

3. Budget

a. Budget for Project Award Period and Supporting Worksheets

The budget for project award periods and other worksheets are provided in this Part 3, Budget. They support and explain the figures reported on SF-424A, which is included in Part 1, Forms.

b. Financial Systems

As shown on the budget for project award period, most, actually 97%, of the \$395,453 of cash match is salary and benefits. This works out to about \$130,000 each year. For AWA this amount will easily be absorbed as part of the \$780,000 budget for salary and benefits. The \$239,841 in-kind contribution represents AJDA's staff time over three years. As evidenced by the AJDA financial statements, this in-kind contribution easily falls within the total amount of salary and benefits for AJDA, which is actually greater than AWA's spending. Projected program income of \$9,000 over three years is much less than the \$220,000 of seminar fees that AWA generated in 2007.

c. Other Financial Assistance Awards

In 2003, AWA received a \$200,000 MDCP award (ITA-01-0029) to promote widget exports to China. The federal program officer for the award is Brad Hess, MDCP Director, 202-482-2969, Brad.Hess@trade.gov.

Four columns--fed share, pgm inc, other, in-kind--help distinguish resources and their use for budgeting purposes only. For example, the detail indicates if you are claiming too much in-kind match. If you get an award you will *not* be required to report in this level of detail.

Budget for Project Award Period
With Breakdown of Projected Funding Sources

Categories	Total Expenses for All Years										2nd Year				3rd Year				
	1st Year					Non-Fed Share					Non-Fed Share				Non-Fed Share				
	Fed Share	Pgm Income	Cash	Other	In-Kind	Fed Share	Pgm Income	Cash	Other	In-Kind	Fed Share	Pgm Income	Cash	Other	In-Kind	Fed Share	Pgm Income	In-Kind	
DIRECT EXPENSES	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	
PERSONNEL	0	0	197,560	131,291	0	0	63,917	42,900	0	0	65,834	43,758	0	0	67,809	44,633			
1 Domestic	64,773	0	137,878	49,167	12,500	0	33,333	0	25,750	0	51,500	0	26,523	0	53,045	49,167			
2 International	64,773	0	335,438	180,458	12,500	0	97,250	42,900	25,750	0	117,334	43,758	26,523	0	120,854	93,800			
3 TOTAL	11,549	0	47,165	23,773	2,229	0	13,249	4,903	4,591	0	16,707	5,002	4,729	0	9,458	8,766			
FRINGE BENEFITS	0	0	22,581	15,007	0	0	7,306	4,903	0	0	7,525	5,002	0	0	7,751	5,102			
4 Dom. (Rate 11.43%)	11,549	0	24,584	8,766	2,229	0	5,943	0	4,591	0	9,182	0	4,729	0	9,458	8,766			
5 Int'l. (Rate 17.83%)																			
6 TOTAL	53,577	0	10,250	1,428	2,391	0	3,805	0	2,020	0	6,445	714	2,020	0	0	0	0	714	
TRAVEL	6,431	0	10,250	1,428	2,391	0	3,805	0	1,872	24,060	0	0	0	11,020	0	0	0	0	
7 Domestic	47,146	0	0	1,872	12,066	0	0	0	0	0	0	0	0	0	0	0	0	0	
8 International																			
9 TOTAL																			
EQUIPMENT	12,600	0	0	0	12,600	0	0	0	0	0	0	0	0	0	0	0	0	0	
SUPPLIES	3,000	0	0	0	600	0	0	0	0	1,200	0	0	0	1,200	0	0	0	0	
CONTRACTUAL	60,000	9,000	2,100	11,560	37,920	0	1,000	4,460	17,040	9,000	1,100	3,000	5,040	0	0	0	4,100		
OTHER	76,800	0	500	20,750	13,200	0	250	20,750	31,800	0	250	0	31,800	0	0	0	0	0	
TOTAL DIRECT	282,298	9,000	395,453	239,841	93,506	0	115,554	74,885	106,461	9,000	141,836	52,474	82,331	0	138,063	112,482			
Sum from above																			
15 Sum of all direct columns	Sum line 16 columns a, b, c, d					926,592	Sum line 16 columns e, f, g, h					283,945	Sum line 16 columns i, j, k, l					309,771	Sum line 16 columns m, n, o, p
INDIRECT EXPENSES	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	
16 Indirect (Rate 5.03%)	46,608	4.8%					14,282	4.8%					15,581	5.7%					16,744 4.8%
17 Percent of Total (line 20)																			
TOTAL	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	
18 Dir+Indir.	282,298	9,000	442,061	239,841	93,506	0	129,836	74,885	106,461	9,000	157,418	52,474	82,331	0	154,806	112,482			
19 Percent of Total (line 20)	29.0%	0.9%	45.4%	24.5%															
All Expense Columns																			
20 Total	Sum line 16 columns a, b, c, d					973,200	Sum line 16 columns e, f, g, h					298,228	Sum line 16 columns i, j, k, l					325,353	Sum line 16 columns m, n, o, p
This means that for every \$1,000 of project activity you claim, you will be reimbursed \$290 in MDCP award funds. This rate can not exceed 33.33%.	Note: Explain calculation of each category in separate worksheets and narratives as appropriate.																		

American Widget Association

Expenses	<u>2010</u>	Indirect	Direct
Show expenses	800,000	800,000	
Salaries	700,000	700,000	
Fringe benefits	80,000	80,000	
Seminars, meetings, etc.	120,000	120,000	
Travel	90,000	90,000	
Contracted services	80,000	80,000	
Postage, etc.	20,000	20,000	
Rent, utilities, etc.	50,000	50,000	
Insurance	15,000	15,000	
Depreciation	30,000	30,000	
Total	1,985,000	95,000	1,890,000

Fringe Benefits Rate Calculation

Domestic

$$\frac{\text{Fringe benefits}}{\text{Salaries}} = \frac{80,000}{700,000} = 11.43\%$$

International

Average EU fringe benefits as a percentage of average US company fringe benefits
 ("Employment Practices Comparison 2000", Organization for Economic Cooperation and Development, Paris (30 June 2001) at 37.)

$$\begin{array}{ccc} a & b & c=a*b \\ 156.00\% & 11.43\% & 17.83\% \end{array}$$

Indirect Cost Rate Calculation

$$\frac{\text{Indirect Costs}}{\text{Direct Costs}} = \frac{95,000}{1,890,000} = 5.03\%$$

Four columns--fed share, pgm inc, other, in-kind--helps distinguish resources and their use, e.g. cash v. in-kind, to ensure that you meet overall program requirements. As an awardee, you would *not* be required to demonstrate that actual spending mimics this level of detail.

Personnel Expenses

Breakdown and Projected Funding Sources

Org.	Position	Project Work Description	% of time			Allocated Salary c=a*b	Ann. Increase d	Part yr. e	1st Year			2nd Year			3rd Year		
			Fed Share	Pgm Inc	Cash				Fed Share	Pgm Inc	Cash	Fed Share	Pgm Inc	Cash	Fed Share	Pgm Inc	Cash
			In	Other	In-Kind				In	Other	In-Kind	In	Other	In-Kind	In	Other	In-Kind
AWA	Executive Director	Strategic planning, general oversight, personnel decisions, member relations, trade missions	5%	185,000	9,250	3%						9,250	9,258				9,813
AWA	Marketing Manager	Primary project coordinator. Includes planning, event preparation, etc.	33%	80,000	26,667	3%						26,667	27,467				28,291
AWA	Finance Manager	Ensure proper accounting of project costs. Prepare internal reports. Submit quarterly financial reports.	5%	80,000	4,000	3%						4,000	4,120				4,244
AWA	Office Services Manager	Support services for seminar prep, trade show prep, mailings, etc.	5%	45,000	2,250	3%						2,250	2,318				2,387
AWA	Admin. Assistant	Coordinate/arrange logistics for trade shows, tech. seminars, trade missions, other activities.	2.5%	45,000	11,250	3%						11,250	11,588				11,935
AWA	IT Manager	Coordinate web svcs increase, ebiz guideline postings. Webmaster for added web features.	10%	60,000	6,000	3%						6,000	6,180				6,365

Personnel Expenses

Breakdown and Projected Funding Sources

Four columns-fed share, pgm inc, other, in-kind-helps distinguish resources and their use, e.g. cash v. in-kind, to ensure that you meet overall program requirements. As an awardee, you would *not* be required to demonstrate that actual spending mimics this level of detail.

Explanation & Calculation

Org.	Position	Project Work Description	1st Year			2nd Year			3rd Year		
			Fed Share	Non-Fed Share		Fed	Non-Fed Share		Fed	Non-Fed Share	
				Cash	Pgm Inc		Cash	Pgm Inc		Cash	Pgm Inc
AWA	Secretary	General admin. support related to project.	a	b	c=a*b	Allocated Salary	Ann. Increase	Ann. Adjust	d	e	f
AWA	Sinfonia Office Director	Primary in-country rep. for Sinfonian Initiative.	15%	30,000	4,500	3%				4,500	4,635
AWA	Sinfonia Office Assistant	In-country contact. Assists office director in Sinfonian Initiative.	###	50,000	50,000	3%	67%		33,333		51,500
										25,750	26,523
		Subtotal				600,000	138,917				
											4,774
											53,045

Personnel Expenses

Four columns--fed share, pgm inc, other, in-kind-- helps distinguish resources and their use, e.g. cash v. in-kind, to ensure that you meet overall program requirements. As an awardee, you would *not* be required to demonstrate that actual spending mimics this level of detail.

Breakdown and Projected Funding Sources

Org.	Position	Project Work Description	% of time	Explanation & Calculation				1st Year				2nd Year				3rd Year					
				Allocated Salary	Ann. Increase	Part M.	Non-Fed Share			Fed Share	Pgm Inc	Cash	Non-Fed Share			Fed Share	Pgm Inc	Cash	Non-Fed Share		
							Fed Share	Pgm Inc	Cash				In-Kind	Other	In-Kind				p	q	r
AJDA	Executive Director	Strategic planning, general oversight, personnel decisions, member relations, trade missions	4%	230,000	9,200	2%													9,200	9,384	9,572
AJDA	Marketing Project Manager	Coordinates AJDA effort for Sinfonian Initiative. Includes planning, event preparation, etc.	15%	95,000	14,250	2%													14,250	14,535	14,826
AJDA	Finance Manager	Ensures accurate records and in-kind allocations.	3%	90,000	2,700	2%													2,700	2,754	2,809
AJDA	Admin. Assistant	Coordinate logistics w/AWA for Sinfonian Initiative.	15%	55,000	8,250	2%													8,250	8,415	8,583
AJDA	IT Manager	Coordinate web svcs increase, ebiz guideline postings. Webmaster for added web features.	10%	85,000	8,500	2%													8,500	8,670	8,843
AJDA	Sinfonia Office Director	Primary in-country rep. for Sinfonian Initiative.	# ##	55,000	55,000	2%	67%												0	0	36,667
AJDA	Sinfonia Office Assistant	In-country contact. Assists office director in Sinfonian Initiative.	# ##	25,000	25,000	2%	50%											0	0	12,500	
Subtotal				635,000	122,900													12,500	0	97,250	
<i>Total</i>				1,235,000	261,817													25,750	0	117,334	
																		26,523	0	43,758	
																		25,750	0	120,854	
																		93,800			

Personnel Expenses

Breakdown and Projected Funding Sources

Four columns--fed share, pgm inc, other, in-kind--helps distinguish resources and their use, e.g. cash v. in-kind, to ensure that you meet overall program requirements. As an awardee, you would *not* be required to demonstrate that actual spending mimics this level of detail.

Org.	Position	Project Work Description	% of time				Allocated Ann. Salary	Ann. Increase	Part yr. Adjust	1st Year				2nd Year				3rd Year			
			Fed Share	Pgm Inc	In-Kind	Other				Cash	Pgm Inc	Other	In-Kind	Cash	Pgm Inc	Other	In-Kind				
			n	i	j	k				l	m	o	p	q	r	s	t	u	v	w	x
Explanation & Calculation																					
			a	b	c=a*b	d	e														
<i>Domestic</i>		1,180,000	206,817		0	0	63,917	42,900	0	0	65,834	43,758	0	0	67,809	44,633					
<i>International</i>		155,000	155,000		12,500	0	33,333	0	25,750	0	51,500	0	26,523	0	53,045	49,167					

Non-Personnel Direct Expenses

Breakdown and Projected Funding Sources

Four columns--fed share, pgm inc, other, in-kind--helps distinguish resources and their use, e.g. cash v. in-kind, to ensure that you meet overall program requirements. As an awardee, you would *not* be required to demonstrate that actual spending mimics this level of detail.

Cat. #	Activity	Explanation & Calculation	1st Year						2nd Year						3rd Year					
			Fed Share			Non-Fed Share			Fed Share			Non-Fed Share			Fed Share			Non-Fed Share		
			Fed	Pgm	Cash	Pgm	Cash	Other	In-Kind	Share	Inc	Fed	Pgm	Cash	Pgm	Cash	Other	Fed	Pgm	In-Kind
Travel (dom)			n	n	n	n	n	n	n	n	n	n	n	n	n	n	n	p	p	s
8	Sinfonian director training, annual meeting, member visits.	Visits to members' U.S. facilities w/o one AWA official. Locations will vary. Phoenix/Chicago (RT) used as average.	a 130	b 2	c-a*b 260	d 600	e 150	f 2	(c+d+e)*f 2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020
10	Recruit US firms for tech. sem.	Visits to members in Chicago area. RT from Phoenix.	130	2	260	600	150	1	1,010	1,010	1,010	1,010	1,010	1,010	1,010	1,010	1,010	1,010	1,010	1,010
10		Visits to members in San Francisco area. RT from Phoenix.	210	2	420	600	150	1	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170
10		Visits to members in North Carolina area. RT from Phoenix.	110	2	220	750	150	1	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120
10		Visits to members in Utah area. RT from Phoenix.	105	1	105	250	150	1	505	505	505	505	505	505	505	505	505	505	505	505
15	Bring Sinfonians to WigExpo.	Phoenix/Las Vegas: AWA staff to accompany Sinfonian execs.	180	4	720	250	350	2	2,640	2,640	2,640	2,640	2,640	2,640	2,640	2,640	2,640	2,640	2,640	2,640
5	Rent office in Sinfonia.	Local transport to bus mtgs. Every other day for half a month. 2 " days.	a 7	b 53	c-a*b 371	d 714	e 102	f 714	g 371	371	371	371	371	371	371	371	371	371	371	371
		TOTAL	2,391	0	3,805	0	2,020	0	6,445	714	714	714	714	714	714	714	714	714	714	714



Non-Personnel Direct Expenses

■ Breakdown and Projected Funding Sources

Your columns—*you share, you give, you help unsung artists*—helps unsung artists resources and their use, e.g. cash v. in-kind, to ensure that you meet overall program requirements. As an awardee, you would *not* be required to demonstrate that actual spending mimics this level of de-

Non-Personnel Direct Expenses

Four columns--fed share, pgm inc, other, in-kind-- helps distinguish resources and their use, e.g. cash v. in-kind, to ensure that you meet overall program requirements. As an awardee, you would *not* be required to demonstrate that actual spending mimics this level of detail.

Cat. #	Activity	Explanation & Calculation	Breakdown and Projected Funding Sources												
			1st Year				2nd Year				3rd Year				
			Fed Share	Pgm Inc	Cash	Other	In-Kind Share	Fed Share	Pgm Inc	Cash	Other	In-Kind Share	Fed Share	Pgm Inc	Cash
13	Technical seminar.	Phoenix/Baritona: Finalize venue and host.	223	2	446	940	40	1	1,426	1,426					
		Phoenix/Baritona: Participate in seminar.	223	4	892	940	80	2	3,824						3,824
14	Trade missions.	Phoenix/Baritona: Visit potential customers w/10 members.	223	2	446	940	40	2	2,852						2,852
15	Bring Sinfonians Baritona/Las Vegas: to WdgExpo.	Sinfonian execs. to trade show.	180	3	540	940	150	8	13,040						13,040
	TOTAL										12,066	0	0	1,872	24,060
											0	0	0	0	11,020

Non-Personnel Direct Expenses

Shutdown and Projected Funding Sources

Four columns--fed share, pgm inc, other, in-kind-- helps distinguish resources and their use, e.g. cash v. in-kind, to ensure that you meet overall program requirements. As an awardee, you would *not* be required to demonstrate that actual spending mimics this level of detail.

Cat. #	Activity	Explanation & Calculation	1st Year				2nd Year				3rd Year			
			Fed Share		Non-Fed Share		Fed Share		Non-Fed Share		Cash		Non-Fed Share	
			Fed Share n	Pgm Inc l	Other In-Kind i	In-Kind Share j	Fed Share n	Pgm Inc l	Other In-Kind i	In-Kind Share j	Cash k	Pgm Inc l	Other In-Kind i	In-Kind Share j
Equipment	5 Rent office in Sinfonia.	2 Desktop computers, 1 laptop, 1 projector. 1 fax machine, 2 color printers. 2 Scanners, 2 digital cameras, 1 paper shredder	5,700	5,700			2,600	2,600						
Supplies	5 Rent office in Sinfonia.	Paper, presentation mtl's, gen. office supplies.	1,800	1,800			1,800	1,800						
TOTAL			2,500	2,500			2,500	2,500						
Supplies	5 Rent office in Sinfonia.	Paper, presentation mtl's, gen. office supplies.	100	12	1,200	600	12,600	0	0	0	0	0	0	0
TOTAL			100	12	1,200	600	12,600	0	0	0	0	0	0	0
Contractual	1 CPA acctg. changes.	Fees for advice from Bean & Kouniar, CPA: (1) new acctg system for OMB compliance; (2) establish new procedures if needed. Partly funded by \$1,000 State of AZ Economic Development accounting grant for organizations relocated director candidates, agents for AWA members.	5,000	5,000			600	0	0	0	1,200	0	0	0
	2 CS Int'l Partner Search.	Fee for Int'l Partner Search by USFCS to identify short list of AWA office director candidates, agents for AWA members.	600	600			600	0	0	0	1,200	0	0	0
	3 Increase web-hosting capability.	10 GB hosted memory for \$250/mo donated by ADJA's contracted ISP. Quote from another ISP, biznet.com, for same svc: \$260/mo.	250	250	x	x	3,000	3,000						3,000
	5 Rent office in Sinfonia.	Phone/fax	90	12	1,080	540	540							1,080
	5	Cell phone service (2 phones)	60	12	720	360	360							720
	5	LAN & Internet svc. (DSL) including pkg webpage sv.	170	12	2,040	1,020	1,020							2,040
	5	Service of offc equipment.	100	12	1,200	600	600							1,200
	5	Phone/fax	30	12	360	360	360							360
	5	"Mayor's office of Int'l trade: gift:												
	5	*Paper, presentation mtl's, gen. office supplies.												
	6	Hire office staff.	"Temp agency fees for hire of admin assistant.								2,000			
	6													
	7	Translate association brochure.	Translation @ \$200 per webpage. Quoted in "Estimating Translation Costs for W. European Languages" www.TranslationServices.com.	2	200	400	400	400	400	400	400	400	400	400
	7		Printing of one-page brochure (2,000 copies): tri-fold, 2,000 on glossy paper in four-color process. Price paid for similar quantity & type of printing/folding at Acme printing in Phoenix, AZ is \$0.55 per brochure, including design, typeset and layout.	0.55	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100

Non-Personnel Direct Expenses

Breakdown and Projected Funding Sources

Four columns--fed share, pgm inc, other, in-kind-- helps distinguish resources and their use, e.g. cash v. in-kind, to ensure that you meet overall program requirements. As an awardee, you would *not* be required to demonstrate that actual spending mimics this level of detail.

Cat. #	Activity	Explanation & Calculation	1st Year			2nd Year			3rd Year		
			Non-Fed Share		Cash	Non-Fed Share		Cash	Non-Fed Share		Cash
			Fed Share	Pgm Inc		Other	In-Kind Share		Fed Pgm Inc	Other In-Kind Share	
13	Technical seminar.	Print 1-pg tri-fold brochure re seminar.	2,000	0.55	1,100				1,100		
14	Trade missions.	Print 1-pg tri-fold brochure re mission.	2,000	0.55	1,100				1,100		
9	Translate AWA.org, AJDA.org.	Translation @ \$200 per webpage. Quoted in "Estimating Translation Costs for W. European Languages" www.TranslationServices.com.	33	200	6,600				6,600		
11	Briefing: export fin., logistics, etc.	Development of 5-10 web-page primer for executives. Will be added to members-only area of website. Fees based on 2001.11.15 quote from Web-Based Education Design, Inc.	7	900	6,300				6,300		
12	Member brochure translations.	Translation @ \$200/pg (quoted at in www.Translation.com). First 10 mtrs to get 2 pgs each translated at expense of MDCP. Estimate that members will pay entire cost of an additional 10 pages (900*10=9,000). Printing paid separately by each member.	20	900	18,000				6,000		
17	Web content & ebiz guidelines.	Development of 5-10 web-page primer for executives. Will be added to members only area of website. Fees based on 2001.11.15 quote from Web-Based Education Design, Inc.	7	900	6,300				6,300		
TOTAL Other			37,920	0	1,000	4,460	17,040	9,000	1,100	3,000	5,040
5	Rent office in Sinfonia.	Rent (incl heat, a/c, lights, security, intnc, cleaning, etc.). \$30/meter2 per \$30 * 44 = \$2200.	Per/mo	Months	Total						
5			2,200	12	26,400						
5					13,200						
5											
10	Recruit US firms for tech. sem.	Office furniture for 3 employees + 15-person conf room. Software licenses (Desktop pub, WP, etc.), fees. Produce and mail 2 fliers to each of 69 members.	20,000								
13	Technical seminar.	a b c d-a*b*c	1,000	250	750						
					250						

Non-Personnel Direct Expenses

Four columns--fed share, pgm inc, other, in-kind-- helps distinguish resources and their use, e.g. cash v. in-kind, to ensure that you meet overall program requirements. As an awardee, you would *not* be required to demonstrate that actual spending mimics this level of det.

Portion of the total contributed by state government

American Widget Association	
Statement of Assets and Net Assets – Cash Basis	
December 31, 2010	
555-555-1212	
<u>Assets</u>	
Current Assets	\$ 803,746
Cash and cash equivalents	\$ 106,254
Deposits	
Total assets	\$ 910,000
<u>Net Assets</u>	
Unrestricted	\$ 910,000
	\$ 910,000

Cayne & Bills, P.S.

Certified Public Accountants

1604 Camelback Road
Phoenix, AZ 85055

555-555-1212

Independent Auditor's Report

Board of Directors
American Widget Association
Phoenix, AZ

We have audited the statement of assets and net assets – cash basis of the American Widget Association (AWA), an Arizona non-profit organization, as of December 31, 2010, and the related statements of revenues, expenses and changes in net assets – cash basis and functional expense – cash basis for the year then ended. These financial statements are the responsibility of AWA'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 assets and net assets – cash basis of AWA at December 31, 2010, and the results of its operations for the year then ended on the basis of accounting described in Note 1.

Cayne & Bills, P.S.

Cayne & Bills, P.S.

February 28, 2011

American Widget Association

Notes to Financial Statements

December 31, 2010

Note 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities

The American Widget Association (AWA) is a private, non-profit membership organization comprised of companies and individuals that have an active interest in promoting the widget industry. The association was formed in 1967 and is located in Phoenix, Arizona.

Basis of Accounting

The financial statements of AWA have been prepared on the cash basis of accounting. Accordingly, revenue is recorded when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred.

Income Taxes

AWA is exempt from Federal income taxes under Section 501(c)(6) of the Internal Revenue Code.

American Widget Association

Statement of Functional Expenses and Revenue – Cash Basis

For the year ended December 31, 2010

<u>Expenses</u>	
Salaries	700,000
Fringe benefits	<u>80,000</u>
Total salaries & related expenses	780,000
Show expenses	800,000
Seminars, meetings, etc.	120,000
Travel	90,000
Contracted services	80,000
Postage, etc.	20,000
Rent, utilities, etc.	50,000
Insurance	15,000
Depreciation	<u>30,000</u>
Total	1,985,000

<u>Revenue</u>	
Membership dues	455,000
Interest income	80,000
Fees collected for publications	30,000
Fees collected for seminars and events	220,000
Show fees collected	<u>1,200,000</u>
Total salaries & related expenses	1,990,000

Audio Jamming Device Association

Statement of Assets and Net Assets – Cash Basis
December 31, 2010

<u>Assets</u>	\$ 500,000
Current Assets	
Cash and cash equivalents	\$ 500,000
Deposits	\$ 000
	\$ 500,000
Total assets	\$ 500,000
Net Assets	
Unrestricted	\$ 100,000
	\$ 100,000
Total assets	\$ 600,000

Rose & Cavelier, LLP

Certified Public Accountants
104 Great Way
Chicago, IL 60609

555-555-1212

Independent Auditor's Report

Board of Directors
Audio Jamming Device Association
Chicago, IL

We have audited the statement of assets and net assets - cash basis of the Audio Jamming Device Association (AJDA), an Illinois non-profit organization, as of December 31, 2010, and the related statements of revenues, expenses and changes in net assets - cash basis and functional expenses - cash basis for the year then ended. These financial statements are the responsibility of AJDA'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 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 assets and net assets - cash basis of AJDA at December 31, 2010, and the results of its operations for the year then ended on the basis of accounting described in Note 1.

Rose & Cavelier, LLP

February 22, 2011

Audio Jamming Device Association

 Notes to Financial Statements
 December 31, 2010

Note 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities
 The Audio Jamming Device Association (AJDA) is a private, non-profit membership organization comprised of companies and individuals that have an active interest in promoting the widget industry. The association was formed in 1976 and is located in Chicago, Illinois.

Basis of Accounting
 The financial statements of AJDA have been prepared on the cash basis of accounting. Accordingly, revenue is recorded when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred.

Income Taxes
 AJDA is exempt from Federal income taxes under Section 501(c)(6) of the Internal Revenue Code.

Audio Jamming Device Association

 Statement of Functional Expenses – Cash Basis
 For the year ended December 31, 2010

Salaries	600,000
Fringe benefits	80,000
Total salaries & related expenses	680,000
Show expenses	600,000
Seminars, meetings, etc.	120,000
Travel	90,000
Contracted services	80,000
Postage, etc.	20,000
Rent, utilities, etc.	50,000
Insurance	15,000
Depreciation	30,000
Total	1,685,000

Audio Jamming Device Association

830 Gelb Street
Chicago, Illinois

April 5, 2011

Anna Purna
Executive Director
American Widget Association
1717 Widget Lane
Phoenix, AZ 89999

Dear Ms. Purna,

AJDA, the Audio Jamming Device Association, is pleased to partner with the American Widget Association (AWA) for the Sinfonia Now initiative.

As agreed, if AWA is selected for Market Development Cooperator Program (MDCP) funding in 2011, AJDA will provide staff support during the three-year period 2009-2011. This AJDA contribution, with the agreed portion of time as a percent of a normal work schedule, is set forth as follows: executive director 4%, marketing project manager 15%, finance manager 3%, administrative assistant 15%, information technology manager 10%, and two new positions, Sinfonia office director 100% and Sinfonia office assistant 100%.

As set forth in the budget narrative, which we have reviewed separately, we estimate that the fair market value of the time contributed will be \$122,900 over the three years.

We look forward to participating in the Sinfonia Now initiative.

Sincerely,



Quentin Laru
Executive Director

Do include letters from any organization that is pledging in-kind support. These letters should specify what is pledged.