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2011
Review

FOR REVIEW



**Massachusetts
Nonprofit Network**

FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
TOGETHER WITH
INDEPENDENT ACCOUNTANTS' REVIEW REPORT

MASSACHUSETTS NONPROFIT NETWORK, INC.

CONTENTS
DECEMBER 31, 2011 AND 2010

9
3
2
1
0
7
4
.
5
3
1
2

	<u>PAGES</u>
INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position.....	2
Statements of Activities and Changes in Net Assets.....	3
Statements of Cash Flows.....	4
Notes to Financial Statements.....	5 - 8

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying statements of financial position of Massachusetts Nonprofit Network, Inc. (a Massachusetts nonprofit corporation) (MNN) as of December 31, 2011 and 2010, and the related statements of activities and change in net assets and cash flows for the year ended December 31, 2011 and 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
April 13, 2012

MASSACHUSETTS NONPROFIT NETWORK, INC.

STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2011 AND DECEMBER 31, 2010
 (See Independent Accountants' Review Report)

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
CASH	\$ 214,241	\$ 171,793
ACCOUNTS RECEIVABLE	2,150	4,073
PLEDGE RECEIVABLE	-	125,000
PREPAID EXPENSES	<u>1,150</u>	<u>-</u>
Total assets	<u>\$ 217,541</u>	<u>\$ 300,866</u>
<u>LIABILITIES AND NET ASSETS</u>		
ACCOUNTS PAYABLE	\$ 9,655	\$ 10,349
ACCRUED EXPENSES	<u>6,385</u>	<u>11,535</u>
Total liabilities	<u>16,040</u>	<u>21,884</u>
NET ASSETS:		
Unrestricted	195,951	153,982
Temporarily restricted	<u>5,550</u>	<u>125,000</u>
Total net assets	<u>201,501</u>	<u>278,982</u>
Total liabilities and net assets	<u>\$ 217,541</u>	<u>\$ 300,866</u>

The accompanying notes are an integral part of these statements.

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MASSACHUSETTS NONPROFIT NETWORK, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND THE
PERIOD FROM JULY 1, 2010 THROUGH DECEMBER 31, 2010
(See Independent Accountants' Review Report)

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (77,481)	\$ 278,982
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt	90	-
Changes in operating assets and liabilities:		
Accounts receivable	1,833	(4,073)
Pledge receivable	125,000	(125,000)
Prepaid expenses	(1,150)	-
Accounts payable	(694)	10,349
Accrued expenses	(5,150)	11,535
	42,448	171,793
Net cash provided by operating activities	42,448	171,793
CASH, beginning of period	171,793	-
CASH, end of period	\$ 214,241	\$ 171,793

The accompanying notes are an integral part of these statements.

MASSACHUSETTS NONPROFIT NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 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 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 membership period to which they apply.

Revenues from unrestricted grants, contributions and sponsorships 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 financial statements at their fair market value, as determined by the donor or management. Total donated services were \$19,221 and \$3,524 for the year ended December 31, 2011 and the period ended December 31, 2010, respectively.

MASSACHUSETTS NONPROFIT NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(See Independent Accountants' Review Report)
(Continued)

(1) OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Reserve

Reserves for uncollectible receivables are recorded based on management's analysis of specific accounts and their estimate of amounts that may become uncollectible, if any (see Note 6). As of December 31, 2011 and 2010 there is no reserve for uncollectible receivables. All accounts receivable are expected to be collected within one year of the statement of financial position date.

Accounts payable and accrued expenses

All accounts payable and accrued expenses are due within one year of the statement of financial position date.

Income Taxes

MNN follows the *Accounting for Uncertainty in Income Taxes* standard which requires 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, 2011 and 2010, MNN determined that there are no material unrecognized tax benefits to report.

MNN files information returns in the United States Federal and Massachusetts state jurisdictions. Returns filed for the period ended December 31, 2010, remain subject to examination by these tax authorities.

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). Temporarily restricted net assets at December 31, 2011, were purpose restricted and at December 31, 2010, were time restricted.

Advertising Costs

Advertising costs are expensed when incurred. MNN incurred advertising costs of \$4,789 for the year ended December 31, 2011.

MASSACHUSETTS NONPROFIT NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(See Independent Accountants' Review Report)
(Continued)

(1) **OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES** (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Subsequent Events

Subsequent events have been evaluated through April 13, 2012, 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 it to assume operational control of its 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 2011 and 2010, MNN received the first two installments which are 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.

