

**Association of Fundraising Professionals  
Greater Houston Chapter**

Financial Statements  
and Independent Auditors' Report  
for the year ended December 31, 2014

## Independent Auditors' Report

To the Board of Directors of  
Association of Fundraising Professionals Greater Houston Chapter:

We have audited the accompanying financial statements of Association of Fundraising Professionals Greater Houston Chapter, which comprise the statement of financial position as of December 31, 2014 and the related statements of activities and of cash flows for the year 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 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 our 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 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 Association of Fundraising Professionals Greater Houston Chapter as of December 31, 2014 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



September 24, 2015

## Association of Fundraising Professionals Greater Houston Chapter

Statement of Financial Position as of December 31, 2014

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### ASSETS

|                                   |                   |
|-----------------------------------|-------------------|
| Cash                              | \$ 275,059        |
| Prepaid expenses and other assets | 19,300            |
| Investments ( <i>Note 2</i> )     | <u>144,880</u>    |
| TOTAL ASSETS                      | <u>\$ 439,239</u> |

### LIABILITIES AND NET ASSETS

|                                  |                   |
|----------------------------------|-------------------|
| Unrestricted net assets          | <u>\$ 439,239</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 439,239</u> |

*See accompanying notes to financial statements.*

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## Association of Fundraising Professionals Greater Houston Chapter

Statement of Activities for the year ended December 31, 2014

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### REVENUE:

|                                     |                |
|-------------------------------------|----------------|
| Special event                       | \$ 237,550     |
| Direct donor benefits               | (71,016)       |
| Program fees                        | 54,788         |
| Membership dues                     | 39,296         |
| Job posting fees                    | 35,550         |
| Contributions                       | 9,530          |
| Investment return ( <i>Note 2</i> ) | <u>5,123</u>   |
| Total revenue                       | <u>310,821</u> |

### EXPENSES:

|                        |                |
|------------------------|----------------|
| Program expenses       | 134,423        |
| Fundraising expenses   | 38,146         |
| Management and general | <u>80,703</u>  |
| Total expenses         | <u>253,272</u> |

CHANGES IN UNRESTRICTED NET ASSETS 57,549

Unrestricted net assets, beginning of year 381,690

Unrestricted net assets, end of year \$ 439,239

*See accompanying notes to financial statements.*

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## Association of Fundraising Professionals Greater Houston Chapter

Statement of Cash Flows for the year ended December 31, 2014

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### CASH FLOWS FROM OPERATING ACTIVITIES:

|  |                 |
|--|-----------------|
| Changes in unrestricted net assets   | \$ 57,549       |
| Adjustments to reconcile changes in unrestricted net assets<br>to net cash provided by operating activities: |                 |
| Net realized and unrealized gain on investments  | (4,969)         |
| Changes in operating assets and liabilities:   |                 |
| Prepaid expenses and other assets  | (5,235)         |
| Deferred revenue   | <u>(15,927)</u> |
| Net cash provided by operating activities  | <u>31,418</u>   |

### CASH FLOWS FROM INVESTING ACTIVITIES:

|   |                 |
|---|-----------------|
| Purchase of investments                                 | (39,293)        |
| Change in money market mutual funds held as investments | (45,804)        |
| Proceeds from sale of investments                       | <u>15,970</u>   |
| Net cash used by investing activities                   | <u>(69,127)</u> |

NET CHANGE IN CASH (37,709)

Cash, beginning of year 312,768

Cash, end of year \$ 275,059

*See accompanying notes to financial statements.*

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# Association of Fundraising Professionals Greater Houston Chapter

Notes to Financial Statements for the year ended December 31, 2014

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## NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Association of Fundraising Professionals Greater Houston Chapter (the Chapter), is a Texas non-profit corporation formed in July 1968. The chapter is an affiliate of the Association of Fundraising Professionals, an association of professionals throughout the world which advances philanthropy by enabling people and organizations to practice ethical and effective fundraising. The core activities through which this chapter fulfills this mission include education, training, mentoring, research, credentialing and advocacy.

Federal income tax status – The Chapter is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(ii). The Chapter files annual federal information returns that are subject to routine examination; however, there are no examinations for any tax periods currently in progress. The Chapter believes it is no longer subject to examinations of returns for tax years ended before December 31, 2011.

Cash concentration – Bank deposits exceed the federally insured limit per depositor per institution.

Net asset classification – Contributions and the related net assets are classified based on the existence or absence of donor-imposed restrictions. Unrestricted net assets include those net assets whose use is not restricted by donor-imposed stipulations, even though their use may be limited in other respects, such as by contract or board designation.

Contributions are recognized as revenue when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as restricted revenue.

Fees and dues are recognized as revenue when the service is provided.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

## NOTE 2 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is 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. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at December 31, 2014 are as follows:

|                                     | <u>LEVEL 1</u>    | <u>LEVEL 2</u> | <u>LEVEL 3</u> | <u>TOTAL</u>      |
|-------------------------------------|-------------------|----------------|----------------|-------------------|
| Investments:                        |                   |                |                |                   |
| Mutual funds:                       |                   |                |                |                   |
| Money market                        | \$ 46,528         |                |                | \$ 46,528         |
| Intermediate-term bond              | 20,669            |                |                | 20,669            |
| Short-term bond                     | 5,059             |                |                | 5,059             |
| Mid-cap growth                      | 2,687             |                |                | 2,687             |
| Foreign large blend                 | 1,649             |                |                | 1,649             |
| Exchange-traded funds:              |                   |                |                |                   |
| Mid-cap value                       | 19,292            |                |                | 19,292            |
| Large-cap value                     | 17,153            |                |                | 17,153            |
| Large-cap growth                    | 10,675            |                |                | 10,675            |
| Mid-cap growth                      | 7,031             |                |                | 7,031             |
| U. S. Treasury                      | 6,584             |                |                | 6,584             |
| Large-cap blend                     | 4,257             |                |                | 4,257             |
| Small-cap value                     | <u>3,296</u>      |                |                | <u>3,296</u>      |
| Total assets measured at fair value | <u>\$ 144,880</u> | <u>\$ 0</u>    | <u>\$ 0</u>    | <u>\$ 144,880</u> |

Valuation methods used for assets measured at fair value are as follows:

- *Mutual funds* are valued at the reported net asset value of shares held.
- *Exchange-traded funds* are valued at the closing price reported on the active market on which the funds are traded.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Chapter believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investment return at December 31, 2014 includes earnings on cash and consists of the following:

|   |                 |
|---|-----------------|
| Net realized and unrealized gain on investments | \$ 4,969        |
| Interest and dividends                          | <u>154</u>      |
| Total investment return                         | <u>\$ 5,123</u> |

### NOTE 3 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 24, 2015, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.