

**ASSOCIATION FOR RESEARCH ON NONPROFIT
ORGANIZATIONS AND VOLUNTARY ACTION**

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

JUNE 30, 2009 AND 2008

CPAs / ADVISORS



**ASSOCIATION FOR RESEARCH ON NONPROFIT
ORGANIZATIONS AND VOLUNTARY ACTION**

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Association for Research on Nonprofit
Organizations and Voluntary Action
Indianapolis, Indiana

We have audited the accompanying statements of financial position of Association for Research on Nonprofit Organizations and Voluntary Action ("ARNOVA") as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of ARNOVA's management. 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 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 audits provide 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 ARNOVA as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included on pages 16 and 17 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 audits of the basic June 30, 2009 and 2008 financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Blue & Co., LLC

October 7, 2009

**ASSOCIATION FOR RESEARCH ON NONPROFIT
ORGANIZATIONS AND VOLUNTARY ACTION**

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008

ASSETS		
	2009	2008
Cash and cash equivalents	\$ 88,359	\$ 135,852
Cash held by others	19,953	11,635
Investments	1,030,330	858,590
Grants receivable	75,000	261,960
Accounts receivable	40,460	33,842
Prepaid expenses	23,427	16,083
Inventories	6,009	-0-
Property and equipment, net	21,371	32,322
	\$ 1,304,909	\$ 1,350,284
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 15,477	\$ 22,922
Accrued payroll and benefits	17,463	12,795
Deferred member dues	59,621	53,465
Total liabilities	92,561	89,182
Net assets		
Unrestricted		
Undesignated	540,329	568,678
Board designated	317,992	317,992
	858,321	886,670
Temporarily restricted	334,852	355,257
Permanently restricted	19,175	19,175
Total net assets	1,212,348	1,261,102
	\$ 1,304,909	\$ 1,350,284

See accompanying notes to financial statements.

**ASSOCIATION FOR RESEARCH ON NONPROFIT
ORGANIZATIONS AND VOLUNTARY ACTION**

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009**

(With Comparative Total for the Year Ended June 30, 2008)

	2009			2008	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Support and revenue					
Grants	\$ -0-	\$ 150,000	\$ -0-	\$ 150,000	\$ 264,460
Membership dues	106,443	-0-	-0-	106,443	108,752
Conference revenue and sponsorships	131,170	27,895	-0-	159,065	151,992
Publications	83,268	15,000	-0-	98,268	72,416
Contributions	10,414	59,549	-0-	69,963	66,994
Interest income on cash and cash equivalents	1,969	-0-	-0-	1,969	2,835
Other	5,101	-0-	-0-	5,101	7,226
Net assets released from restrictions	<u>273,375</u>	<u>(273,375)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total support and revenue	611,740	(20,931)	-0-	590,809	674,675
Expenses					
Program					
Conference	234,161	-0-	-0-	234,161	189,668
Publications	109,950	-0-	-0-	109,950	98,988
Membership services	86,749	-0-	-0-	86,749	89,675
Scholarships and awards	31,125	-0-	-0-	31,125	25,238
Other programs	<u>36,520</u>	<u>-0-</u>	<u>-0-</u>	<u>36,520</u>	<u>27,380</u>
	498,505	-0-	-0-	498,505	430,949
Management and general	162,443	-0-	-0-	162,443	137,719
Fundraising	<u>7,431</u>	<u>-0-</u>	<u>-0-</u>	<u>7,431</u>	<u>11,355</u>
Total expenses	<u>668,379</u>	<u>-0-</u>	<u>-0-</u>	<u>668,379</u>	<u>580,023</u>
Increase in net assets from operations	(56,639)	(20,931)	-0-	(77,570)	94,652
Investment return, net	<u>28,290</u>	<u>526</u>	<u>-0-</u>	<u>28,816</u>	<u>32,985</u>
Change in net assets	(28,349)	(20,405)	-0-	(48,754)	127,637
Net assets, beginning of period	<u>886,670</u>	<u>355,257</u>	<u>19,175</u>	<u>1,261,102</u>	<u>1,133,465</u>
Net assets, end of period	<u>\$ 858,321</u>	<u>\$ 334,852</u>	<u>\$ 19,175</u>	<u>\$ 1,212,348</u>	<u>\$ 1,261,102</u>

See accompanying notes to financial statements.

**ASSOCIATION FOR RESEARCH ON NONPROFIT
ORGANIZATIONS AND VOLUNTARY ACTION**

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				
Grants	\$ -0-	\$ 264,460	\$ -0-	\$ 264,460
Membership dues	108,752	-0-	-0-	108,752
Conference revenue and sponsorships	132,992	19,000	-0-	151,992
Publications	57,416	15,000	-0-	72,416
Contributions	14,464	52,530	-0-	66,994
Interest income on cash and cash equivalents	2,835	-0-	-0-	2,835
Other	7,226	-0-	-0-	7,226
Net assets released from restrictions	<u>290,528</u>	<u>(290,528)</u>	<u>-0-</u>	<u>-0-</u>
 Total support and revenue	 614,213	 60,462	 -0-	 674,675
Expenses				
Program				
Conference	189,668	-0-	-0-	189,668
Publications	98,988	-0-	-0-	98,988
Membership services	89,675	-0-	-0-	89,675
Scholarships and awards	25,238	-0-	-0-	25,238
Other programs	<u>27,380</u>	<u>-0-</u>	<u>-0-</u>	<u>27,380</u>
	430,949	-0-	-0-	430,949
Management and general	137,719	-0-	-0-	137,719
Fundraising	<u>11,355</u>	<u>-0-</u>	<u>-0-</u>	<u>11,355</u>
 Total expenses	 <u>580,023</u>	 <u>-0-</u>	 <u>-0-</u>	 <u>580,023</u>
 Increase (decrease) in net assets from operations	 34,190	 60,462	 -0-	 94,652
Investment return, net	<u>32,291</u>	<u>694</u>	<u>-0-</u>	<u>32,985</u>
 Change in net assets	 66,481	 61,156	 -0-	 127,637
Net assets, beginning of period	<u>820,189</u>	<u>294,101</u>	<u>19,175</u>	<u>1,133,465</u>
Net assets, end of period	<u>\$ 886,670</u>	<u>\$ 355,257</u>	<u>\$ 19,175</u>	<u>\$ 1,261,102</u>

See accompanying notes to financial statements.

ASSOCIATION FOR RESEARCH ON NONPROFIT ORGANIZATIONS AND VOLUNTARY ACTION

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
Operating activities		
Cash received from publications, conference, and membership dues	\$ 274,464	\$ 264,447
Cash received from contributions and grants	348,899	125,744
Interest and dividends received	16,193	29,381
Royalties received	95,203	60,189
Miscellaneous receipts	2,304	5,837
Cash paid to employees and suppliers	(614,409)	(534,702)
Change in cash held by third party	(8,318)	832
Net cash flows from operating activities	114,336	(48,272)
Investing activities		
Capital expenditures	(4,020)	(23,489)
Proceeds from sale of investments	1,114,720	475,076
Purchase of investments	(1,272,529)	(477,052)
Net cash flows from investing activities	(161,829)	(25,465)
Net change in cash and cash equivalents	(47,493)	(73,737)
Cash and cash equivalents, beginning of period	135,852	209,589
Cash and cash equivalents, end of period	\$ 88,359	\$ 135,852
Reconciliation of change in net assets to net cash flows from operating activities		
Change in net assets	\$ (48,754)	\$ 127,637
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	14,971	9,617
Realized and unrealized gain on investments	(234)	(52)
Change in accrued interest included in investments	(13,697)	(6,387)
Changes in assets and liabilities		
Cash held by others	(8,318)	832
Grants receivable	186,960	(166,960)
Other receivables	(6,618)	(874)
Prepaid expenses	(7,344)	(5,252)
Inventories	(6,009)	-0-
Accounts payable	(7,445)	(7,139)
Accrued payroll and benefits	4,668	(1,446)
Deferred member dues	6,156	1,752
Net cash flows from operating activities	\$ 114,336	\$ (48,272)
Supplemental disclosure of cash flow information		
Equipment purchases included in accounts payable	\$ -0-	\$ 8,047
Accrued interest included in investments	\$ 21,392	\$ 7,695

See accompanying notes to financial statements.

ASSOCIATION FOR RESEARCH ON NONPROFIT ORGANIZATIONS AND VOLUNTARY ACTION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

1. NATURE OF ACTIVITIES

The Association for Research on Nonprofit Organizations and Voluntary Action ("ARNOVA") is a non-profit corporation incorporated in the District of Columbia which was established to foster the creation, application, and dissemination of research about voluntary action, nonprofit organizations and philanthropy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Net assets, support, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the residual net assets of ARNOVA are classified and reported as follows:

Unrestricted net assets

Undesignated	Net assets that are not subject to donor-imposed stipulations.
Board designated	Net assets not subject to donor-imposed stipulations that have been set aside by the Board of Directors of ARNOVA for future purposes.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by action of ARNOVA and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of ARNOVA.

ARNOVA uses fund accounting to record and report its activities. Included in the unrestricted net asset classification are the activities of the Operating and the Reserve funds. All other funds are included in the temporarily restricted or permanently restricted net asset classifications.

ASSOCIATION FOR RESEARCH ON NONPROFIT ORGANIZATIONS AND VOLUNTARY ACTION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

Description of Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements.

Conference – salaries, benefits and direct costs related to the ARNOVA annual conference.

Publications – salaries, benefits and direct costs related to the publication of the ARNOVA News, Nonprofit & Voluntary Sector Quarterly, annual report, website and ARNOVA Abstracts.

Membership services – salaries, benefits and direct costs related to providing benefits to members.

Scholarships and awards – scholarships to attend the conference and book, dissertation and lifetime achievement awards.

Other – salaries, benefits and direct costs related to providing other miscellaneous programs.

Management and General – Includes the functions necessary to provide coordination and articulation of ARNOVA's program strategy; secure proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of ARNOVA.

Fundraising – Provides the structure necessary to encourage and secure private financial support from individuals, foundations and corporations.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

For the purposes of the Statement of Cash Flows, ARNOVA considers cash equivalents to include all investments with original maturities of ninety days or less, but excludes cash held by others and cash equivalents held by various fund managers included in investments.

ASSOCIATION FOR RESEARCH ON NONPROFIT ORGANIZATIONS AND VOLUNTARY ACTION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

Investments and Investment Return

ARNOVA carries its investments at fair value for financial reporting purposes. Changes in unrealized appreciation or depreciation of investments are reflected in the Statement of Activities in the period in which such changes occur. Investment return is recognized as unrestricted unless specified under donor-imposed restrictions.

Grants Receivable

Grants receivable consist of amounts that have been unconditionally promised to ARNOVA and are supported by a written grant agreement. All significant grants receivable are due within one year. Management estimates an allowance for uncollectible grants receivable based on current economic conditions, historical trends, and past experience with their grantors. At December 31, 2009 and 2008, management believes that grants receivable are fully collectible.

Accounts Receivable

Accounts receivable represent amounts earned but not collected and consists mainly of royalties. Amounts are recorded at net realizable value.

Inventories

Inventories, consisting of publications, are stated at the lower of cost or market. Cost is determined using the first in, first out (FIFO) method.

Property and Equipment and Depreciation

Property and equipment are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives (3-7 years) of the related assets. Repairs, maintenance and minor replacements are expensed.

Property and equipment consist of the following at June 30:

	<u>2009</u>	<u>2008</u>
Leasehold improvements	\$ 2,345	\$ 2,345
Furniture and equipment	4,413	4,749
Computer equipment	36,906	36,108
Software	91,988	90,045
	<u>135,652</u>	<u>133,247</u>
Accumulated depreciation	<u>(114,281)</u>	<u>(100,925)</u>
	<u>\$ 21,371</u>	<u>\$ 32,322</u>

ASSOCIATION FOR RESEARCH ON NONPROFIT ORGANIZATIONS AND VOLUNTARY ACTION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

Support and Revenue Recognition

Grants, Conference Sponsorships, and Contributions include unconditional promises to give and, if restricted by the donor, are recognized as temporarily restricted support in the period the grant, sponsorship, or contribution is received or the promise is made. Contributions that are not restricted by the donor are reported as an increase in unrestricted net assets.

Membership dues are recognized in the year to which they relate.

Conference revenue is recognized at the completion of the event.

All other support and revenue is reported when earned.

Contributed Services

Contributed services are recognized as contributions in the financial statements if those services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased (Note 8).

Many individuals volunteer their time to perform a variety of tasks that are essential to ARNOVA, however these services do not meet the criteria for recognition as contributed services. As such, the financial statements do not reflect the substantial value of services contributed by volunteers.

Functional Allocation of Expenses

The costs of providing the programs and services of ARNOVA have been summarized on a functional basis in the Statement of Activities. Directly identifiable expenses are charged to programs or supporting services. Salaries and benefits related to more than one function are charged to programs and supporting services on the basis of periodic time studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of ARNOVA.

Income Taxes

ARNOVA is organized as a not-for-profit corporation and is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Financial Accounting Standards Board ("FASB") has issued a new pronouncement, which clarifies accounting principles generally accepted in the United States of America for recognition, measurement, presentation and disclosure relating to uncertain tax positions and it applies to business enterprises,

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

including not-for-profit entities. As permitted, ARNOVA has elected to defer the application of this pronouncement until issuance of its June 30, 2010 financial statements. For financial statements covering periods prior to fiscal 2010, ARNOVA evaluates uncertain tax positions in accordance with existing generally accepted accounting principles and makes such accruals and disclosures as might be required thereunder. The adoption of this pronouncement is not expected to have a significant impact on ARNOVA's financial statements.

Subsequent Events

ARNOVA has evaluated events or transactions occurring subsequent to the statement of financial position date for recognition and disclosure in the accompanying financial statements through the date the financial statements are available to be issued which is October 7, 2009.

3. INVESTMENTS

The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification provides a comprehensive framework for measuring fair value and expands required disclosures concerning fair value measurements. Specifically, the standard sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value inputs. Effective July 1, 2008, ARNOVA adopted this FASB standard and its adoption did not have a significant impact on ARNOVA's financial statements.

The standard defines levels within the hierarchy of inputs as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that ARNOVA has the ability to access.
 - Level 2 – Inputs to the valuation methodology include: 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; 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.
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ASSOCIATION FOR RESEARCH ON NONPROFIT ORGANIZATIONS AND VOLUNTARY ACTION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

The asset 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.

- Money Market Funds are valued at the closing price reported on the active market on which the funds are held.
- Certificate of Deposits are valued at cost which approximates fair value.
- Fixed Income Mutual Funds are valued at the net asset value of shares held by the fund at year end.
- Equities are valued at the closing price reported on the active markets on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although ARNOVA believes its valuation methods are 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 different fair value measurements at the reporting date.

Investments are comprised of the following at June 30:

	2009			2008
	Level 1	Level 2	Total	Total
Money market fund	\$ 123,313	\$ -0-	\$ 123,313	\$ 371,224
Certificates of deposit	-0-	881,030	881,030	462,414
Fixed income mutual fund	25,419	-0-	25,419	24,312
Equities	568	-0-	568	640
	<u>\$ 149,300</u>	<u>\$ 881,030</u>	<u>\$ 1,030,330</u>	<u>\$ 858,590</u>

The following schedule summarizes the investment return for each of the years ended June 30:

	2009	2008
Interest and dividend income	\$ 28,582	\$ 32,933
Unrealized losses	234	52
	<u>\$ 28,816</u>	<u>\$ 32,985</u>

**ASSOCIATION FOR RESEARCH ON NONPROFIT
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

4. GRANTS RECEIVABLE

Grants receivable consist of the following at June 30:

	2009	2008
Lilly Endowment	\$ -0-	\$ 250,460
The Ford Foundation	75,000	-0-
Charles Stewart Mott Foundation	-0-	10,000
Council on Foundations	-0-	1,500
	\$ 75,000	\$ 261,960

5. NET ASSETS

Board Designated

Board designated net asset activity is depicted below along with the balance of net assets which have been set aside for the following board-imposed purposes:

2009				
	June 30, 2008	New Designations	Released from Designations	June 30, 2009
General operating	\$ 50,000	\$ -0-	\$ -0-	\$ 50,000
Cash flow volatility	200,000	-0-	-0-	200,000
Grant advance	25,000	-0-	-0-	25,000
Scholarships	42,992	-0-	-0-	42,992
	\$ 317,992	\$ -0-	\$ -0-	\$ 317,992

2008				
	June 30, 2007	New Designations	Released from Designations	June 30, 2008
General operating	\$ 50,000	\$ -0-	\$ -0-	\$ 50,000
Cash flow volatility	200,000	-0-	-0-	200,000
Grant advance	25,000	-0-	-0-	25,000
Scholarships	42,992	-0-	-0-	42,992
	\$ 317,992	\$ -0-	\$ -0-	\$ 317,992

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NOTES TO FINANCIAL STATEMENTS
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Temporarily Restricted

Temporarily restricted net asset activity is depicted below along with the balance of temporarily restricted net assets that are available to be expended for the following donor-imposed purposes or periods. Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors as follows:

	2009			
	June 30, 2008	Restricted	Released	June 30, 2009
Future periods	\$ 339,914	\$ 150,000	\$ 171,456	\$ 318,458
Publications	-0-	73,024	73,024	-0-
Scholarships	15,343	2,051	1,000	16,394
Conference	-0-	27,895	27,895	-0-
	\$ 355,257	\$ 252,970	\$ 273,375	\$ 334,852
	2008			
	June 30, 2007	Restricted	Released	June 30, 2008
Future periods	\$ 238,765	\$ 264,460	\$ 163,311	\$ 339,914
Publications	-0-	65,000	65,000	-0-
Scholarships	13,119	3,224	1,000	15,343
Conference	-0-	19,000	19,000	-0-
Membership development and organizational growth	42,217	-0-	42,217	-0-
	\$ 294,101	\$ 351,684	\$ 290,528	\$ 355,257

Permanently Restricted

Net assets of \$19,175 as of June 30, 2009 and 2008 are to be held in perpetuity. Income from investments representing permanently restricted net assets is expendable to provide scholarships and pay administrative expenses.

6. ENDOWMENT

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors is currently reviewing recent changes to the law concerning investments of institutional funds with the intent to adopt a new policy on

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

classification and valuation of permanently restricted net assets as required. Endowment spending and investment policies will also be reviewed.

ARNOVA's endowment consists solely of one donor restricted fund. The change in endowment net assets is as follows for the year ended December 31, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowment net assets, beginning of year	\$ -0-	\$ -0-	\$ 19,175
Interest earned	-0-	526	-0-
Distributions	<u>-0-</u>	<u>(526)</u>	<u>-0-</u>
Endowment net assets, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 19,175</u>

7. CONCENTRATIONS

For the years ended June 30, 2009 and 2008, one foundation awarded a significant amount to ARNOVA comprising 25% and 37%, respectively, of total support and revenues.

8. AGREEMENT WITH INDIANA UNIVERSITY

ARNOVA is provided with contributed services, payroll processing and other administrative services under terms of an agreement with Indiana University ("IU") as follows:

IU provides personnel who perform editorial services for the publication Nonprofit & Voluntary Sector Quarterly. The value of these contributed services was \$58,024 and \$50,000 and is included in contributions and program expense in the Statement of Activities for the years ended June 30, 2009 and 2008, respectively.

For the processing of transactions related to payroll and other administrative services, ARNOVA pays a 2.65% administrative fee to IU based on the total expenses processed on behalf of ARNOVA. The total amount paid to IU during the years ended June 30, 2009 and 2008 was \$5,529 and \$4,865, respectively, and is included in management and general expense in the Statement of Activities.

Personnel working for ARNOVA are legally employees of IU and as such, they are entitled to all benefits provided to IU employees (in their same classification) as well as being subject to all policies and procedures pertaining to IU employees.

ASSOCIATION FOR RESEARCH ON NONPROFIT ORGANIZATIONS AND VOLUNTARY ACTION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009 AND 2008

The total amount reimbursed to IU for salaries and benefits during the years ended June 30, 2009 and 2008 was \$199,123 and \$199,997, respectively. These amounts are allocated among program, management and general and fundraising expenses in the Statement of Activities.

To facilitate the processing of transactions with IU, ARNOVA is required to maintain a cash account with the University. ARNOVA has no access to the cash in the account. At June 30, 2009 and 2008, respectively, the balance in that account was \$19,953 and \$11,635 and is reported as cash held by others on the Statement of Financial Position.

Finally, the office space utilized by ARNOVA is leased by IU from a third party. ARNOVA pays the monthly rental charge for this space directly to the third party lessor. Total rent expense paid by ARNOVA was \$15,468 and \$20,472 for the years ended June 30, 2009 and 2008, respectively.

SUPPLEMENTARY INFORMATION

ASSOCIATION FOR RESEARCH ON NONPROFIT ORGANIZATIONS AND VOLUNTARY ACTION

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2009 AND 2008

	Program Services				Supporting Services		2009 Total Expenses
	Conference	Publications	Membership Services	Scholarships and Awards	Other Programs	Management and General	
Expenses							
Personnel expense	\$ 46,328	\$ 8,799	\$ 49,979	\$ -	\$ 22,944	\$ 45,940	\$ 4,040
Staff salaries	14,118	3,013	14,680	-	9,222	12,856	1,648
Staff benefits	22,080	81,140	8,297	-	-	91	-
Temporary & contract labor/stipends	82,526	92,952	72,956	-	32,166	58,887	5,688
Printing	12,109	4,392	57	-	1,608	2,563	130
Postage	3,480	1,047	137	-	257	687	551
Supplies	4,745	5,982	-	-	-	2,897	-
Conference	125,222	-	-	-	-	-	-
Travel and meetings	-	2,808	-	-	-	23,655	521
Scholarships and awards	-	-	-	31,125	-	-	-
Sections	-	-	3,676	-	-	-	-
Diversity initiative	-	-	2,963	-	-	-	-
Website	-	-	497	-	-	-	-
Rent	3,964	1,458	4,125	-	1,591	3,924	407
Telephone/fax/copier	2,115	1,311	2,338	-	898	2,967	134
Insurance	-	-	-	-	-	6,093	-
Administration, credit card and bank fees	-	-	-	-	-	14,674	-
Computers	-	-	-	-	-	1,028	-
Legal	-	-	-	-	-	7	-
Accounting	-	-	-	-	-	23,329	-
Depreciation	-	-	-	-	-	14,971	-
Collaboration	-	-	-	-	-	4,113	-
Election	-	-	-	-	-	2,648	-
Total Expense	\$ 234,161	\$ 109,950	\$ 86,749	\$ 31,125	\$ 36,520	\$ 162,443	\$ 7,431
							\$ 668,379

ASSOCIATION FOR RESEARCH ON NONPROFIT ORGANIZATIONS AND VOLUNTARY ACTION

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2008

Expense	Program Expenses					Supporting Services		2008 Total Expenses
	Conference	Publications	Membership Services	Scholarships and Awards	Other Programs	Total	Management and General	
Personnel expense								
Staff salaries	\$ 36,992	\$ 11,669	\$ 46,845	\$ -	\$ 17,082	\$ 112,588	\$ 32,372	\$ 5,015
Staff benefits	13,397	5,835	16,715	-	6,403	42,350	10,499	1,648
Temporary & contract labor/stipends	23,312	66,660	-	-	-	89,972	-	-
Other personnel expense	-	-	-	-	-	-	267	-
	<u>73,701</u>	<u>84,164</u>	<u>63,560</u>	<u>-</u>	<u>23,485</u>	<u>244,910</u>	<u>43,138</u>	<u>6,663</u>
Printing	8,015	4,340	383	-	582	13,320	620	2,650
Postage	2,248	582	2,519	-	244	5,593	1,003	1,359
Supplies	3,119	4,040	-	-	-	7,159	3,539	-
Conference	89,847	-	-	-	-	89,847	-	-
Travel and meetings	-	2,525	-	-	-	2,525	-	-
Scholarships and awards	-	-	-	21,327	-	21,327	-	-
Sections	4,710	-	500	-	-	5,210	-	-
Diversity initiative	-	-	658	3,911	-	4,569	-	-
Website	-	-	14,087	-	-	14,087	-	-
Rent	5,246	1,930	5,459	-	2,105	14,740	5,193	539
Telephone/fax/copier	2,270	1,407	2,509	-	964	7,150	3,185	144
Insurance	512	-	-	-	-	512	-	-
Administration, credit card and bank fees	-	-	-	-	-	-	13,672	-
Computers	-	-	-	-	-	-	1,112	-
Legal	-	-	-	-	-	-	82	-
Accounting	-	-	-	-	-	-	20,490	-
Depreciation	-	-	-	-	-	-	9,617	-
Collaboration	-	-	-	-	-	-	2,483	-
Election	-	-	-	-	-	-	1,825	-
Total Expense	\$ 189,668	\$ 98,988	\$ 89,675	\$ 25,238	\$ 27,380	\$ 430,949	\$ 137,719	\$ 11,355
								\$ 580,023

See report of independent auditors on page 1.