



Financial Statements

For the Year Ended December 31, 2005

(With Summarized Financial Information for the Year Ended December 31, 2004)



and Report Thereon





R A F F A

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
National Mental Health Association

CONSULTING
ACCOUNTING
TECHNOLOGY

*Certified Public
Accountants*

We have audited the accompanying statement of financial position of the National Mental Health Association (the Association) as of December 31, 2005, and the related statements of activities, functional expenses 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. The prior year summarized comparative information has been derived from the Association's 2004 financial statements and, in our report dated March 18, 2005, we expressed an unqualified opinion on those statements.

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 the Association as of December 31, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

RAFFA, P.C.

Washington, DC
March 31, 2006

NATIONAL MENTAL HEALTH ASSOCIATION
STATEMENT OF FINANCIAL POSITION
December 31, 2005
(With Summarized Financial Information as of December 31, 2004)

	2005	2004
ASSETS		
Cash and cash equivalents	\$ 1,359,369	\$ 342,363
Accounts receivable, net of allowance for doubtful accounts of \$1,000 in 2005	235,494	352,518
Grants and contracts receivable	867,463	1,375,837
Bequests receivable	586,016	560,177
Prepaid expenses	76,141	165,010
Inventory	195,019	215,385
Investments	2,641,986	2,962,482
Property and equipment, net	281,180	345,978
TOTAL ASSETS	\$ 6,242,668	\$ 6,319,750
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 536,695	\$ 195,425
Charitable gift annuities	54,145	65,305
Capital lease obligations	220,863	269,158
Line of credit	-	841,965
Deposits held	32,331	47,570
TOTAL LIABILITIES	844,034	1,419,423
Commitments and Contingency		
Net Assets		
Unrestricted		
Undesignated	973,073	798,986
Reserve fund	25,728	675,403
Building reserve fund	2,358,074	2,352,904
Net property and equipment fund	60,317	76,820
Jo Blaylock Memorial fund	58,533	58,242
Total Unrestricted	3,475,725	3,962,355
Temporarily restricted	1,633,938	649,001
Permanently restricted	288,971	288,971
TOTAL NET ASSETS	5,398,634	4,900,327
TOTAL LIABILITIES AND NET ASSETS	\$ 6,242,668	\$ 6,319,750

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

NATIONAL MENTAL HEALTH ASSOCIATION

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2005

(With Summarized Financial Information for the Year Ended December 31, 2004)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2005 Total	2004 Total
REVENUE AND SUPPORT					
Grants, contracts and contributions	\$ 803,559	\$ 5,783,442	\$ -	\$ 6,587,001	\$ 4,634,484
Affiliate support	664,625	-	-	664,625	616,472
Rental income	134,053	-	-	134,053	171,710
Special events	101,000	-	-	101,000	101,000
Bequests	95,875	-	-	95,875	3,376
Combined federal campaign	60,585	-	-	60,585	54,287
In-kind contributions	45,208	-	-	45,208	98,730
Sales	32,157	-	-	32,157	4,367
Investment income	26,934	4,360	-	31,294	93,362
Net assets released from restrictions:					
Satisfaction of time restrictions	88,329	(88,329)	-	-	-
Satisfaction of program restrictions	4,714,536	(4,714,536)	-	-	-
TOTAL REVENUE AND SUPPORT	6,766,861	984,937	-	7,751,798	5,777,788
EXPENSES					
Program Services					
Constituency services	2,232,911	-	-	2,232,911	2,449,273
Education	1,753,697	-	-	1,753,697	1,979,781
Advocacy	1,249,190	-	-	1,249,190	1,008,232
Research	954,073	-	-	954,073	834,312
Total Program Services	6,189,871	-	-	6,189,871	6,271,598
Management and general	716,102	-	-	716,102	720,942
Fundraising	347,518	-	-	347,518	267,743
TOTAL EXPENSES	7,253,491	-	-	7,253,491	7,260,283
Change in Net Assets	(486,630)	984,937	-	498,307	(1,482,495)
NET ASSETS, BEGINNING OF YEAR	3,962,355	649,001	288,971	4,900,327	6,382,822
NET ASSETS, END OF YEAR	\$ 3,475,725	\$ 1,633,938	\$ 288,971	\$ 5,398,634	\$ 4,900,327

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

NATIONAL MENTAL HEALTH ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2005
(With Summarized Financial Information for the Year Ended December 31, 2004)

	Program Services				Total Program Services	Supporting Services		2005 Total	2004 Total
	Constituency Services	Education	Advocacy	Research		Management and General	Fundraising		
Salaries and benefits	\$ 1,226,182	\$ 1,188,595	\$ 963,831	\$ 637,542	\$ 4,016,150	\$ 373,108	\$ 214,239	\$ 4,603,497	\$ 4,618,679
Occupancy	168,734	134,987	87,742	67,493	458,956	148,486	67,493	674,935	626,083
Professional fees and contract service payments	114,496	77,411	47,517	60,412	299,836	117,360	13,120	430,316	373,664
Conference and meetings	145,206	142,677	24,793	44,364	357,040	-	7,996	365,036	427,444
Grants	336,400	-	-	-	336,400	-	-	336,400	439,277
Travel	54,910	8,576	28,053	38,423	129,962	8,918	11,053	149,933	145,683
Depreciation and amortization	35,729	29,529	18,304	14,686	98,248	29,546	13,430	141,224	178,947
Miscellaneous	35,414	38,830	21,255	21,879	117,378	-	4,812	122,190	39,464
Telephone	29,207	23,335	21,650	21,508	95,700	14,586	-	110,286	60,213
Supplies	50,131	12,238	13,891	14,882	91,142	13,122	5,249	109,513	143,442
Postage and shipping	22,663	18,632	13,741	25,831	80,867	-	5,612	86,479	98,574
Outside printing and art work	2,554	69,859	2,544	2,539	77,496	1,045	-	78,541	75,514
Interest	6,715	5,372	3,492	2,686	18,265	5,909	2,686	26,860	33,299
Loss on disposal of equipment under capital lease	4,570	3,656	2,377	1,828	12,431	4,022	1,828	18,281	-
TOTAL	<u>\$ 2,232,911</u>	<u>\$ 1,753,697</u>	<u>\$ 1,249,190</u>	<u>\$ 954,073</u>	<u>\$ 6,189,871</u>	<u>\$ 716,102</u>	<u>\$ 347,518</u>	<u>\$ 7,253,491</u>	<u>\$ 7,260,283</u>

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

NATIONAL MENTAL HEALTH ASSOCIATION

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2005

(With Summarized Financial Information for the Year Ended December 31, 2004)

Increase (Decrease) in Cash and Cash Equivalents

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 498,307	\$ (1,482,495)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	141,224	178,947
Allowance for doubtful accounts receivable	1,000	-
Loss on disposition of equipment under capital lease	18,281	-
Unrealized loss on investments	21,087	41,895
Realized loss (gain) on investments	59,444	(1,427)
Donated investments	(16,196)	-
Changes in assets and liabilities:		
Accounts receivable	116,024	3,981
Grants and contracts receivable	508,374	687,232
Bequests receivable	(25,839)	324,272
Prepaid expenses	88,869	(85,345)
Inventory	20,366	73,261
Accounts payable and accrued expenses	341,270	(598,070)
Deposits held	(15,239)	33,425
	<u>1,756,972</u>	<u>(824,324)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(30,345)	(2,053)
Proceeds from sales of investments	3,776,092	743,675
Purchases of investments	(3,519,931)	(769,978)
	<u>225,816</u>	<u>(28,356)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Line of credit	(841,965)	841,965
Receipt of charitable gift annuities	-	8,864
Payments under charitable gift annuities	(11,160)	(11,160)
Principal payments on capital lease obligations	(112,657)	(111,360)
	<u>(965,782)</u>	<u>728,309</u>
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,017,006	(124,371)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	342,363	466,734
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,359,369</u>	<u>\$ 342,363</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 26,860</u>	<u>\$ 33,299</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Equipment acquired under a capital lease	\$ 169,400	\$ 73,080
Obligation for equipment acquired under capital lease	(169,400)	(73,080)
Equipment disposed of under capital lease termination	(105,038)	-
Cancellation of debt under termination of capital lease	105,038	-
	<u>\$ -</u>	<u>\$ -</u>

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

NATIONAL MENTAL HEALTH ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2005

1. Organization and Summary of Significant Accounting Policies

Organization

Organized in 1950, the National Mental Health Association, Inc. (the Association) is a private voluntary health and human services advocacy organization which promotes a wide range of mental health issues through advocacy leadership, public and professional education, community and consumer services, and ongoing research. The Association's primary sources of revenue are grants and contributions from foundations, government agencies and corporations and membership dues received from affiliated organizations nationwide.

Affiliates

Each of the mental health associations affiliated with the Association elects its own board of directors, conducts service programs independent of the Association, and maintains its own financial accounts. Accordingly, the financial statements of the Association do not include the accounts and activities of these affiliated organizations.

Cash and Cash Equivalents

The Association considers money market funds and certificates of deposit purchased with an original maturity of three months or less to be cash and cash equivalents. Money market funds held in certain investment portfolios are not considered cash and cash equivalents as these amounts are not available for the general operating purposes of the Association.

Inventory

Inventory is stated at cost on a first-in, first-out (FIFO) basis and consists of publications on hand at the end of the year.

Investments

Investments are comprised of government securities, bond and equity mutual funds, equities certificates of deposit, alternative investments, and money market funds and are recorded in the financial statements at fair value. Investments include the board designated reserve fund, building reserve fund, the net property and equipment fund, the Jo Blaylock Memorial Fund, and funds that have been permanently restricted by the donor.

NATIONAL MENTAL HEALTH ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2005

1. Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment and Related Depreciation and Amortization

Fixed assets are recorded at cost. Furniture and equipment are depreciated using the straight-line method over the estimated useful lives of 3 to 7 years, with no salvage value. Equipment purchased under capital lease agreements is amortized on the straight-line basis over the life of the lease. Leasehold improvements are amortized over the shorter of the remaining term of the lease or the useful life of the improvements. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in revenue or expenses in the accompanying statement of activities.

Classification of Net Assets

The net assets of the Association are reported in three self-balancing groups as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of the Association's operations. It also includes the net assets of the reserve fund, the building reserve fund, the net property and equipment fund and the Jo Blaylock Memorial fund which have all been designated by the Board of Directors. (See Note 8)
- Temporarily restricted net assets represent amounts that are specifically restricted by donors for various programs or use in future periods.
- Permanently restricted net assets represent amounts that include donor-imposed restrictions that stipulate that the resources be maintained in perpetuity and that only the earnings on such amounts be used in the manner specified by the donor.

Revenue Recognition

The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor-imposed 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 accompanying statement of activities as net assets released from restrictions.

Unrestricted contributions and grants are reported as revenue in the year in which payments are received and/or the promises are made. Revenue recognized on grants that have been committed to the Association, but have not been received, is reflected as grants and contracts receivable in the accompanying statement of financial position.

NATIONAL MENTAL HEALTH ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2005

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Affiliate support is recognized in the period received or a written promise has been made.

The Association recognizes bequests in the year the promise to give becomes unconditional, which is at the time the probate court declares the will valid and the proceeds are measurable in amount.

In-Kind Contributions

Donated materials, services and facilities are recorded as in-kind contributions at the estimated fair market value as of the date of the donation.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on direct costs.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Grants and Contracts Receivable

Grants and contracts receivable include \$321,500 of unconditional promises to give from foundations and corporations. Also included in grants and contracts receivable is \$545,963 of grants and contracts receivable from U.S. government agencies which represents billings that have been presented to grantors but remain unpaid at year end and amounts available to be drawn down as needed by the Association, respectively. All amounts are considered fully collectible and are due within one year.

Continued

NATIONAL MENTAL HEALTH ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2005

3. Bequests Receivable

Bequests receivable totaled \$586,016 at December 31, 2005 and consist of trust agreements which are irrevocable and are administered by a trustee or fiscal agent. Distributions are to be made to the Association (lead trusts) or to the donor's designee (remainder trusts) during the terms of the agreements. At the end of the terms, a portion of the remaining trust assets, as defined in the trust agreements, are to be distributed to the Association. All amounts are considered fully collectible and due in one to five years.

4. Investments

Investments as of December 31, 2005 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
Corporate bonds	\$1,067,389	\$1,062,561
Government securities	753,245	744,082
Alternative investments	351,172	334,100
Bond mutual funds	199,059	198,902
Securities	94,216	94,562
Equities	64,249	64,998
Money market funds	59,825	59,825
Equity mutual funds	51,439	58,340
Certificates of deposit	<u>24,616</u>	<u>24,616</u>
Total	<u>\$2,665,210</u>	<u>\$2,641,986</u>

5. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment are comprised of the following as of December 31, 2005:

Office furniture and equipment	\$ 899,568
Equipment under capital lease	349,530
Leasehold improvements	<u>16,673</u>
Total	1,265,771
Less: accumulated depreciation and amortization	<u>(984,591)</u>
Net property and equipment	<u>\$ 281,180</u>

Continued

NATIONAL MENTAL HEALTH ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2005

6. Commitments

Operating Leases

The Association leases its office space under a non-cancelable operating lease that expires September 30, 2006. Subsequent to year end the Association signed a lease agreement for new office space. The lease term under this new agreement is May 1, 2006 through April 30, 2016. The lease provides for fixed annual rental increases.

The Association also sub-leases a portion of the office space. Revenue from these sub-leases totaled \$134,053 for the year ended December 30, 2005 and is included in rental income in the accompanying statement of activities. Total rent expense attributable to the Association's office space for the year ended December 31, 2005 was \$674,935 and is included in occupancy expense in the accompanying statement of functional expenses. The Association is currently in the process of negotiating sub-lease agreements for the new office space, but these agreements have not been signed. It is anticipated that these sub-lease agreements will result in approximately \$36,000 of sub-rental income annually.

The future minimum rental payments required under these operating leases, net of sub-lease income, as of December 31, 2005 are as follows:

<u>For the Years Ending December 31,</u>	<u>Total</u>	<u>Sublease</u>	<u>Net</u>
2006	\$ 475,373	\$ 66,350	\$ 409,023
2007	415,208	-	415,208
2008	406,933	-	406,933
2009	417,106	-	417,106
2010	427,534	-	427,534
Thereafter	<u>2,466,992</u>	<u>-</u>	<u>2,466,992</u>
Total	<u>\$4,609,146</u>	<u>\$ 66,350</u>	<u>\$4,542,796</u>

7. Capital Leases

The Association leases office equipment under two capital leases which expire at various times through 2010. The leased equipment is included in property and equipment at a cost of \$349,530 with accumulated amortization of \$130,967 as of December 31, 2005.

Continued

NATIONAL MENTAL HEALTH ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2005

7. Capital Leases (continued)

The future minimum lease payments required for these capital leases at December 31, 2005 are as follows:

For the Year Ending <u>December 31,</u>	
2006	\$ 49,608
2007	49,608
2008	49,608
2009	49,608
2010	<u>33,782</u>
Total future minimum lease payments	232,214
Less: amount representing interest	<u>(11,351)</u>
Present value of net minimum lease payments	220,863
Less: current portion	<u>(45,451)</u>
Long-term portion	<u>\$ 175,412</u>

8. Net Assets

Board Designated Unrestricted Net Assets

The Board of Directors of the Association has designated certain unrestricted net assets for the purpose of establishing a reserve fund. The Board has approved a policy whereby the board approves annual contributions to the fund are made in an amount that equals 20% of the change in unrestricted net assets before depreciation. The Board of Directors may approve annual contributions in excess of the amount prescribed by the funding policy. The objective of the reserve fund is to stabilize the financial position by providing cash availability and asset growth and to provide a method of funding programs not supported by other funding sources. No additional contributions were approved by the Board of Directors for the year ended December 31, 2005.

The Association's Board has also designated the gain from the sale of its building in 2002 to be invested and used to purchase a new building in the future.

Also included in unrestricted net assets is a fund designated by the Board for property and equipment. This amount is calculated by subtracting the amount owed on property and equipment (i.e., the capital lease obligations) from the net book value of total property and equipment.

Continued

NATIONAL MENTAL HEALTH ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2005

8. Net Assets (continued)

Board Designated Unrestricted Net Assets (continued)

The Board of the Association has also designated unrestricted net assets to create the Jo Blaylock Memorial Fund. The fund was created to recognize Mr. and Mrs. Blaylock's contribution to mental health. The \$50,000 initially designated plus any investment earnings thereon are to be used for educational purposes.

Temporarily Restricted Net Assets

Certain temporarily restricted net assets are available for use among the programs of the Association based on specific donor restrictions. Other amounts with donor restrictions that can be interpreted to cover more than one program were allocated to such programs based on prior years' experience. The amounts available as of December 31, 2005 are as follows:

Education	\$ 539,110
Constituency services	493,872
Advocacy	419,928
Research	<u>181,028</u>
Total	<u>\$1,633,938</u>

Permanently Restricted Net Assets

Permanently restricted net assets include the following:

- The Quayle Bequest which requires that the principal be invested in perpetuity and that only the income be expended to support the training and use of volunteers and/or to pay hospital attendants servicing those who are mentally ill.
- The Anna Belle Edwards Bequest which requires that the principal be invested in perpetuity and that only the income be expended to support research as to the cause and cure of mental illness giving attention to the therapeutic use of mega-vitamins for such illness.

Because the interest income earned on the above bequests is restricted for stated purposes, it is recorded as temporarily restricted revenue in the accompanying statement of activities and is released from restriction as the program restrictions are met. Interest income earned on permanently restricted net assets totaled \$4,360 for 2005.

Continued

NATIONAL MENTAL HEALTH ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2005

9. Lines of Credit

The Association also has two lines of credit with Chevy Chase bank one of which is a \$1,000,000 secured revolving line of credit. The interest rate is calculated based on a 90 day London Interbank offered rate (LIBOR) plus 1.75% which, as of December 31, 2005, was 6.20%. The second line of credit is a \$1,000,000 unsecured revolving line of credit. The interest rate is calculated based on a 90 day LIBOR rate plus 2.15% which, as of December 31, 2005, was 6.17%. The lines of credit expire on September 30 and May 1, 2006, respectively.

As of December 31, 2005, there was no balance outstanding on these lines of credit. During the year ended December 31, 2005, the Association incurred interest expense of \$16,995 related to this line of credit. The Association is required to meet various covenants in accordance with the terms of the agreement. As of December 31, 2005, the Association did not meet the covenant which requires the Association to maintain unrestricted net assets of \$3,700,000. The Association is in the process of discussing this with the bank in order to obtain a waiver.

The Association has a stand-by letter of credit agreement for \$119,894 with Merrill Lynch that bears no interest and is collateralized by the Association's investments at Merrill Lynch. The letter of credit expires on September 30, 2006. The letter of credit is a guarantee for the Association's landlord for its office lease. As of December 31, 2005, no balance was outstanding on this letter of credit.

10. Pension Plan

The Association has a noncontributory, defined contribution retirement plan which is available to all employees who have completed one year of service and attained 21 years of age. Employer contributions are made to the plan according to the employee's years of service based on percentages as defined in the plan document. Employees are vested in the employer contributions according to the employee's years of service with the Association as defined in the plan document. Pension expense for the year ended December 31, 2005 totaled \$57,429 and is included in salary and benefits on the accompanying statement of functional expenses.

11. Concentration of Risk

The Association's cash is held in accounts at various financial institutions. Although the amount at a given bank at times exceeds the amount guaranteed by the Federal Deposit Insurance Corporation (FDIC) and, therefore bears some risk, the Association has neither experienced nor anticipates any losses on its funds. At December 31, 2005, the amount in excess of the FDIC insured limit of \$100,000 is \$968,171.

Continued

NATIONAL MENTAL HEALTH ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2005

12. Hotel Contracts Contingency

The Association has entered into agreements with several hotels for the provision of conference facilities and room accommodations for its meetings through December 2007. The agreements contain various clauses whereby the Association is liable for liquidated damages in the even of cancellation or lower than anticipated attendance. As of December 31, 2005, management of the Association has estimated that the maximum possible amount of liquidated damages is approximately \$102,000. However, management of the Association does not believe that any losses will be incurred under these contracts.

13. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Association is exempt from the payment of taxes on income other than unrelated business income. For the year ended December 31, 2005 no provision for income taxes was made as the Association did not have any net unrelated business income.

14. Prior Year Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2004, from which the summarized information was derived. Certain 2004 amounts were reclassified to conform with the 2005 presentation.

15. Reclassifications

Certain 2004 amounts have been reclassified to conform with the 2005 presentation.