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MATTHEWS, CARTER & BOYCE
RESPECT. CONFIDENCE. TRUST.

NATIONAL LEADERSHIP ROUNDTABLE ON CHURCH MANAGEMENT

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DECEMBER 31, 2012

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MATTHEWS, CARTER & BOYCE
RESPECT. CONFIDENCE. TRUST.

Matthews, Carter and Boyce

NATIONAL LEADERSHIP ROUNDTABLE ON CHURCH MANAGEMENT

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2012

ASSETS

CURRENT ASSETS

Cash	\$	190,961
Investments		30,013
Prepaid expenses		3,078
Inventory		14,840
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Total Current Assets \$ 238,892

PROPERTY AND EQUIPMENT, at cost

Furniture and fixtures	\$	4,299
Computer equipment		43,976
Leasehold improvements		9,883
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Total Property and Equipment \$ 58,158

Less, Accumulated depreciation (52,358)

Property and Equipment, Net \$ 5,800

TOTAL ASSETS

\$ 244,692

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$	38,294
Deferred revenue		2,172
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TOTAL LIABILITIES

\$ 40,466

NET ASSETS

Unrestricted	\$	85,803
Temporarily restricted		118,423
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Total Net Assets	\$	<u>204,226</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 244,692

The accompanying notes are an integral part of these financial statements.

NATIONAL LEADERSHIP ROUNDTABLE ON CHURCH MANAGEMENT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE			
Grants and contributions	\$ 1,019,441	\$ 105,050	\$ 1,124,491
Annual conference registration fees	36,600	-	36,600
Consulting	9,400	-	9,400
Interest income	513	-	513
Publication sales	9,590	-	9,590
Miscellaneous income	1,590	-	1,590
Net assets released from restriction:			
Satisfaction of program restrictions	294,996	(294,996)	-
	<u>\$ 1,372,130</u>	<u>\$ (189,946)</u>	<u>\$ 1,182,184</u>
Total Revenue			
EXPENSES			
Program Services:			
Meetings and conferences	\$ 296,995	\$ -	\$ 296,995
Other programs	658,415	-	658,415
Total Program Services	<u>\$ 955,410</u>	<u>\$ -</u>	<u>\$ 955,410</u>
Supporting Services:			
General and administrative	\$ 387,140	\$ -	\$ 387,140
Fundraising	172,314	-	172,314
Total Supporting Services	<u>\$ 559,454</u>	<u>\$ -</u>	<u>\$ 559,454</u>
Total Expenses	<u>\$ 1,514,864</u>	<u>\$ -</u>	<u>\$ 1,514,864</u>
CHANGE IN NET ASSETS	\$ (142,734)	\$ (189,946)	\$ (332,680)
NET ASSETS, BEGINNING OF YEAR	<u>228,537</u>	<u>308,369</u>	<u>536,906</u>
NET ASSETS, END OF YEAR	<u><u>\$ 85,803</u></u>	<u><u>\$ 118,423</u></u>	<u><u>\$ 204,226</u></u>

The accompanying notes are an integral part of these financial statements.

NATIONAL LEADERSHIP ROUNDTABLE ON CHURCH MANAGEMENT

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2012

	Program Services			Supporting Services		Total
	Meetings and Conferences	Other Programs	Total Programs	General and Administrative	Fundraising	
Salaries and benefits	\$ 190,210	\$ 341,540	\$ 531,750	\$ 128,563	\$ 147,029	\$ 807,342
Consulting fees	-	131,008	131,008	40,171	-	171,179
Cost of publications sold	-	-	-	2,541	-	2,541
Depreciation	-	-	-	2,673	-	2,673
Equipment rental and maintenance	-	778	778	-	-	778
Information technology	-	11,101	11,101	1,148	1,860	14,109
Insurance	-	-	-	4,229	-	4,229
Marketing	-	14,357	14,357	-	-	14,357
Meals and entertainment	35,940	2,964	38,904	6,180	-	45,084
Miscellaneous	1,142	9,463	10,605	2,807	10,599	24,011
Photography	-	9,380	9,380	-	-	9,380
Postage/mailing	273	717	990	7,508	2,545	11,043
Printing/copying	10,523	20,783	31,306	10,100	5,841	47,247
Professional services	30,700	71,052	101,752	57,592	2,000	161,344
Rent	-	-	-	61,237	-	61,237
Supplies	1,321	333	1,654	10,361	2,440	14,455
Telephone/communications	-	1,561	1,561	12,738	-	14,299
Travel and lodging	26,865	34,718	61,583	38,522	-	100,105
Website	21	8,660	8,681	770	-	9,451
Total Expenses	\$ 296,995	\$ 658,415	\$ 955,410	\$ 387,140	\$ 172,314	\$ 1,514,864

The accompanying notes are an integral part of these financial statements.

NATIONAL LEADERSHIP ROUNDTABLE ON CHURCH MANAGEMENT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (332,680)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	2,674
(Increase) Decrease In:	
Inventory	2,541
Increase (Decrease) In:	
Accounts payable and accrued expenses	(5,512)
Deferred revenue	<u>(5,214)</u>
Net Cash Used by Operating Activities	<u>\$ (338,191)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments, net	<u>\$ (19,925)</u>
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NET DECREASE IN CASH \$ (358,116)

CASH, BEGINNING OF YEAR 549,077

CASH, END OF YEAR \$ 190,961

The accompanying notes are an integral part of these financial statements.

NATIONAL LEADERSHIP ROUNDTABLE ON CHURCH MANAGEMENT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

Note 1. **Organization**

The National Leadership Roundtable on Church Management (the Organization) is a nonprofit corporation established to engage in educational, religious and charitable activities, including without limitation, to promote excellence and best practices in the management, finance and human resources of the United States Catholic Church by utilizing relevant expertise of lay persons; and to engage in other charitable, religious and educational activities.

The Organization began operations on March 10, 2005.

Note 2. **Summary of Significant Accounting Policies**

Basis of Presentation

The Organization maintains its books on the accrual basis of accounting. Accordingly, revenue is recognized when earned, and expenses are recognized when incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit in a checking account and a money market account.

Accounts Receivable

Accounts receivable are stated at the amount the Organization expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance. 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 accounts receivable. There were no receivables and no allowance for doubtful accounts as of December 31, 2012.

Inventory

Inventory is carried at the lower of average cost or market.

NATIONAL LEADERSHIP ROUNDTABLE ON CHURCH MANAGEMENT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

Note 2. Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

In accordance with accounting principles generally accepted in the United States of America ("GAAP"), the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the statement of financial position are categorized based on the inputs to valuation techniques as follows:

- Level 1 – Inputs to the valuation methodology are quoted in an active market or exchange for identical assets and liabilities.
- Level 2 – Significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for assets and liabilities or other market corroborated inputs.
- Level 3 – Significant unobservable inputs based on the best information available in the circumstances to the extent observable inputs are not available, which may include assumptions made by the Board of Directors or persons acting at their direction that are used in determining the fair market value of the asset or liability.

The Organization's investments are comprised of exchange traded stocks. These investments have been valued using Level 1 inputs. Net realized and unrealized gains and losses on securities are included as increases or decreases in net assets.

Property and Equipment

The Organization records its property and equipment at cost with a unit capitalization threshold of \$300. Depreciation of fixed assets is computed using the straight-line method, based on the estimated useful lives of 5-7 years or, as for leasehold improvements, over the lease term.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. There was no unrelated business taxable income during the year ended December 31, 2012.

The Organization has determined that it currently does not have any uncertain tax positions. If this position changes, the Organization will assess the impact of any such matters on its statement of financial position and its results of operations.

NATIONAL LEADERSHIP ROUNDTABLE ON CHURCH MANAGEMENT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

Note 2. **Summary of Significant Accounting Policies (Concluded)**

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as an increase in temporarily restricted assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If the restriction is fulfilled in the same time period in which the contribution is received, it may be classified as an increase in unrestricted assets; however, the Organization will generally report these amounts initially as an increase in temporarily restricted assets and show their release to unrestricted net assets when the restrictions are satisfied.

The Organization reports gifts of equipment as unrestricted support unless explicit stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit stipulations about how long those long-lived assets must be maintained the Organization reports expirations of restrictions when the assets are placed in service.

The unrestricted net assets represent funds that are available for the support of the Organization's operations.

Functional Allocation of Expenses

The costs of providing various program and other activities of the Organization have been summarized on a functional basis in the accompanying financial statements. Costs that can be identified with a particular program or support function are charged directly to that program or function. Salaries and related costs have been allocated among the programs and supporting services based upon management's best estimates of the proportion of these costs applicable to each program. Other allocable costs have been allocated to program services and to management and general and fundraising based upon management's best estimates.

Use of Estimates

The preparation of financial statements in conformity with 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 during the reporting period. Actual results could differ from those estimates.

NATIONAL LEADERSHIP ROUNDTABLE ON CHURCH MANAGEMENT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

Note 3. Investments at Fair Value

The table below presents the Organization's investments measured at fair value as of December 31, 2012, aggregated by the level in the fair value hierarchy within which those measurements fall.

	Quoted Prices In Active Markets for Identical Assets And Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Publicly traded stock	\$ 30,013	-	-	\$ 30,013
Totals	<u>\$ 30,013</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,013</u>

The Organization did not have any fair value measurements using significant other observable inputs (Level 2) or significant unobservable inputs (Level 3) as of December 31, 2012.

The stock was received at year end and therefore, there was no investment income.

Note 4. Temporarily Restricted Net Assets

Temporarily restricted net assets and the amounts that were released from restriction at December 31, 2012 were comprised of the following programs:

<u>Program</u>	<u>Balance 12/31/11</u>	<u>Revenue/ Contributions</u>	<u>Released</u>	<u>Balance 12/31/12</u>
Purpose restrictions:				
Performance				
Development	\$ 61,840	\$ -	\$ (52,090)	\$ 9,750
Mid-Atlantic Congress	-	54,350	-	54,350
Education	35,414	50,000	(85,414)	-
Standards for Excellence	211,115	700	(157,492)	54,323
Total	<u>\$ 308,369</u>	<u>\$ 105,050</u>	<u>\$ (294,996)</u>	<u>\$ 118,423</u>

NATIONAL LEADERSHIP ROUNDTABLE ON CHURCH MANAGEMENT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

Note 5. Lease Commitments

The Organization entered into a lease agreement for office space that commenced July 11, 2005, with an initial annual base rent of \$27,223. The lease expired in June 2009 and was extended to June 2014 with an initial annual base rent of \$30,840. The lease provides for an annual three percent increase in the base rent.

The Organization also shares certain space and equipment within the office suite with another organization and the Organization entered into an agreement for the shared office space that commenced July 11, 2005, with an annual base rent of \$16,293. This lease expired in June 2009 and was extended to June 2014 with an annual base rent of \$19,445.

Rent expense was \$61,237 for the year ended December 31, 2012.

At December 31, 2012, the Organization was committed to the following minimum annual rentals under noncancelable operating lease agreements:

2013	\$	55,651
2014		28,229
Thereafter		-
Total	\$	<u>83,880</u>

Note 6. Concentrations of Credit Risk

The Organization places its cash in a financial institution. At times, cash held in the financial institution may exceed FDIC insurance limits.

Note 7. Retirement Plan

The Organization established a SEP-IRA plan in 2006 which covers all employees of the Organization. The Plan is funded by employer contributions which totaled \$66,311 in 2012.

Note 8. Licensing and Distribution Agreements for Educational Materials

The Organization entered into a licensing agreement with the Standards for Excellence Institute on April 30th, 2007 to obtain rights to reproduce, modify and distribute certain educational materials provided by this licensor.

The Organization agreed to pay a total license fee of \$115,000 for a three year period. Payments were made as follows:

Year 1	\$	50,000
Year 2		35,000
Year 3		30,000
Total	\$	<u>115,000</u>

In April 2010, the agreement was renewed for an additional three year term with licensing fees of \$25,000 due each year.

NATIONAL LEADERSHIP ROUNDTABLE ON CHURCH MANAGEMENT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

Note 8. **Licensing and Distribution Agreements for Educational Materials (Concluded)**

Additional evaluation fees and out of pocket expenses for production and duplication of material may also be payable under the agreement. Total fees due and paid under this agreement were \$11,250 in 2012.

Additionally, in 2009, the Organization entered into a distributor agreement with St. Anthony Messenger Press, LLC (the distributor) to distribute and sell its various educational publications worldwide. The Organization received an advance royalty of twenty five percent of the full retail price on all items delivered to the distributor for sale. An additional royalty of fifty percent is received when the items are sold. Advance royalty payments are recorded as deferred revenue until the items are sold, at which time they are recognized as revenue. All of the amounts recorded as inventory in the statement of financial position as of December 31, 2012 are held by the distributor for sale.

Note 9. **Subsequent Events**

The Organization has evaluated events through January 14, 2014, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to December 31, 2012 that would have a material impact on the Organization's results of operations or financial position.