



**Massachusetts
Nonprofit Network**

**FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
TOGETHER WITH
INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

MASSACHUSETTS NONPROFIT NETWORK, INC.

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DECEMBER 31, 2013 AND 2012**

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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, 2013 and 2012, and the related statements of activities and changes in net assets and cash flows for the years then ended. 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 reviews 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 reviews, 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.

Boston, Massachusetts
August 6, 2014

MASSACHUSETTS NONPROFIT NETWORK, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2013 AND 2012

(See Independent Accountants' Review Report)

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
CASH	\$ 170,256	\$ 204,975
ACCOUNTS RECEIVABLE	<u>13,500</u>	<u>13,450</u>
Total assets	<u>\$ 183,756</u>	<u>\$ 218,425</u>
<u>LIABILITIES AND NET ASSETS</u>		
ACCOUNTS PAYABLE	\$ 4,650	\$ 2,276
ACCRUED EXPENSES	<u>20,029</u>	<u>13,013</u>
Total liabilities	24,679	15,289
UNRESTRICTED NET ASSETS	<u>159,077</u>	<u>203,136</u>
Total liabilities and net assets	<u>\$ 183,756</u>	<u>\$ 218,425</u>

The accompanying notes are an integral part of these statements.

MASSACHUSETTS NONPROFIT NETWORK, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(See Independent Accountants' Review Report)

	2013			2012		
	TEMPORARILY		TOTAL	TEMPORARILY		TOTAL
	UNRESTRICTED	RESTRICTED		UNRESTRICTED	RESTRICTED	
OPERATING REVENUE:						
Grants	\$ 175,000	\$ -	\$ 175,000	\$ 195,000	\$ -	\$ 195,000
Sponsorships	100,223	-	100,223	73,530	-	73,530
Membership dues	81,033	-	81,033	78,001	-	78,001
Event registrations	46,750	-	46,750	50,768	-	50,768
In-kind contributions	3,940	-	3,940	3,680	-	3,680
Contributions	2,997	-	2,997	2,617	-	2,617
Other	74	-	74	142	-	142
Net assets released from restriction	-	-	-	5,550	(5,550)	-
Total operating revenue	<u>410,017</u>	<u>-</u>	<u>410,017</u>	<u>409,288</u>	<u>(5,550)</u>	<u>403,738</u>
OPERATING EXPENSES:						
Personnel and related costs:						
Salaries	240,711	-	240,711	209,913	-	209,913
Payroll taxes and fringe benefits	40,872	-	40,872	35,784	-	35,784
Total personnel and related costs	<u>281,583</u>	<u>-</u>	<u>281,583</u>	<u>245,697</u>	<u>-</u>	<u>245,697</u>
Events	39,273	-	39,273	39,899	-	39,899
Professional fees	34,895	-	34,895	53,995	-	53,995
Contracted services	28,809	-	28,809	8,224	-	8,224
Occupancy	26,400	-	26,400	22,800	-	22,800
Printing and postage	10,263	-	10,263	10,394	-	10,394
Miscellaneous	6,248	-	6,248	3,370	-	3,370
Bad debt	5,950	-	5,950	-	-	-
Dues and subscriptions	5,141	-	5,141	1,414	-	1,414
Processing fees	4,692	-	4,692	4,445	-	4,445
Office supplies	3,854	-	3,854	2,796	-	2,796
Travel	2,643	-	2,643	3,020	-	3,020
Telephone	1,734	-	1,734	2,419	-	2,419
Insurance	1,317	-	1,317	3,226	-	3,226
Advertising	1,274	-	1,274	404	-	404
Total operating expenses	<u>454,076</u>	<u>-</u>	<u>454,076</u>	<u>402,103</u>	<u>-</u>	<u>402,103</u>
Changes in net assets	(44,059)	-	(44,059)	7,185	(5,550)	1,635
NET ASSETS, beginning of year	<u>203,136</u>	<u>-</u>	<u>203,136</u>	<u>195,951</u>	<u>5,550</u>	<u>201,501</u>
NET ASSETS, end of year	<u>\$ 159,077</u>	<u>\$ -</u>	<u>\$ 159,077</u>	<u>\$ 203,136</u>	<u>\$ -</u>	<u>\$ 203,136</u>

The accompanying notes are an integral part of these statements.

MASSACHUSETTS NONPROFIT NETWORK, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(See Independent Accountants' Review Report)

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (44,059)	\$ 1,635
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Bad debt	5,950	-
Changes in operating assets and liabilities:		
Accounts receivable	(6,000)	(11,300)
Prepaid expenses	-	1,150
Accounts payable	2,374	(7,379)
Accrued expenses	7,016	6,628
	<hr/>	<hr/>
Net cash used in operating activities	(34,719)	(9,266)
CASH, beginning of year	<hr/> 204,975	<hr/> 214,241
CASH, end of year	<hr/> <u>\$ 170,256</u>	<hr/> <u>\$ 204,975</u>

The accompanying notes are an integral part of these statements.

MASSACHUSETTS NONPROFIT NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(See Independent Accountants' Review Report)**

(1) OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS

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 (ASC).

Revenue Recognition

Membership dues are recognized as revenue in the membership period to which they apply. Event registrations revenue is recorded when earned.

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 goods and services are reflected in the accompanying financial statements at their fair market value, as determined by the donor or management, as follows for the years ended December 31:

	<u>2013</u>	<u>2012</u>
Space	\$2,900	\$2,900
Contracted services	<u>1,040</u>	<u>780</u>
	<u>\$3,940</u>	<u>\$3,680</u>

MASSACHUSETTS NONPROFIT NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(See Independent Accountants' Review Report)
(Continued)

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable 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. As of December 31, 2013 and 2012, 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.

Accrued Expenses

Accrued expenses consist of amounts due to employees and are expected to be paid within one year of the statement of financial position date.

Income Taxes

MNN accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statement regarding a tax position taken or expected to be taken in a tax return. MNN has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at December 31, 2013 and 2012. MNN's information returns are subject to examination by the Federal and state jurisdictions and generally remain open for the most recent three years.

Unrestricted Net Assets

Unrestricted 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. There were no temporarily restricted net assets as of December 31, 2013 and 2012.

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.

MASSACHUSETTS NONPROFIT NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

(See Independent Accountants' Review Report)
(Continued)

(1) OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

Advertising costs are expensed when incurred. MNN incurred advertising costs of \$1,274 and \$404 for the years ended December 31, 2013 and 2012, respectively.

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 August 6, 2014, which is the date the financial statements were available to be issued. Events that met the criteria for subsequent event disclosure have been disclosed in the financial statements (see Note 4).

(2) CONDITIONAL GRANTS

During 2013, a foundation awarded MNN a \$100,000 grant which is conditional upon meeting certain criteria and is to be paid in three installments of \$40,000, \$30,000 and \$30,000 in 2013, 2014, and 2015, respectively. MNN met the first set of conditions and received the first installment of this grant during 2013, which is included in grants in the accompanying statement of activities and changes in net assets. The remaining conditions were not met as of December 31, 2013, and therefore the balance is not reflected as a receivable in the accompanying financial statements as of December 31, 2013.

During 2010, the same foundation awarded MNN a \$225,000 grant which was conditional upon meeting certain criteria and was to be paid in three installments of \$100,000, \$75,000 and \$50,000 in 2010, 2011, and 2012, respectively. MNN met the last set of conditions and received the final installment of this grant during 2012, which is included in grants in the accompanying statement of activities and changes in net assets.

(3) FUNDING

MNN received approximately 34% and 43% of its total operating revenue from two private foundations for the years ended December 31, 2013, and 2012, respectively.

MNN had 93% of its accounts receivable due from one and two donors at December 31, 2013 and 2012, respectively.

MASSACHUSETTS NONPROFIT NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

(See Independent Accountants' Review Report)

(Continued)

(4) **OPERATING LEASES**

On January 1, 2011, MNN entered into a two-year lease agreement for office space ending December 31, 2012, for \$1,900 per month. This agreement was extended through March, 31, 2013. In March 2013, MNN entered into a new one-year lease agreement ending March 31, 2014, for \$2,300 per month, with an option to renew as mutually agreed upon. Rent expense for the years ended December 31, 2013 and 2012 was \$26,400 and \$22,800, respectively. The landlord of the building is a Board member of MNN.

In April, 2014, MNN renewed this lease for an additional year through March, 31, 2015. Future minimum lease payments under the above agreements for the years ending December 31, 2014 and 2015, are \$27,600 and \$6,900, respectively.

(5) **FUNCTIONAL EXPENSES**

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

	<u>2013</u>	<u>2012</u>
Program expenses	\$338,743	\$293,527
Management, administrative and general costs	92,681	89,328
Development	<u>22,652</u>	<u>19,248</u>
	<u>\$454,076</u>	<u>\$402,103</u>

MNN's management, administrative and general costs include overall direction, accounting, budgeting, general Board activities and related items. During 2012, these costs also included \$25,000 for an executive search. Development activities include a portion of expenses for grant writing, grant solicitations and responding to requests for proposals, as well as donor solicitations.