

**ASSOCIATION OF PROPOSAL
MANAGEMENT PROFESSIONALS**

FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

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, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association of Proposal Management Professionals as of December 31, 2015 and 2014, 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.

Report on Supplementary Information

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 11 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

October 12, 2016

ASSOCIATION OF PROPOSAL MANAGEMENT PROFESSIONALS

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Assets		
Cash	\$ 761,515	\$ 1,015,465
Investments - mutual funds	702,307	431,924
Accounts receivable	16,126	22,562
Prepaid expenses	11,777	8,162
Office equipment, net	6,846	5,596
Deposits	<u>2,000</u>	<u>2,000</u>
Total Assets	<u>\$ 1,500,571</u>	<u>\$ 1,485,709</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 91,332	\$ 193,890
Deferred revenue	33,832	10,000
Accrued expenses	5,785	12,222
Payroll liabilities	<u>7,164</u>	<u>7,387</u>
Total Liabilities	138,113	223,499
Net Assets - Unrestricted	<u>1,362,458</u>	<u>1,262,210</u>
Total Liabilities and Net Assets	<u>\$ 1,500,571</u>	<u>\$ 1,485,709</u>

-See independent auditor's report and accompanying notes-

ASSOCIATION OF PROPOSAL MANAGEMENT PROFESSIONALS

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Revenues		
Membership	\$ 1,086,026	\$ 819,198
Conference	570,372	646,467
Accreditation	113,270	104,896
Marketing and communications	45,617	35,729
Education	47,479	87,960
Investment income	<u>14,224</u>	<u>30,755</u>
Total Revenues	<u>1,876,988</u>	<u>1,725,005</u>
Expenses		
Membership	179,340	152,813
Conference	394,945	521,644
Accreditation	79,454	69,103
Marketing and communications	107,616	94,790
Education	95,647	144,816
General operating expenses	900,683	678,426
Loss on investments	19,055	7,731
Loss on disposal of assets	<u>-</u>	<u>1,029</u>
Total Expenses	<u>1,776,740</u>	<u>1,670,352</u>
Change in Unrestricted Net Assets	100,248	54,653
Unrestricted Net Assets at Beginning of Year	<u>1,262,210</u>	<u>1,207,557</u>
Unrestricted Net Assets at End of Year	<u>\$ 1,362,458</u>	<u>\$ 1,262,210</u>

-See independent auditor's report and accompanying notes-

ASSOCIATION OF PROPOSAL MANAGEMENT PROFESSIONALS

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Change in unrestricted net assets	\$ 100,248	\$ 54,653
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities		
Depreciation	2,080	1,674
Loss(gain) from investments	19,055	(824)
Loss on disposal of fixed assets	-	1,029
(Increase)decrease in operating assets		
Accounts receivable	6,436	(16,232)
Prepaid expenses	(3,615)	41,288
Increase(decrease) in operating liabilities		
Accounts payable	(102,558)	137,009
Deferred revenue	23,832	(83,475)
Accrued expenses	(6,437)	(4,939)
Payroll liabilities	<u>(223)</u>	<u>7,387</u>
Net Cash Provided By Operating Activities	<u>38,818</u>	<u>137,570</u>
Cash Flows From Investing Activities		
Purchase of investments	(721,956)	-
Sale of investments	432,518	341,381
Purchase of property and equipment	<u>(3,330)</u>	<u>(1,125)</u>
Net Cash Provided By(Used By) Investing Activities	<u>(292,768)</u>	<u>340,256</u>
Net Increase(Decrease) in Cash	(253,950)	477,826
Cash At Beginning of Year	<u>1,015,465</u>	<u>537,639</u>
Cash At End of Year	<u>\$ 761,515</u>	<u>\$ 1,015,465</u>

The Association paid no interest or income taxes and had no noncash investing or financing transactions in 2015 and 2014.

-See independent auditor's report and accompanying notes-

ASSOCIATION OF PROPOSAL MANAGEMENT PROFESSIONALS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

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.

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DECEMBER 31, 2015 AND 2014

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 \$2,080 and \$1,674 for the years ended December 31, 2015 and 2014, respectively.

Property and equipment are detailed as follows:

	<u>2015</u>	<u>2014</u>
Office equipment	\$ 11,502	\$ 8,172
Less accumulated depreciation	<u>(4,656)</u>	<u>(2,576)</u>
	<u>\$ 6,846</u>	<u>\$ 5,596</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.

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, 2012 remain subject to examination by federal and state authorities.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

- (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, 2015. In addition, the Association is required to present a statement of cash flows.
- (g) **Advertising Costs** – The Association has only nondirect response advertising costs which are expensed as incurred. There were no advertising costs for the years ended December 31, 2015 and 2014.
- (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.
- (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 2015 or 2014. There was no bad debt expense for the years ended December 31, 2015 and 2014.

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.

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

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

Assets measured at fair value on a recurring basis at December 31, 2015 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds	\$ <u>702,307</u>	\$ -	\$ -
	\$ <u>702,307</u>	\$ -	\$ -

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

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

Investment income is as follows:

	<u>2015</u>	<u>2014</u>
Dividends	\$ 13,737	\$ 21,776
Interest	487	424
Unrealized Gain on Investments	-	<u>8,555</u>
	<u>\$ 14,224</u>	<u>\$ 30,755</u>

Advisory fees on investments amounted to \$4,101 and \$7,805 in 2015 and 2014, respectively.

ASSOCIATION OF PROPOSAL MANAGEMENT PROFESSIONALS

NOTES TO FINANCIAL STATEMENTS

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Note 5 – Prepaid Expenses

Prepaid expenses consist of deposits on the upcoming conference of \$11,777 and \$8,162 for the years ended December 31, 2015 and 2014, respectively.

Note 6 – Concentrations of Credit Risk

The Association maintains cash and other financial instruments, which exceeds federally insured and other limits by \$679,310 and \$652,482 for the years ended December 31, 2015 and 2014, respectively. 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

The Association made payments of approximately \$39,611 and \$30,505, for the years ended December 31, 2015 and 2014, respectively for publications from a company for which one of the Association's governing board members is a member of management.

Note 8 – Lease Commitment

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

Note 9 – Deferred Revenue

At December 31, 2015 and 2014, deferred revenue consists of the following:

	<u>2015</u>	<u>2014</u>
Conference exhibit booth	\$ 7,500	\$ -
Conference registration	23,332	-
Conference sponsors	3,000	-
Membership	-	<u>10,000</u>
	<u>\$ 33,832</u>	<u>\$ 10,000</u>

Note 10 – Subsequent Events

In preparing these financial statements, the association has evaluated events and transactions for potential recognition or disclosure through October 12, 2016 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, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Board of Directors insurance	\$ 2,828	\$ 2,837
Board of Directors support	9,475	12,705
Broker fees	4,101	-
Depreciation	2,080	1,674
Dues and subscriptions	3,319	3,254
Employee benefits	53,777	23,800
Legal and professional	59,559	46,480
Merchant fees	59,079	59,287
Miscellaneous	7,183	-
Office	16,579	9,926
Outside services	34,414	69,445
Payroll taxes	36,790	24,137
Postage and freight	631	798
Rent	16,279	11,508
Salaries and wages	536,715	367,849
Software	19,340	17,573
Storage rent	2,283	2,008
Telephone	9,621	11,810
Travel and entertainment	<u>26,630</u>	<u>13,335</u>
Total General Operating Expenses	<u>\$ 900,683</u>	<u>\$ 678,426</u>

-See independent auditor's report-