

# NATIONAL PROPERTY MANAGEMENT ASSOCIATION, INC.

## FINANCIAL STATEMENTS

DECEMBER 31, 2011

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INDEPENDENT AUDITORS' REPORT

To the Executive Board  
National Property Management Association, Inc.  
Oldsmar, Florida

We have audited the accompanying statement of financial position of National Property Management Association, Inc. as of December 31, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Property Management Association, Inc. as of December 31, 2011, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Hurd, Hawkins, Meyers & Radosovich, P.A.*

HURD, HAWKINS, MEYERS & RADOSEVICH, P.A.  
Certified Public Accountants

January 3, 2013

**NATIONAL PROPERTY MANAGEMENT ASSOCIATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2011**

ASSETS

Current Assets		
Cash and Cash Equivalents	100,356	
Investments	182,830	
Accounts Receivable, Net of Allowance of \$13,928	11,259	
Employee Advance	3,975	
Prepaid Expenses	8,412	
Inventory	<u>8,503</u>	
Total Current Assets		\$ 315,335
Property and Equipment		
Office Equipment & Software	78,373	
Exam and Manual Development	125,624	
Audio Visual Equipment	<u>3,400</u>	
	207,397	
Less: Accumulated Depreciation and Amortization	<u>(173,655)</u>	
Net Property and Equipment		33,742
Other Assets		
Deposits	<u>2,594</u>	
Total Other Assets		<u>2,594</u>
Total Assets		<u>\$ 351,671</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 134,998	
Unearned Revenue	<u>169,407</u>	
Total Current Liabilities		\$ 304,405
Long-Term Liabilities		<u>-</u>
Total Liabilities		304,405
Unrestricted Net Assets		<u>47,266</u>
Total Liabilities and Net Assets		<u>\$ 351,671</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**NATIONAL PROPERTY MANAGEMENT ASSOCIATION, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Revenues		
Membership Fees	\$	387,821
Training Programs		515,020
Certification		111,843
Seminar		526,213
Manual/Magazine Sales		14,350
Advertising		21,612
Exhibitors		34,075
Sponsorships		11,700
Conference Series		5,858
Interest		771
Loss on Disposal of Property & Equipment		(9,749)
Net Investment Income		<u>(7,211)</u>
Total Unrestricted Revenues		\$ 1,612,303
Expenses		
Program Services:		
Membership Services	\$	298,736
Education & Training		424,094
Certification		87,270
Seminar		<u>542,095</u>
Total Program Services		1,352,195
Supporting Services:		
General & Administrative		228,735
Development		<u>129,590</u>
Total Supporting Services		<u>358,325</u>
Total Expenses		<u>1,710,520</u>
Net Decrease in Unrestricted Net Assets		(98,217)
Unrestricted Net Assets, Beginning of Year		<u>145,483</u>
Unrestricted Net Assets, End of Year		<u>\$ 47,266</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**NATIONAL PROPERTY MANAGEMENT ASSOCIATION, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in Net Assets	\$	(98,217)
ADJUSTMENTS TO RECONCILE DECREASE IN NET ASSETS TO CASH USED BY OPERATING ACTIVITIES		
Depreciation and Amortization		14,232
Loss on Disposal of Property & Equipment		9,748
Change in Accounts Receivable		30,613
Change in Prepaid Expenses		(5,057)
Change in Inventory		9,821
Change in Employee Advance		(3,975)
Change in Deposits		10,000
Change in Accounts Payable & Accrued Expenses		39,043
Change in Unearned Revenue		<u>(76,661)</u>
NET CASH USED BY OPERATING ACTIVITIES	\$	(70,453)
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in Investments		7,212
Acquisition of Property & Equipment		<u>(1,476)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES		5,736
CASH FLOWS FROM FINANCING ACTIVITIES		
NET CASH PROVIDED BY FINANCING ACTIVITIES		<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(64,717)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		<u>165,073</u>
CASH AND CASH EQUIVALENTS, END OF YEAR		<u>\$ 100,356</u>
INTEREST PAID	\$	<u>-</u>
INCOME TAXES PAID	\$	<u>-</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**NATIONAL PROPERTY MANAGEMENT ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

National Property Management Association, Inc. (the “Association”) is a non-profit organization incorporated under the laws of the State of Florida for the purpose of educating, training and promoting standards of competency and ethical behavior in the asset management of personal property in the public and private sectors. The Association consists of about 4,000 members. The Association’s National Headquarters are in Clearwater, Florida.

Financial Statement Presentation

The Association reports 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. The Association does not have any temporarily or permanently restricted net assets.

Revenue

The Association’s sources of revenue include an annual seminar, membership dues, training programs, certification activities and the sale of manuals and advertising.

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 reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash on deposit, money market accounts and investment grade commercial paper that are readily convertible into cash and purchased with original maturities of three months or less.

Valuation of Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair market values in the statement of financial position. Unrealized gains and losses are included in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily restricted by donors to a specified purpose or future period.

Subsequent Events

The Company has evaluated subsequent events through January 3, 2013, the date which the financial statements were available to be issued.

**NATIONAL PROPERTY MANAGEMENT ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivables

The Association uses the reserve method of accounting for bad debts. Management has recorded an estimated allowance for bad debts in the amount of \$13,928 at December 31, 2011.

Inventory

The Association maintains an inventory of manuals, exams and membership incentives. These supplies are purchased in bulk and distributed as required. Inventory is reported at cost, using the first-in, first-out basis.

Property and Equipment

Property and equipment are recorded at cost. Furniture, fixtures and equipment are depreciated over estimated useful lives ranging from three to ten years using the straight-line method. Software is amortized over three to seven years and the cost of developing manuals and exams is amortized over three years. Depreciation and amortization expense for the year ended December 31, 2011 was \$14,232.

Unearned Revenue

Unearned revenue consists of the unexpired portion of annual membership fees and other training and certification fees billed or received in the current period for which the Association will be providing services in the future.

Region and Chapter Reserves

Meeting fees allocable to various regions and chapters of NPMA are paid to them after events are concluded. Amounts collected on behalf of these regions and chapters are reported as "regions and chapter reserves" and included as a current liability.

Advertising

The Association expenses advertising production costs as they are incurred and advertising communication costs the first time the advertising takes place.

Income Taxes

The Association is generally exempt from income taxes under Section 501 (c) (6) of the Internal Revenue Code. However, the Association is subject to tax on unrelated business income arising mainly from advertising income and miscellaneous sales of merchandise. Informational returns (Form 990) are filed with the Internal Revenue Service.

The Association has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Association believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Association's financial condition, results of operations or cash flows.

**NATIONAL PROPERTY MANAGEMENT ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes - Continued

Accordingly, the Association has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2011.

The Association is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Association believes it is no longer subject to income tax examinations for years prior to 2008.

The Association's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

Functional Expenses

The Association allocates its expenses on a functional basis among its various programs and services. Expenses that can be identified with a specific revenue and support service are allocated directly according to their natural expenditure classification. The Association's principal activities comprise:

**MEMBERSHIP** – Leadership, professional suggestions and education through networking and idea exchange from the publication of *The Property Professional* magazine, communications web-site home-page, and support of regional and local chapters.

**EDUCATION & TRAINING** – Professional training courses are held during the year for which members earn continuing education units for courses taken.

**CERTIFICATION** – Testing program that qualifies the successful participant for the designation of Certified Professional Property Manager.

**SEMINAR** – Annual mid-year educational seminar with exhibitions and providing continuing education units for attendance.

NOTE 2 – OPERATING LEASE

Rent expense for the year ended December 31, 2011, was \$40,304. The Association leased their office location effective January 23, 2007. The five-year lease term expired January 2012 and the Association moved to a new facility. The Association leases equipment through an agreement expiring January 2015. Minimum future lease payments for the next five years on operating leases with initial terms in excess of one year are as follows:

December 31,	
2012	\$ 5,149
2013	\$ 2,555
2014	\$ 2,555
2015	\$ 213
2016	\$ 0



**NATIONAL PROPERTY MANAGEMENT ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE 3 – ACCRUED COMPENSATED ABSENCES**

Substantially all employees receive compensation for vacations, holidays, illness and certain other qualifying absences. The number of days compensated under the various categories of absence is generally based on length of service. Unused vacation can be carried over from year to year up to a maximum of 25 days. Vacation leave, which has been earned, but not paid, has been accrued in the accompanying financial statements.

**NOTE 4 – RESERVES POLICY**

During 2005 the National Executive Board approved a designation of net assets to be allocated 28% for operations reserves; 30% for short-term investments; and 42% for long-term investments. This designation of net assets is still in effect in the current year financial statements.

**NOTE 5 – FAIR VALUE MEASUREMENT**

The Association accounts for certain assets and liabilities at fair value. The hierarchy below lists three levels of fair value based on the extent to which inputs used in measuring fair value are observable in the market. These levels are:

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

Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, and other observable inputs.

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

The following table sets forth by level, within the fair value hierarchy, the Association's assets at fair value as of December 31, 2011.

	Assets at Fair Value as of December 31, 2011			
	Level 1	Level 2	Level 3	Total
Cash & Sweep Balances	\$ 26,341	\$ -	\$ -	\$ 26,341
Mutual Funds	156,489	-	-	156,489
Total Assets at Fair Value	\$ 182,830	\$ -	\$ -	\$ 182,830

INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION

To the Executive Board  
National Property Management Association, Inc.  
Oldsmar, Florida

Our report on our audit of the basic financial statements of National Property Management Association, Inc. for 2011 appears on page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as whole. The supplementary information on page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



HURD, HAWKINS, MEYERS & RADOSEVICH, P.A.  
Certified Public Accountants

January 3, 2013

**NATIONAL PROPERTY MANAGEMENT ASSOCIATION, INC.  
SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Supporting Services				Program Services				Total Expenses
	General & Administrative	Development	Total	Membership	Education & Training	Certification	Seminar	Total	
Advertising & Marketing	\$ -	\$ 73,125	\$ 73,125	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,125
Amortization	588	147	735	2,279	3,087	3,331	368	9,065	9,800
Awards	-	-	-	4,400	-	-	790	5,190	5,190
Bad Debt	-	-	-	500	-	-	17,673	18,173	18,173
Bank Charges	6,645	-	6,645	11,550	9,481	3,071	12,091	36,193	42,838
Contract Labor	3,006	1,558	4,564	21,661	187,203	1,129	33,790	243,783	248,347
Depreciation	299	75	374	1,159	2,263	449	187	4,058	4,432
Dues Paid Chapter/Region	-	-	-	77,554	-	-	-	77,554	77,554
Professional Organizations	6,845	-	6,845	-	-	670	359	1,029	7,874
Entertainment	-	-	-	-	-	-	18,944	18,944	18,944
Equipment Maintenance	1,366	281	1,647	1,767	640	530	2,209	5,146	6,793
Foundation Donation	-	-	-	-	-	-	-	-	-
Health Insurance	7,058	1,178	8,236	5,480	5,870	5,929	6,275	23,554	31,790
Ins/Bond/Other Taxes	10,928	-	10,928	-	-	-	1,385	1,385	12,313
Meals/Facilities	11,538	3,769	15,307	2,707	111,829	-	317,386	431,922	447,229
Office Expense	1,278	-	1,278	-	-	-	-	-	1,278
Payroll Taxes	7,970	1,969	9,939	6,906	3,658	2,249	3,562	16,375	26,314
Postage	2,865	972	3,837	13,013	3,590	4,197	6,084	26,884	30,721
Printing	621	456	1,077	21,052	8,599	13,465	9,972	53,088	54,165
Professional Fees	21,141	-	21,141	-	-	-	-	-	21,141
Rent	8,993	2,435	11,428	10,700	6,877	4,025	7,274	28,876	40,304
Salaries & Wages	78,931	30,409	109,340	103,755	54,596	33,501	52,935	244,787	354,127
Supplies-Office	2,446	-	2,446	-	-	-	-	-	2,446
Supplies-Program	-	6,673	6,673	6,057	1,381	2,830	21,642	31,910	38,583
Technology	9,636	1,802	11,438	6,428	2,232	4,770	10,682	24,112	35,550
Telephone	2,036	244	2,280	1,768	2,291	722	1,690	6,471	8,751
Travel	44,545	4,497	49,042	-	20,497	6,402	16,797	43,696	92,738
<b>Total</b>	<b>\$ 228,735</b>	<b>\$ 129,590</b>	<b>\$ 358,325</b>	<b>\$ 298,736</b>	<b>\$ 424,094</b>	<b>\$ 87,270</b>	<b>\$ 542,095</b>	<b>\$ 1,352,195</b>	<b>\$ 1,710,520</b>

SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION