



## **Financial Statements**

*For the Year Ended December 31, 2004*

*(With Summarized Financial Information for the Year Ended December 31, 2003)*



## **and Report Thereon**





## 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, 2004, 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 2003 financial statements and, in our report dated April 30, 2004, 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, 2004, 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 18, 2005

**NATIONAL MENTAL HEALTH ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2004  
(With Summarized Financial Information as of December 31, 2003)

	2004	2003
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 342,363	\$ 466,734
Accounts receivable	352,518	356,499
Grants and contracts receivable, current portion	1,375,837	1,713,069
Bequests receivable, current portion	289,177	613,449
Prepaid expenses	165,010	79,665
Inventory	215,385	288,646
Total Current Assets	2,740,290	3,518,062
Grants and contracts receivable, net of current portion	-	350,000
Bequests receivable, net of current portion	271,000	271,000
Investments	2,962,482	2,976,647
Property and equipment, net	345,978	449,792
<b>TOTAL ASSETS</b>	<b>\$ 6,319,750</b>	<b>\$ 7,565,501</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 195,425	\$ 793,495
Charitable gift annuities, current portion	11,890	11,360
Capital lease obligations, current portion	113,544	102,561
Total Current Liabilities	320,859	907,416
Line of credit	841,965	-
Charitable gift annuities, net of current portion	53,415	56,241
Capital lease obligations, net of current portion	155,614	204,877
Deposits held	47,570	14,145
<b>TOTAL LIABILITIES</b>	<b>1,419,423</b>	<b>1,182,679</b>
Commitments and Contingency		
Net Assets		
Unrestricted		
Undesignated	1,356,193	1,673,154
Reserve fund	675,403	675,403
Building reserve fund	1,795,697	1,795,697
Net property and equipment fund	76,820	142,354
Jo Blaylock Memorial fund	58,242	56,676
Total Unrestricted	3,962,355	4,343,284
Temporarily restricted	649,001	1,750,567
Permanently restricted	288,971	288,971
<b>TOTAL NET ASSETS</b>	<b>4,900,327</b>	<b>6,382,822</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,319,750</b>	<b>\$ 7,565,501</b>

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

**NATIONAL MENTAL HEALTH ASSOCIATION**

**STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2004**

**(With Summarized Financial Information for the Year Ended December 31, 2003)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2004 Total</u>	<u>2003 Total</u>
<b>REVENUE AND SUPPORT</b>					
Grants, contracts and contributions	\$ 1,160,804	\$ 3,473,680	\$ -	\$ 4,634,484	\$ 9,615,585
Affiliate support	616,472	-	-	616,472	672,643
Rental income	171,710	-	-	171,710	12,845
Special events	101,000	-	-	101,000	50,000
In-kind contributions	98,730	-	-	98,730	18,714
Investment income	90,008	3,354	-	93,362	168,852
Combined federal campaign	54,287	-	-	54,287	56,225
Sales	4,367	-	-	4,367	99,903
Bequests	3,376	-	-	3,376	203,333
Net assets released from restrictions:					
Satisfaction of time restrictions	80,000	(80,000)	-	-	-
Satisfaction of program restrictions	4,498,600	(4,498,600)	-	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<u>6,879,354</u>	<u>(1,101,566)</u>	<u>-</u>	<u>5,777,788</u>	<u>10,898,100</u>
<b>EXPENSES</b>					
<b>Program Services</b>					
Constituency services	2,449,273	-	-	2,449,273	3,664,917
Education	1,979,781	-	-	1,979,781	2,702,151
Advocacy	1,008,232	-	-	1,008,232	1,211,954
Research	834,312	-	-	834,312	1,491,422
<b>Total Program Services</b>	<u>6,271,598</u>	<u>-</u>	<u>-</u>	<u>6,271,598</u>	<u>9,070,444</u>
Management and general	720,942	-	-	720,942	869,661
Fundraising	267,743	-	-	267,743	387,078
<b>TOTAL EXPENSES</b>	<u>7,260,283</u>	<u>-</u>	<u>-</u>	<u>7,260,283</u>	<u>10,327,183</u>
Change in Net Assets	(380,929)	(1,101,566)	-	(1,482,495)	570,917
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>4,343,284</u>	<u>1,750,567</u>	<u>288,971</u>	<u>6,382,822</u>	<u>5,811,905</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 3,962,355</u>	<u>\$ 649,001</u>	<u>\$ 288,971</u>	<u>\$ 4,900,327</u>	<u>\$ 6,382,822</u>

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, 2004  
(With Summarized Financial Information for the Year Ended December 31, 2003)

	Program Services				Total Program Services	Supporting Services		2004 Total	2003 Total
	Constituency Services	Education	Advocacy	Research		Management and General	Fundraising		
Salaries and benefits	\$ 1,339,883	\$ 1,348,458	\$ 785,685	\$ 570,010	\$ 4,044,036	\$ 424,472	\$ 150,171	\$ 4,618,679	\$ 6,558,792
Occupancy	156,521	125,217	81,391	62,608	425,737	137,738	62,608	626,083	609,787
Grants	439,277	-	-	-	439,277	-	-	439,277	490,386
Conference and meetings	197,455	140,597	31,130	51,323	420,505	-	6,939	427,444	576,058
Professional fees and contract service payments	92,726	118,864	24,477	39,226	275,293	89,389	8,982	373,664	1,041,534
Depreciation and amortization	45,108	37,047	23,178	18,390	123,723	37,966	17,258	178,947	159,777
Travel	54,488	32,317	19,438	28,025	134,268	5,105	6,310	145,683	214,870
Supplies	49,344	62,232	4,309	12,987	128,872	10,375	4,195	143,442	116,214
Postage and shipping	31,585	16,469	15,029	28,735	91,818	-	6,756	98,574	125,031
Outside printing and art work	2,881	64,997	2,881	2,881	73,640	1,874	-	75,514	204,847
Telephone	20,201	12,072	10,888	10,355	53,516	6,697	-	60,213	151,988
Miscellaneous	11,479	14,851	5,498	6,442	38,270	-	1,194	39,464	70,922
Interest	8,325	6,660	4,328	3,330	22,643	7,326	3,330	33,299	6,977
<b>TOTAL</b>	<u>\$ 2,449,273</u>	<u>\$ 1,979,781</u>	<u>\$ 1,008,232</u>	<u>\$ 834,312</u>	<u>\$ 6,271,598</u>	<u>\$ 720,942</u>	<u>\$ 267,743</u>	<u>\$ 7,260,283</u>	<u>\$ 10,327,183</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, 2004

(With Summarized Financial Information for the Year Ended December 31, 2003)

Increase (Decrease) in Cash and Cash Equivalents

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,482,495)	\$ 570,917
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	178,947	159,777
Unrealized loss (gain) on investments	41,895	(37,705)
Realized gain on investments	(1,427)	-
Loss on disposal of other property and equipment	-	54,047
Changes in assets and liabilities:		
Accounts receivable	3,981	(10,953)
Grants and contracts receivable	687,232	(1,073,352)
Bequests receivable	324,272	(200,000)
Prepaid expenses	(85,345)	40,683
Inventory	73,261	(98,333)
Accounts payable and accrued expenses	(598,070)	129,733
Deposits held	33,425	(1,947)
	<u>(824,324)</u>	<u>(467,133)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(2,053)	(1,220)
Proceeds from sales of investments	743,675	-
Purchases of investments	(769,978)	(142,003)
	<u>(28,356)</u>	<u>(143,223)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Line of credit	841,965	-
Receipt of charitable gift annuities	8,864	10,000
Payments under charitable gift annuities	(11,160)	(12,933)
Principal payments on capital lease obligations	(111,360)	(67,835)
	<u>728,309</u>	<u>(70,768)</u>
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(124,371)	(681,124)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>466,734</u>	<u>1,147,858</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 342,363</u>	<u>\$ 466,734</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	<u>\$ 33,299</u>	<u>\$ 6,977</u>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Capital lease obligations for equipment	<u>\$ 73,080</u>	<u>\$ 33,079</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, 2004**

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### 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 corporate industry 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, and money market funds and are recorded in the financial statements at fair value. Investments that are part of the board designated reserve fund, building reserve fund, the net property and equipment fund, and the Jo Blaylock Memorial Fund or that have been permanently restricted by the donor are included in long-term investments.

Continued

# NATIONAL MENTAL HEALTH ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2004

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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 7)
- 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 unconditional 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.

Continued

# NATIONAL MENTAL HEALTH ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2004

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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 \$1,100,174 of unconditional promises to give from foundations and corporations. Also included in grants and contracts receivable is \$275,663 of grant and contract revenue receivable from U.S. government agencies which represents billings that have been presented to grantors but remain unpaid at year end. All amounts are considered fully collectible and are due within one year.

# NATIONAL MENTAL HEALTH ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2004

### 3. Investments

Investments as of December 31, 2004 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
Government securities	\$ 2,334,981	\$ 2,324,321
Bond mutual funds	313,977	315,170
Equity mutual funds	111,706	144,410
Certificates of deposit	124,419	124,419
Money market funds	44,634	44,634
Equities	<u>8,098</u>	<u>9,528</u>
Total	<u>\$2,937,815</u>	<u>\$ 2,962,482</u>

### 4. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment are comprised of the following as of December 31, 2004:

Office furniture and equipment	\$ 869,223
Equipment under capital lease	558,580
Leasehold improvements	<u>16,673</u>
Total	1,444,476
Less: accumulated depreciation and amortization	<u>(1,098,498)</u>
Net property and equipment	<u>\$ 345,978</u>

### 5. Commitments

#### Operating Leases

The Association leases its office space under a non-cancelable operating lease that expires September 30, 2006. The lease provides for a fixed annual rental increase.

The Association also sub-leases a portion of the office space. Revenue from this sub-lease totaled \$171,710 for the year ended December 30, 2004 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, 2004 was \$626,083 and is included in occupancy expense in the accompanying statement of functional expenses.

Continued

**NATIONAL MENTAL HEALTH ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2004**

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5. Commitments (continued)

**Operating Leases** (continued)

The future minimum rental payments required under this operating lease, net of sub-lease income, as of December 31, 2004 are as follows:

<u>For the Years Ending December 31,</u>	<u>Total</u>	<u>Sublease</u>	<u>Net</u>
2005	\$ 615,829	\$ 105,306	\$ 510,523
2006	<u>412,952</u>	<u>78,980</u>	<u>333,972</u>
Total	<u>\$1,028,781</u>	<u>\$ 184,286</u>	<u>\$ 844,495</u>

6. Capital Leases

The Association leases office equipment under eight capital leases which expire at various times through 2010. The leased equipment is included in property and equipment at a cost of \$558,580 with accumulated amortization of \$303,742 as of December 31, 2004.

The future minimum lease payments required for these capital leases at December 31, 2004 are as follows:

<u>For the Year Ending December 31,</u>	
2005	\$ 127,429
2006	71,374
2007	47,305
2008	13,608
2009	13,608
Thereafter	<u>3,402</u>
Total future minimum lease payments	276,726
Less: amount representing interest	<u>(7,568)</u>
Present value of net minimum lease payments	269,158
Less: current portion	<u>(113,544)</u>
Long-term portion	<u>\$ 155,614</u>

Continued

**NATIONAL MENTAL HEALTH ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2004**

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7. 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, 2004.

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.

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, 2004 are as follows:

Research	\$ 218,973
Advocacy	176,983
Constituency services	90,146
Time restricted for use in 2005	88,329
Education	<u>74,570</u>
Total	<u>\$ 649,001</u>

Continued

# NATIONAL MENTAL HEALTH ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2004

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### 7. Net Assets (continued)

#### **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 \$3,354 for 2004.

### 8. Lines of Credit

The Association also has a \$1,000,000 line of credit with Chevy Chase bank. The interest rate is calculated based on a 90 day London Interbank offered rate (LIBOR) plus 2.15% which, as of December 31, 2004, was 5.24%. The line of credit expires on May 1, 2006. Interest expense relating to the line of credit totaled \$33,299 for the year ended December 31, 2004. As of December 31, 2004, the balance outstanding on this line of credit was \$841,965. The Association is required to meet variance covenants in accordance with the terms of the agreement. As of December 31, 2004, the Association did not meet one of the financial covenants of the agreement, but has obtained a waiver from the bank and as a result, the balance owed on the line of credit is shown as a long-term liability.

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 line 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, 2004, no balance was outstanding on this letter of credit.

During 2004, the Association obtained a line of credit agreement for \$1,862,383 with Merrill Lynch that is collateralized by the Association's investments at Merrill Lynch. Funds drawn on the line of credit bear interest at the 90 day LIBOR plus 2.15% which was 5.24% as of December 31, 2004. As of December 31, 2004, there was no balance outstanding on this letter of credit.

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# **NATIONAL MENTAL HEALTH ASSOCIATION**

## **NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2004**

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9. 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, 2004 totaled \$49,026 and is included in salary and benefits on the accompanying statement of functional expenses

10. 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 2005. 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, 2004, management of the Association has estimated that the maximum possible amount of liquidated damages is approximately \$101,000. However, management of the Association does not believe that any losses will be incurred under these contracts.

11. 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, 2004 no provision for income taxes was made as the Association did not have any net unrelated business income.

12. 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, 2003, from which the summarized information was derived. Certain 2003 amounts were reclassified to conform with the 2004 presentation.