



Massachusetts
Nonprofit Network

FINANCIAL STATEMENTS
DECEMBER 31, 2010
TOGETHER WITH
INDEPENDENT ACCOUNTANTS' REVIEW REPORT

MASSACHUSETTS NONPROFIT NETWORK, INC.

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DECEMBER 31, 2010

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Massachusetts Nonprofit Network, Inc.:

We have reviewed the accompanying statement of financial position of Massachusetts Nonprofit Network, Inc. (a Massachusetts nonprofit corporation) (MNN) as of December 31, 2010, and the related statements of activities and change in net assets and cash flows for the period from July 1, 2010 through December 31, 2010. A review includes primarily applying analytical procedures to management's financial data and making inquiries of MNN's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Alexander, Aronson, Finning & Co. P.C.

Wellesley, Massachusetts
October 31, 2011

MASSACHUSETTS NONPROFIT NETWORK, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

(See Independent Accountants' Review Report)

ASSETS

CASH	\$ 171,793
ACCOUNTS RECEIVABLE	4,073
PLEDGE RECEIVABLE	<u>125,000</u>
Total assets	<u>\$ 300,866</u>

LIABILITIES AND NET ASSETS

ACCOUNTS PAYABLE	\$ 10,349
ACCRUED EXPENSES	<u>11,535</u>
Total liabilities	<u>21,884</u>
NET ASSETS:	
Unrestricted	153,982
Temporarily restricted	<u>125,000</u>
Total net assets	<u>278,982</u>
Total liabilities and net assets	<u>\$ 300,866</u>

The accompanying notes are an integral part of these statements.

MASSACHUSETTS NONPROFIT NETWORK, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE PERIOD JULY 1, 2010 THROUGH DECEMBER 31, 2010
(See Independent Accountants' Review Report)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
OPERATING REVENUE:			
Grants	\$ 135,000	\$ 125,000	\$ 260,000
Event registrations	37,193	-	37,193
Sponsorships	33,525	-	33,525
Membership dues	29,665	-	29,665
Other	5,849	-	5,849
In-kind contribution	3,524	-	3,524
Total operating revenue	<u>244,756</u>	<u>125,000</u>	<u>369,756</u>
OPERATING EXPENSES:			
Salaries	106,848	-	106,848
Event	33,592	-	33,592
Payroll taxes and fringe benefits	17,131	-	17,131
Rent and utilities	11,400	-	11,400
Professional fees	10,736	-	10,736
Printing and postage	9,195	-	9,195
Miscellaneous	5,665	-	5,665
Travel	5,623	-	5,623
Office Supplies	2,696	-	2,696
Telephone	2,155	-	2,155
Insurance	1,453	-	1,453
Total operating expenses	<u>206,494</u>	<u>-</u>	<u>206,494</u>
Changes in net assets from operations	38,262	125,000	163,262
CONTRIBUTION OF ASSETS RECEIVED FROM SEPARATION AGREEMENT			
	<u>115,720</u>	<u>-</u>	<u>115,720</u>
Changes in net assets	153,982	125,000	278,982
NET ASSETS, beginning of period	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS, end of period	<u>\$ 153,982</u>	<u>\$ 125,000</u>	<u>\$ 278,982</u>

The accompanying notes are an integral part of these statements.

MASSACHUSETTS NONPROFIT NETWORK, INC.

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JULY 1, 2010 THROUGH DECEMBER 31, 2010
(See Independent Accountants' Review Report)

CASH FLOWS FROM OPERATING ACTIVITIES:	
Changes in net assets	\$ 278,982
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	(4,073)
Pledge receivable	(125,000)
Accounts payable	10,349
Accrued expenses	11,535
	<hr/>
Net cash provided by operating activities	171,793
CASH, beginning of period	<hr/> -
CASH, end of period	<hr/> <u>\$ 171,793</u>

The accompanying notes are an integral part of these statements.

MASSACHUSETTS NONPROFIT NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

(See Independent Accountants' Review Report)

(1) OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS

Massachusetts Nonprofit Network, Inc. (MNN) was formed as a program of Third Sector New England (TSNE) in 1997 but was incorporated in May, 2007. From its incorporation through June 30, 2010, it operated as a fiscally sponsored program of TSNE. On July 1, 2010, MNN ceased its fiscal agent agreement with TSNE (see Note 2) and started operating on its own.

MNN is a statewide association of nonprofit organizations in the Commonwealth of Massachusetts, MNN's mission is to unify and strengthen the nonprofit sector in Massachusetts through advocacy, public awareness, and capacity building services. MNN seeks to develop a strong voice for the sector in the area of public awareness by educating the public about the important role that Massachusetts nonprofits play in making communities stronger and in the area of public policy to address issues that impact the ability of Massachusetts nonprofits to achieve their missions. MNN also promotes capacity building through providing education and information about key issues facing the sector, holding events, and providing cost savings opportunities for its members.

MNN is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. MNN is also exempt from state income taxes. Donors may deduct contributions made to MNN within Internal Revenue Code requirements.

SIGNIFICANT ACCOUNTING POLICIES

MNN prepares its accompanying financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification.

Revenue Recognition

Membership dues are recognized as revenue in the dues period to which they apply.

Revenues from unrestricted grants and contributions are recorded as unrestricted revenue and net assets when unconditionally pledged or received. Revenues from restricted grants and contributions are recorded as temporarily restricted revenue and net assets when unconditionally pledged or received. Transfers are made to unrestricted revenue and net assets as costs are incurred or as time restrictions or program restrictions have lapsed. Temporarily restricted grants received and expended for their designated purpose in accordance with restrictions in the same fiscal year are reported as unrestricted revenues. All other revenue is recorded as earned.

In-kind Contributions

MNN receives various donated goods and services for use in its programs. These services are reflected in the accompanying consolidating financial statements at their fair market value, as determined by the donor or management. Total donated services were \$3,524 during the period ended December 31, 2010.

MASSACHUSETTS NONPROFIT NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010
(See Independent Accountants' Review Report)
(Continued)

(1) OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable and Reserve

Unconditional pledges are recorded at their net present value when pledged. Reserves for uncollectible contributions receivable are recorded based on management's analysis of specific accounts and their estimate of amounts that may become uncollectible, if any (see Note 6).

Income Taxes

MNN follows the *Accounting for Uncertainty in Income Taxes* standard which requires the MNN to report uncertain tax positions, related interest and penalties, and to adjust its unrecognized tax benefits and accrued interest and penalties accordingly. As of December 31, 2010, the MNN determined that there are no material unrecognized tax benefits to report.

Unrestricted Net Assets

Unrestricted operating net assets are those net resources that bear no external restrictions and are generally available for use by MNN.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of donor-restricted funds designated for a specific purpose or for future periods. These amounts are recorded as temporarily restricted net assets until they are expended for their designated purpose or until the time restrictions expire (see Note 6). All temporarily restricted net assets at December 31, 2010 were time restricted.

Fair Value Measurements

MNN follows the *Fair Value Measurements and Disclosures* standards. These standards define fair value, establish a framework for measuring fair value under U.S. GAAP, and expand disclosures about fair value measurements. This policy establishes a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value. MNN values its qualifying assets and liabilities using Level I inputs. Level I inputs reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Estimates

The preparation of financial statements in accordance with U.S. GAAP 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.

MASSACHUSETTS NONPROFIT NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

(See Independent Accountants' Review Report)
(Continued)

(1) OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Subsequent events have been evaluated through October 31, 2011, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

(2) SEPARATION AGREEMENT

Prior to July 1, 2010, MNN operated under a fiscal agent agreement with TSNE. On July 1, 2010, MNN and TSNE agreed to separate and terminated this agreement. At that time, all project staff, assets, liabilities, contractual obligations and operations were transferred into MNN. As part of the agreement \$115,720 of unrestricted funds were transferred to MNN to enable them to assume operational control of their programs. These funds are reflected as contribution of assets received from separation agreement in the accompanying statement of activities and changes in net assets for the period ended December 31, 2010.

(3) CONDITIONAL GRANT

During 2010, a foundation awarded MNN a \$225,000 grant to be paid in three installments of \$100,000, \$75,000 and \$50,000 in 2010, 2011, and 2012, respectively. During 2010, MNN received the first installment which is included in Grants in the accompanying statement of activities and change in net assets. The balance of this grant has not been recorded in the accompanying financial statements. MNN has to undergo an annual review and assessment from the foundation before any further payment will be made.

(4) FUNDING

MNN received approximately 62% of its total operating revenue during the period ended December 31, 2010 from two different funding sources. 100% of MNN's pledge receivable was due from one of those funding sources at December 31, 2010.

(5) OPERATING LEASES

MNN had a lease agreement for office space which expired December 31, 2010. Rent expense for the period ended December 31, 2010 was \$11,400. On January 1, 2011, MNN entered into a two year lease agreement ending December 31, 2012, with an option to renew as mutually agreed upon.

Future minimum lease payments under this agreement are as follows:

2011	\$22,800
2012	\$22,800

MASSACHUSETTS NONPROFIT NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

(See Independent Accountants' Review Report)
(Continued)

(6) PLEDGE RECEIVABLE

As of December 31, 2010, MNN had received an unconditional pledge from one foundation for 2011 operations (see Note 1). This pledge is due in 2011.

(7) FUNCTIONAL EXPENSES

MNN's costs of providing various program and other activities during the period ended December 31, 2010, are summarized on a functional basis as follows:

Program expenses	\$163,413
Management, administrative and general costs	27,060
Development	<u>16,021</u>
	<u>\$206,494</u>

MNN's management, administrative and general costs include overall direction, accounting, budgeting, general Board activities and related items. Development activities include a portion of expenses for grant writing, grant solicitations and responding to requests for proposals, as well as donor solicitations.