



Audited Financial Statements

**National Press Photographers
Association, Inc.**

May 31, 2005 and 2004

**Innovative Solutions*

Certified Public Accountants * Business Consultants

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National Press Photographers Association, Inc.

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Independent Auditor's Report

Board of Directors
National Press Photographers Association, Inc.
Durham, North Carolina

We have audited the accompanying statement of assets, liabilities and net assets-modified cash basis of National Press Photographers Association, Inc. as of May 31, 2005, and the related statement of revenue, expenses and other changes in net assets-modified cash basis for the year then ended. These financial statements are the responsibility of National Press Photographers Association, Inc.'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 Organization's May 31, 2004 financial statements and, in our report dated July 28, 2004, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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.

As described in Note 2 to the financial statements, these financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets-modified cash basis of National Press Photographers Association, Inc. as of May 31, 2005, and the changes in its net assets, on a modified cash basis for the year then ended on the basis of accounting described in Note 2.

Thomas, Knight, Trent, King and Company

Durham, North Carolina
November 29, 2005

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National Press Photographers Association, Inc.
Statement of Assets, Liabilities and
Net Assets-Modified Cash Basis
May 31, 2005 With Comparative Totals for 2004

Assets	2005	2004
Cash and cash equivalents	\$ 307,135	\$ 210,569
Property and equipment-net (Note 4)	101,760	143,228
Annuity investment (Note 5)	238,532	231,807
Total assets	\$ 647,427	\$ 585,604
Liabilities and Net Assets		
Commitments (Note 7)		
Net Assets		
Unrestricted	\$ 642,111	\$ 581,645
Temporarily restricted (Note 9)	5,316	3,959
Total net assets	647,427	585,604
Total liabilities and net assets	\$ 647,427	\$ 585,604

See accompanying notes to financial statements.

National Press Photographers Association, Inc.
Statement of Revenue, Expenses and
Other Changes in Net Assets-Modified Cash Basis
For the Year Ended May 31, 2005 With Comparative Totals for 2004

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total Net Assets	
			2005	2004
Revenue				
Membership dues	\$ 549,166	\$ -	\$ 549,166	\$ 579,436
Magazine advertising	158,152	-	158,152	198,964
Magazine subscriptions	168,622	-	168,622	87,964
NPPF contributions (Notes 8 and 9)	-	1,472	1,472	1,447
Legal defense fund	-	371	371	523
Program revenue	283,586	-	283,586	396,035
Sales	117,322	-	117,322	42,521
General donations	43,941	-	43,941	24,000
Other income	11,206	-	11,206	9,783
Investment income (Note 3)	<u>21,346</u>	<u>-</u>	<u>21,346</u>	<u>37,203</u>
 Total revenue	 1,353,341	 1,843	 1,355,184	 1,377,876
Net assets released from restrictions				
Satisfaction of program restrictions (Note 10)	<u>486</u>	<u>(486)</u>	<u>-</u>	<u>-</u>
 Total revenue	 <u>1,353,827</u>	 <u>1,357</u>	 <u>1,355,184</u>	 <u>1,377,876</u>
Expenses				
Program services				
Member services	140,009	-	140,009	313,045
Educational programs	231,653	-	231,653	255,576
Publications	519,920	-	519,920	490,765
Supporting services				
Administrative and general	374,883	-	374,883	293,486
Membership maintenance and promotion	<u>26,896</u>	<u>-</u>	<u>26,896</u>	<u>59,221</u>
 Total expenses	 <u>1,293,361</u>	 <u>-</u>	 <u>1,293,361</u>	 <u>1,412,093</u>
 Change in net assets	 60,466	 1,357	 61,823	 (34,217)
Net assets at beginning of year	<u>581,645</u>	<u>3,959</u>	<u>585,604</u>	<u>619,821</u>
Net assets at end of year	<u>\$ 642,111</u>	<u>\$ 5,316</u>	<u>\$ 647,427</u>	<u>\$ 585,604</u>

See accompanying notes to financial statements.

National Press Photographers Association, Inc.
Notes to Financial Statements
Year Ended May 31, 2005 With Comparative Totals for 2004

Note 1 - Nature of Activities

The National Press Photographers Association, Inc. is a nonprofit organization whose purpose is to provide education to its members and to promote the exchange of ideas and cooperation for the advancement of the news photography profession as a whole. The national office is located in Durham, North Carolina.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Organization follows the practice of presenting its financial statements in accordance with the modified cash basis of accounting. Under the modified cash basis of accounting, only revenue collected, costs and expenses paid, assets and liabilities arising as a result of cash transactions or from the acquisition of long-lived assets, and a provision for depreciation and write-offs of assets that had been acquired for cash, are recognized. Furthermore, investments of the Organization are reported at fair value. Therefore, accrued income and expenses, payables (other than payroll withholdings) and deferred expenses, which would be recognized under U.S. generally accepted accounting principles, and which may be material in amount, are not recognized in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions

Cash contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets is reclassified to unrestricted net assets.

National Press Photographers Association, Inc.
Notes to Financial Statements
Year Ended May 31, 2005 With Comparative Totals for 2004

Note 2 - Summary of Significant Accounting Policies-(Continued)

Property and Equipment

Purchased property and equipment are recorded at cost. Depreciation of property and equipment is provided on an accelerated method and the straight-line method over the estimated useful lives of the assets.

Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(6). To the extent that the Organization has unrelated trade or business income, such income is subject to federal and state income taxes. Income taxes paid for the years ended May 31, 2005 and 2004 totaled \$-0-.

Investments

Investments in marketable securities with readily determinable fair values are valued at their fair values in the statement of assets, liabilities and net assets-modified cash basis. Unrealized gains and losses are included in the change in net assets.

Comparative 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 the modified cash basis of accounting. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended May 31, 2004, from which the summarized information was derived.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the schedule of revenue, expenses and other changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Deposits

The Organization's cash deposits at May 31, 2005 had a bank balance of \$304,375, of which \$203,723 exceeded federal depository insurance limits.

National Press Photographers Association, Inc.
Notes to Financial Statements
Year Ended May 31, 2005 With Comparative Totals for 2004

Note 3 - Investments

The following schedule summarizes total investment return:

	2005	2004
Interest income	\$ 2,621	\$ 989
Unrealized gain on variable annuity	18,725	36,214
Total investment income	\$ 21,346	\$ 37,203

Note 4 - Property and Equipment

The cost, accumulated depreciation, and net book value of property and equipment are summarized as follows:

	2005	2004
Building	\$ 286,240	\$ 283,611
Furniture and fixtures	28,514	28,514
Equipment-office	3,300	2,271
Equipment-committees and regions	25,111	25,111
Computer equipment	101,517	98,221
Website redesign	33,746	37,778
Computer software	26,437	25,286
	504,865	500,792
Less accumulated depreciation	(403,105)	(357,564)
Net property and equipment	\$ 101,760	\$ 143,228

Depreciation expense totaled \$46,330 and \$49,802 for the years ended May 31, 2005 and 2004, respectively.

Note 5 - Annuity Contract and Deferred Compensation Contract

The Organization owns an individual flexible premium variable annuity contract for the benefit of a former executive director. The initial premium payment was \$130,000. An additional contribution of \$75,000 was added to the annuity to bring the total premium paid to \$205,000. The investment consists of marketable securities with a readily determinable fair value. Cumulative earnings on this account, after withdrawals, totaled \$33,532 and \$26,807 as of May 31, 2005 and 2004, respectively.

Under the deferred compensation agreement, the Organization irrevocably agreed to pay the former executive director the sum of \$12,000 per year beginning in June 1997 and continuing for his lifetime. If the former executive director dies prior to his spouse, the Organization will make monthly payments in the amount of \$500 to his spouse for the remainder of her lifetime. In addition, the Organization is to pay \$2,400 annually to support supplemental health insurance coverage for the terms described above.

National Press Photographers Association, Inc.
Notes to Financial Statements
Year Ended May 31, 2005 With Comparative Totals for 2004

Note 6 - Retirement Plan

The Organization has a savings incentive match plan for employees (simple IRA), which provides for employer matching, employer nonelective contributions, and employee elective deferrals. Contributions made by the Organization for the years ended May 31, 2005 and 2004 totaled \$4,446 and \$7,001, respectively.

Note 7 - Lease Commitments

The Organization leases certain office equipment under various noncancelable agreements which expire through July 2008 and require various minimum annual rentals. The Organization also has an off-site storage lease which is month to month.

The total minimum rental commitment as of May 31, 2005 is as follows:

2006		\$	22,175
2007			14,540
2008			7,252
2009			<u>1,209</u>
			<u>\$ 45,176</u>

Rent expense for the years ended May 31, 2005 and 2004 and totaled \$32,084 and \$27,863, respectively.

Note 8 - Related Party Transactions

National Press Photographers Foundation is a nonprofit foundation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is charged with advancing press photography in all its branches and awarding scholarships and fellowships to deserving individuals in the field of photojournalism. National Press Photographers Association, Inc. and National Press Photographers Foundation do not have an interlocking board of directors. National Press Photographers Association, Inc. may solicit donations for, as well as collect and remit donations to, National Press Photographers Foundation. During fiscal year 2005, National Press Photographers Association, Inc. remitted \$486 and \$1,144, respectively, to the related organization for donations collected. National Press Photographers Association, Inc. received \$1,472 and \$1,447 during fiscal year 2005 and 2004, respectively, in donations specifically designated for the related organization. These donations are considered temporarily restricted until remitted to National Press Photographers Foundation (Note 10). Amounts due to (due from) National Press Photographers Association, Inc. at May 31, 2005 and 2004 totaled \$(1,472) and \$(486), respectively.

National Press Photographers Association, Inc.
Notes to Financial Statements
Year Ended May 31, 2005 With Comparative Totals for 2004

Note 9 - Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes or period:

Donations for National Press Photographers Foundation	\$ 1,472
Legal Defense Fund	<u>3,844</u>
	<u>\$ 5,316</u>

Note 10 - Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors.

Remittance to National Press Photographers Foundation	\$ <u>486</u>
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Note 11 - Subsequent Event

The Organization entered into an exclusive broker agreement with an agency after year-end for soliciting and negotiating on the Organization's behalf for commercial office space.



Thomas, Knight, Trent, King and Company
Certified Public Accountants + Business Consultants

Independent Auditor's Report on Supplementary Information

Board of Directors
National Press Photographers Association, Inc.
Durham, North Carolina

Our report on our audit of the basic financial statements of National Press Photographers Association, Inc. for May 31, 2005, appears on page 3. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of revenue and expenses-modified cash basis is presented for the 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 audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Thomas, Knight, Trent, King and Company

Durham, North Carolina
November 29, 2005

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National Press Photographers Association, Inc.
Schedule of Revenue and Expenses-Modified Cash Basis
For the Year Ended May 31, 2005

	Total	General and Administrative and General Membership	General Sales	TV News Photo and Editing Contest	Regional Quarterly Clip Contest	Annual Convention
Revenue						
Membership dues	\$ 549,166	\$ 549,166	\$ -	\$ -	\$ -	\$ -
Magazine advertising	158,152	-	-	-	-	-
Magazine subscriptions	168,622	-	-	-	-	-
NPPF contributions	1,472	1,472	-	-	-	-
Legal defense fund	371	371	-	-	-	-
Program revenue	283,586	-	-	2,950	-	4,220
Sales	117,322	-	117,322	-	-	-
General donations	43,941	43,941	-	-	-	-
Other income	11,206	11,206	-	-	-	-
Investment income	21,346	21,346	-	-	-	-
Total revenue	<u>1,355,184</u>	<u>627,502</u>	<u>117,322</u>	<u>2,950</u>	<u>-</u>	<u>4,220</u>
Expenses						
Salaries	209,117	60,165	14,434	3,974	-	60
Fringe benefits	50,926	14,652	3,516	968	-	15
Personnel costs	260,043	74,817	17,950	4,942	-	75
Author's fees	17,708	-	-	-	-	-
Awards	8,667	4,070	-	2,685	1,912	-
Board and meeting expenses	46,077	42,093	-	-	-	-
Building expense	23,425	23,425	-	-	-	-
Catering/meals	25	-	-	-	-	25
Commissions	54,796	-	-	-	-	-
Contract labor	16,472	9,075	-	-	-	-
Cost of goods sold	71,323	-	71,323	-	-	-
Deferred compensation expense	12,000	12,000	-	-	-	-
Depreciation expense	46,330	46,330	-	-	-	-
Equipment/facility rental	44,655	-	-	-	-	-
Gifts	2,243	-	-	83	-	-
Grant remittance	10,000	-	-	-	-	-
Taxes	1,220	-	1,220	-	-	-
Insurance expense	7,098	2,400	-	-	-	-
Lodging	61,076	-	-	7,426	-	-
Marketing	4,557	4,107	-	-	-	200
Meals	40,144	222	-	1,104	-	-
Military liaison	314	314	-	-	-	-
Office expense	108,568	108,488	-	-	-	-
Other expenses	3,874	267	-	-	-	-
Postage and shipping	75,165	19,594	-	53	664	-
Printing	229,103	6,431	-	-	892	-
Production	6,236	-	-	-	-	-
Regional expenses	5,435	5,435	-	-	-	-
Stipends	72,971	6,000	-	-	-	-
Supplies	9,376	-	-	-	157	-
Telephone	1,622	-	-	-	-	-
Travel	46,616	-	-	4,661	-	74
Website fees	6,222	5,821	-	-	-	-
Total expenses	<u>1,293,361</u>	<u>370,889</u>	<u>90,493</u>	<u>20,954</u>	<u>3,625</u>	<u>374</u>
Change in net assets	<u>\$ 61,823</u>	<u>\$ 256,613</u>	<u>\$ 26,829</u>	<u>\$ (18,004)</u>	<u>\$ (3,625)</u>	<u>\$ 3,846</u>

National Press Photographers Association, Inc.
Schedule of Revenue and Expenses-Modified Cash Basis
For the Year Ended May 31, 2005

	Best of Photo- journalism Publication	Best of Photo- journalism Contest	Best of Photo- journalism DVD	Nikon Documentary	Education General	Flying Short Course
Revenue						
Membership dues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Magazine advertising	-	-	-	-	-	-
Magazine subscriptions	-	-	-	-	-	-
NPPF contributions	-	-	-	-	-	-
Legal defense fund	-	-	-	-	-	-
Program revenue	2,805	8,000	-	15,000	4,430	66,570
Sales	-	-	-	-	-	-
General donations	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Total revenue	<u>2,805</u>	<u>8,000</u>	<u>-</u>	<u>15,000</u>	<u>4,430</u>	<u>66,570</u>
Expenses						
Salaries	-	5,216	1,262	2,488	397	12,017
Fringe benefits	-	1,270	307	606	97	2,927
Personnel costs	-	6,486	1,569	3,094	494	14,944
Author's fees	-	-	-	-	-	-
Awards	-	-	-	-	-	-
Board and meeting expenses	-	3,984	-	-	-	-
Building expense	-	-	-	-	-	-
Catering/meals	-	-	-	-	-	-
Commissions	-	-	-	-	-	-
Contract labor	-	2,155	-	-	-	-
Cost of goods sold	-	-	-	-	-	-
Deferred compensation expense	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-
Equipment/facility rental	-	-	-	-	-	18,459
Gifts	-	150	-	-	413	-
Grant remittance	-	-	-	10,000	-	-
Taxes	-	-	-	-	-	-
Insurance expense	-	-	-	-	-	75
Lodging	-	11,854	-	602	400	10,961
Marketing	-	-	-	-	-	-
Meals	-	2,386	-	1,062	399	13,552
Military liaison	-	-	-	-	-	-
Office expense	-	-	-	-	-	-
Other expenses	-	20	-	125	-	31
Postage and shipping	-	316	-	184	-	603
Printing	-	-	-	-	-	106
Production	-	-	6,236	-	-	-
Regional expenses	-	-	-	-	-	-
Stipends	-	-	-	-	-	-
Supplies	-	-	-	-	-	540
Telephone	-	369	-	-	-	-
Travel	-	4,863	-	323	750	15,055
Website fees	-	(325)	-	-	-	-
Total expenses	<u>-</u>	<u>32,258</u>	<u>7,805</u>	<u>15,390</u>	<u>2,456</u>	<u>74,326</u>
Change in net assets	<u>\$ 2,805</u>	<u>\$ (24,258)</u>	<u>\$ (7,805)</u>	<u>\$ (390)</u>	<u>\$ 1,974</u>	<u>\$ (7,756)</u>

National Press Photographers Association, Inc.
Schedule of Revenue and Expenses-Modified Cash Basis
For the Year Ended May 31, 2005

	Northern Short Course	Team Storytelling	TV Workshop	Women in Photo- journalism	Magazine Subscriptions	Magazine Advertising
Revenue						
Membership dues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Magazine advertising	-	-	-	-	-	158,152
Magazine subscriptions	-	-	-	-	168,622	-
NPPF contributions	-	-	-	-	-	-
Legal defense fund	-	-	-	-	-	-
Program revenue	36,500	24,363	86,349	32,399	-	-
Sales	-	-	-	-	-	-
General donations	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>36,500</u>	<u>24,363</u>	<u>86,349</u>	<u>32,399</u>	<u>168,622</u>	<u>158,152</u>
Expenses						
Salaries	5,486	2,526	11,940	5,088	62,873	21,191
Fringe benefits	<u>1,336</u>	<u>615</u>	<u>2,908</u>	<u>1,239</u>	<u>15,311</u>	<u>5,159</u>
Personnel costs	6,822	3,141	14,848	6,327	78,184	26,350
Author's fees	-	-	-	-	17,708	-
Awards	-	-	-	-	-	-
Board and meeting expenses	-	-	-	-	-	-
Building expense	-	-	-	-	-	-
Catering/meals	-	-	-	-	-	-
Commissions	-	-	-	-	-	54,796
Contract labor	-	-	5,242	-	-	-
Cost of goods sold	-	-	-	-	-	-
Deferred compensation expense	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-
Equipment/facility rental	200	393	22,598	2,727	278	-
Gifts	-	600	-	997	-	-
Grant remittance	-	-	-	-	-	-
Taxes	-	-	-	-	-	-
Insurance expense	-	-	562	-	4,061	-
Lodging	18,044	1,510	6,671	3,608	-	-
Marketing	-	-	250	-	-	-
Meals	1,804	2,826	6,344	10,445	-	-
Military liaison	-	-	-	-	-	-
Office expense	-	-	-	-	80	-
Other expenses	1,054	175	307	1,895	-	-
Postage and shipping	1,295	451	1,074	1,688	40,967	8,276
Printing	851	-	305	-	179,077	41,441
Production	-	-	-	-	-	-
Regional expenses	-	-	-	-	-	-
Stipends	-	-	-	-	66,971	-
Supplies	159	1,902	5,239	996	383	-
Telephone	-	-	276	68	711	198
Travel	3,245	4,625	9,862	2,719	439	-
Website fees	<u>458</u>	<u>-</u>	<u>268</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>33,932</u>	<u>15,623</u>	<u>73,846</u>	<u>31,470</u>	<u>388,859</u>	<u>131,061</u>
Change in net assets	<u>\$ 2,568</u>	<u>\$ 8,740</u>	<u>\$ 12,503</u>	<u>\$ 929</u>	<u>\$ (220,237)</u>	<u>\$ 27,091</u>