in operating assets and liabilities:		
Client fees receivable	(3,895)	136,983
Employee retention credit receivable	(77,145)	-
Contributions receivable	(60,000)	10,250
Prepaid expenses and other assets	(16,996)	(23,038)
Accounts payable and accrued expenses	(29,561)	(10,739)
Deferred revenue and support	122,126	(165,271)
Net cash used in operating activities	(150,163)	(468,822)
Cash flows from investing activities:		
Purchases of investments, net	(17,664)	472,863
Purchase of property and equipment	-	(46,154)
Net cash (used in) provided by investing activities	(17,664)	426,709
Cash flows from financing activities:		
Payment on line of credit	(171,945)	(1,053)
Borrowing on line of credit	272,746	-
Net cash provided by (used in) financing activities	100,801	(1,053)
Net change in cash	(67,026)	(43,166)
Cash, beginning of year	112,918	156,084
Cash, end of year	\$ 45,892	\$ 112,918

See accompanying notes to financial statements.

CENTER FOR NONPROFIT MANAGEMENT, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

A. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

During 1986, the Management Development Center began operations through funding from the HCA Foundation and the United Way of Metropolitan Nashville. On May 5, 1992, the Management Development Center was incorporated as a not-for-profit organization and changed its name to the Center for Nonprofit Management, Inc. (the “Organization”). The purpose of the Organization is to enhance the ability of nonprofit organizations to manage their business by providing services and resources to the governing board, employees, and volunteers of those organizations, including, but not limited to, management education and training and management consultation services. In 2024, the organization, legally known as the Center for Nonprofit Management (CNM), began doing business as the Center for Nonprofit Excellence of Middle Tennessee (CNEMT). This change reflects our expanded commitment to serving nonprofit organizations throughout the entire Middle Tennessee region.

Financial Statement Presentation

In accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”), the Organization is required to report information regarding its financial position and activities according to two classes of net assets: Net assets without donor restrictions and net assets with donor restrictions.

Under these provisions, net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion and/or designation of the Organization’s management and the Board of Directors.

*Net Assets With Donor Restrictions* - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Contributions and Grants

Contributions and grants received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions and grants which are restricted for specific programs are reflected as without donor restrictions if the funds are received and spent during the same year.

CENTER FOR NONPROFIT MANAGEMENT, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

A. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from non-exchange transactions, primarily government grants, may be subject to conditions, in the form of both barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). Revenue from conditional non-exchange transactions are recognized when the barrier is satisfied.

Contributions Receivable

Contributions receivables consist of donor promises to give to the Organization that are, in substance, unconditional. As of December 31, 2024, management considered all contributions receivable to be fully collectible and, therefore, no allowance for doubtful accounts was provided.

Client Fees and Allowance for Credit Losses

Client fees receivable, net were \$11,725 and \$11,950 as of December 31, 2024 and 2023, respectively. Client fees receivable are stated at the amount the Organization expects to collect from outstanding balances. The Organization accounts for potential losses in client fees receivable through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to client fees receivable.

The Organization assesses an allowance for expected credit losses under ASC 326, *Financial Instruments - Credit Losses*. The allowance for expected credit losses is based on historical loss experience, adjusted for current economic conditions and reasonable and supportable forecasts of future economic conditions that affect the collectability of the recorded amounts. The Organization did not deem an allowance for credit losses necessary at December 31, 2024, and 2023.

Deferred Revenue and Support

Fees received in the current year for services to be performed in the subsequent years are shown as deferred revenue (See Note B).

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all cash funds, cash bank accounts, and highly liquid debt instruments with an original maturity when purchased of three months or less, to be cash and cash equivalents other than certain money market funds held by the Organization for investment.

CENTER FOR NONPROFIT MANAGEMENT, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

A. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments

Investments in money market funds and marketable securities with readily determinable fair values and all investments in debt securities are reported at fair values in the accompanying statements of financial position. See further discussion of fair value measurements at Note D. Investment income and realized and unrealized gains and losses are reported as changes in net assets without donor restrictions, or if from restricted sources, are reported as changes in net assets with donor restrictions, if specified by the donor for a particular purpose.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets or lease terms, if shorter, for leasehold improvements. Estimated useful lives of all major classes of assets are as follows:

Equipment and database	3 - 5 years
Furniture and fixtures	7 years
Leasehold improvements (remaining life of lease)	5 - 10 years

Leases

The Organization determines whether an arrangement is or contains a lease at lease inception. Under FASB Topic ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. On the commencement date, operating leases are recorded as operating lease right-of-use ("ROU") assets and operating lease liabilities in the statements of financial position. Lease liabilities represent the Organization's contractual obligation to make lease payments over the lease term.

CENTER FOR NONPROFIT MANAGEMENT, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

A. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

For operating leases, the lease liability is measured as the present value of the lease payments over the lease term using either the rate implicit in the lease, if it is determinable, or the Organization's incremental borrowing rate if the implicit rate is not determinable. Operating ROU assets are calculated as the present value of the remaining lease payments plus unamortized initial direct costs and prepayments of rent, less any unamortized lease incentives received. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense is recognized on a straight-line basis over the lease term. The Organization has elected not to recognize a ROU asset and lease liability for leases with an initial term of 12 months or less but includes the expense associated with short-term leases in lease expense in the statements of activities.

The Organization's leases do not contain any material residual value guarantees or material restrictive covenants. The Organization does not have leases where it is involved with the construction or design of an underlying asset. The Organization has no material obligation for leases signed but not yet commenced as of December 31, 2024. The Organization does not have any material sublease activities.

ROU assets are assessed for impairment in accordance with the Organization's long-lived asset policy. Management reassesses lease classification and remeasures ROU assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with ASC 842.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income tax has been made.

The Organization follows FASB ASC guidance related to unrecognized tax benefits. The guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying financial statements. The Organization has no uncertain tax positions as of December 31, 2024 and 2023.

CENTER FOR NONPROFIT MANAGEMENT, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

A. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 and allocation of functional expenses during the reporting period. Actual results could differ from those estimates.

In-Kind Contributions

Contributed services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received.

Additionally, the Organization receives a significant amount of contributed time from volunteers which does not meet the recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Functional Expenses

Costs of providing the Organization's programs are summarized and reported on a functional basis. Expenses of each program include costs directly associated with the program and other indirect costs determined to benefit that program. These costs have been allocated between program and supporting services based on estimates by management on an equitable basis. Expenses that are allocated consisted primarily of salaries and wages expense which was allocated based on time and effort. Fundraising expenses totaled \$247,473 and \$150,717 (primarily for salaries) in 2024 and 2023, respectively.

Advertising Expense

The Organization expenses advertising costs as incurred. Advertising costs charged to expense totaled \$985 and \$2,884 for the years ended December 31, 2024 and 2023, respectively.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported net assets, changes in net assets, or cash flows.

CENTER FOR NONPROFIT MANAGEMENT, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

B. REVENUE RECOGNITION

The Organization has Adopted ASU 2014-09, *Revenue From Contracts With Customers (Topic 606)* (“Asc 606”), under which revenue is recognized when the Organization transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

Provisions of ASC 606 are as follows:

Contract Balances

Timing differences among revenue recognition may result in contract assets or liabilities. Contract liabilities classified as deferred revenue and support on the accompanying statements of financial position totaled \$191,655 and \$69,529 as of December 31, 2024 and 2023, respectively. Deferred revenue represents unearned membership dues and consulting fees.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and is recognized as revenue when, or as, each performance obligation is satisfied. The Organization’s revenue within the scope of ASC 606 consists of revenue from membership dues, consulting, and training services.

Revenue Recognition

Revenue (consulting and training fees) is recognized as services are performed or products are delivered with the exception of annual memberships paid by member organizations. Memberships paid by member organizations are recognized over the contractual term of the membership as management believes this approximates the pattern of use. All revenue described above is included in service fees in the accompanying statements of activities.

Practical Expedients and Exemptions

There are several practical expedients and exemptions allowed under ASC 606 that impact timing and revenue recognition and disclosures. The one practical expedient the Organization applied in the adoption and application of ASC 606 allows the Organization to elect to treat similar contracts as part of a portfolio of contracts. The contracts have the same provision terms and management has the expectation that the result will not be materially different from the consideration of each individual contract.



CENTER FOR NONPROFIT MANAGEMENT, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

B. REVENUE RECOGNITION - Continued

The following table provides information about significant changes in the contract liabilities for the years ended December 31:

<u>Year Ended December 31, 2024</u>	<u>Membership Dues</u>	<u>Consulting</u>	<u>Training</u>	<u>Other</u>	<u>Total</u>
Deferred revenue, beginning of year	\$ 67,758		\$ 1,771	\$ -	\$ 69,529
Revenue recognized that was included in deferred revenue at the beginning of the year	( 67,758)		(1,771)	-	( 69,529)
Increase in deferred revenue due to cash received during the year	<u>154,315</u>	<u>32,000</u>	<u>5,340</u>	<u>-</u>	<u>191,655</u>
	<u>\$ 154,315</u>	<u>\$32,000</u>	<u>\$ 5,340</u>	<u>\$ -</u>	<u>\$ 191,655</u>
<u>Year Ended December 31, 2023</u>	<u>Membership Dues</u>	<u>Consulting</u>	<u>Training</u>	<u>Other</u>	<u>Total</u>
Deferred revenue, beginning of year	\$ 209,796	\$ 19,750	\$ 5,254	\$ -	\$ 234,800
Revenue recognized that was included in deferred revenue at the beginning of the year	(209,796)	(19,750)	(5,254)	-	(234,800)
Increase in deferred revenue due to cash received during the year	<u>67,758</u>	<u>-</u>	<u>1,771</u>	<u>-</u>	<u>69,529</u>
	<u>\$ 67,758</u>	<u>\$ -</u>	<u>\$ 1,771</u>	<u>\$ -</u>	<u>\$ 69,529</u>

CENTER FOR NONPROFIT MANAGEMENT, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

C. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization obtained a line of credit with maximum borrowings of \$320,000 (see Note F) with a financial institution that can be drawn upon during the year to manage cash flows, if needed. Borrowings outstanding on the line of credit at December 31, 2024 are \$249,748. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of consulting services and trainings as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at December 31:

	<u>2024</u>	<u>2023</u>
Financial Assets:		
Cash	\$ 45,892	\$112,918
Investments	440,769	420,474
Client fees receivable	11,725	11,950
Contributions receivable	<u>60,000</u>	<u>-</u>
Total financial assets	<u>558,386</u>	<u>545,342</u>
Less amounts not available to be used for general expenditures within one year:		
Donor restricted	<u>71,024</u>	<u>211,049</u>
Financial assets not available to meet cash needs for general expenditures within one year	<u>\$487,362</u>	<u>\$334,293</u>

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D. FAIR VALUE MEASUREMENTS AND INVESTMENTS

The Organization has adopted the fair value measurement topic of FASB ASC, which establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. A description of the valuation methodology used for assets measured at fair value is as follows:

*Money Market, Mutual Funds, and Other* - Valued primarily at the amounts reported at closing prices of shares in active markets held by the Organization at year-end.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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D. FAIR VALUE MEASUREMENTS AND INVESTMENTS - Continued

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31:

	2024			
	Level 1	Level 2	Level 3	Total
Money market funds	\$424,626	\$ -	\$ -	\$424,626
Other funds	<u>16,143</u>	<u>-</u>	<u>-</u>	<u>16,143</u>
Total assets, at fair value	<u>\$440,769</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$440,749</u>

  

	2023			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Low duration bond funds	\$405,920	\$ -	\$ -	\$405,920
Other funds	<u>14,554</u>	<u>-</u>	<u>-</u>	<u>14,554</u>
Total assets, at fair value	<u>\$420,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$420,474</u>

As of December 31, 2024 the Organization has pledged certain securities with a closing fair value of \$424,626, as collateral to secure the line of credit in Note F. These pledged securities are included in the total assets at fair value above. The Organization is in compliance with the related agreement terms.

E. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2024	2023
Equipment	\$ 52,712	\$ 94,603
Furniture and fixtures	143,435	143,435
Leasehold improvements	668,497	668,497
Database	<u>324,435</u>	<u>324,435</u>
	1,189,079	1,230,970
Accumulated depreciation	<u>( 544,428)</u>	<u>( 475,823)</u>
Property and equipment, net	<u>\$ 644,651</u>	<u>\$ 755,147</u>

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F. LINE-OF-CREDIT AGREEMENT

During the year ended December 31, 2020, the Organization obtained a line of credit allowing maximum borrowings of \$200,000. The line of credit was renewed in May 2021 as an open ended revolving line of credit with principal payable on demand. Interest on outstanding borrowings is a variable interest rate that is computed at 1.5% plus LIBOR rate. The outstanding balance as of December 31, 2023 was \$-0-. This line of credit was closed in April 2024.

In April 2024, the Organization obtained a line of credit from a bank with a maximum borrowing capacity of \$320,000. The line of credit carries a variable interest rate based on the bank base rate, plus a margin of 0.75%, resulting in an initial interest rate of 7.75% per annum. Interest is calculated on a 365/360 basis and is payable monthly, with full principal and interest due on April 10, 2026. As of December 31, 2024, the outstanding balance on the line of credit was \$249,748. The Organization is required to make monthly payments of interest on the outstanding balance starting May 10, 2024, with the full principal and accrued interest due at maturity. The line of credit is secured by a security interest in certain assets of the Organization and is subject to various covenants and terms, including the requirement to maintain certain financial ratios. The Organization has not experienced any defaults under the terms of this agreement.

G. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2024</u>	<u>2023</u>
Nonprofit excellence funds (Invest in Success)	\$34,909	\$139,465
Association of nonprofit executives' funds	36,115	36,115
Match grant funds	<u>-</u>	<u>35,469</u>
Total net assets with donor restrictions	<u>\$71,024</u>	<u>\$211,049</u>

H. RETIREMENT PLAN

The Organization adopted a retirement plan ("plan") for all employees as of January 1, 1993, and as modified December 8, 1999. Contributions to the plan begin after one year of qualifying employment if the employee is 21 years of age or older. Contributions were calculated at a rate of 4% of base salary for 2024 and 2023. Contributions to the plan, or to alternative employee-elected payment options, amounted to \$8,916 and \$12,320 for the years ended December 31, 2024 and 2023, respectively.

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I. LEASES

The Organization leases its office space. Future minimum lease payments as of December 31, 2024 are as follows:

<u>Maturity Analysis</u>	<u>Operating</u>
2025	\$ 128,873
2026	132,095
2027	135,398
2028	138,783
2029	<u>82,126</u>
Total undiscounted cash flows	617,275
Less present value discount	<u>( 36,121)</u>
Total lease liabilities	<u>\$ 581,154</u>

The components of lease expense for December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Operating lease expense	<u>\$129,057</u>	<u>\$94,700</u>

Additional supplemental information related to operating leases for the years ended December 31, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Cash flow information:		
Cash paid for amounts included in measurement of lease liabilities: Operating cash flows from operating leases	\$125,730	\$120,922
Weighted-average remaining lease term (years)		
Operating leases	4.58	5.58
Weighted-average discount rate		
Operating leases	2.66%	2.66%

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J. CREDIT RISK

Certain investments are not insured by the Federal Deposit Insurance Corporation (“FDIC”) or any other government agency and are subject to investment risk, including loss of principal. Investments are insured by the Securities and Investor Protection Corporation, which covers investor losses, in some cases, attributable to bankruptcy or fraudulent practices of brokerage firms. At times throughout the year, the Organization may maintain balances at financial institutions in excess of FDIC insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk related to its cash held at financial institution.

K. SUBSEQUENT EVENTS

The Organization evaluated subsequent events through April 23, 2025, when these financial statements were available to be issued and determined there are no subsequent events that require disclosure.