

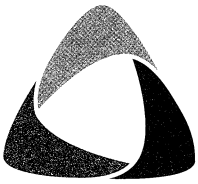


**FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

MASSACHUSETTS NONPROFIT NETWORK, INC.

Contents
December 31, 2014 and 2013

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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, 2014 and 2013, 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, Brown, Fenning & Co., P.C.
Boston, Massachusetts
April 6, 2015

MASSACHUSETTS NONPROFIT NETWORK, INC.

Statements of Financial Position

December 31, 2014 and 2013

(See Independent Accountants' Review Report)

Assets	2014	2013
Current Assets:		
Cash	\$ 106,403	\$ 170,256
Accounts receivable	-	13,500
Grants receivable	75,000	-
Prepaid expenses	7,128	-
Total current assets	<u>188,531</u>	<u>183,756</u>
Equipment	5,951	-
Less - accumulated depreciation	<u>1,488</u>	<u>-</u>
Net equipment	<u>4,463</u>	<u>-</u>
Total assets	<u>\$ 192,994</u>	<u>\$ 183,756</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 597	\$ 4,650
Accrued expenses	5,887	20,029
Deferred revenue	<u>6,000</u>	<u>-</u>
Total current liabilities	<u>12,484</u>	<u>24,679</u>
Net Assets:		
Unrestricted:		
Operating	136,047	159,077
Equipment	<u>4,463</u>	<u>-</u>
Total unrestricted	140,510	159,077
Temporarily restricted	<u>40,000</u>	<u>-</u>
Total net assets	<u>180,510</u>	<u>159,077</u>
Total liabilities and net assets	<u>\$ 192,994</u>	<u>\$ 183,756</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, 2014 and 2013
 (See Independent Accountants' Review Report)

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Operating Revenue:						
Grants	\$ 170,000	\$ 40,000	\$ 210,000	\$ 175,000	\$ -	\$ 175,000
Sponsorships	127,734	-	127,734	100,223	-	100,223
Membership dues	93,610	-	93,610	81,033	-	81,033
Event registrations	61,333	-	61,333	46,750	-	46,750
In-kind contributions	4,190	-	4,190	3,940	-	3,940
Contributions	3,525	-	3,525	2,997	-	2,997
Other	719	-	719	74	-	74
Total operating revenue	461,111	40,000	501,111	410,017	-	410,017
Operating Expenses:						
Personnel and related costs:						
Salaries	288,207	-	288,207	240,711	-	240,711
Payroll taxes and fringe benefits	39,621	-	39,621	40,872	-	40,872
Total personnel and related costs	327,828	-	327,828	281,583	-	281,583
Events	48,652	-	48,652	39,273	-	39,273
Rent	27,600	-	27,600	26,400	-	26,400
Professional fees	25,207	-	25,207	34,895	-	34,895
Printing and postage	11,371	-	11,371	10,263	-	10,263
Contracted services	10,658	-	10,658	28,809	-	28,809
Dues and subscriptions	6,289	-	6,289	5,141	-	5,141
Processing fees	5,376	-	5,376	4,692	-	4,692
Travel	4,378	-	4,378	2,643	-	2,643
Miscellaneous	3,835	-	3,835	6,248	-	6,248
Office supplies	2,053	-	2,053	3,854	-	3,854
Telephone	1,810	-	1,810	1,734	-	1,734
Depreciation	1,488	-	1,488	-	-	-
Insurance	1,353	-	1,353	1,317	-	1,317
Bad debt	1,000	-	1,000	5,950	-	5,950
Advertising	780	-	780	1,274	-	1,274
Total operating expenses	479,678	-	479,678	454,076	-	454,076
Changes in net assets	(18,567)	40,000	21,433	(44,059)	-	(44,059)
Net Assets:						
Beginning of year	159,077	-	159,077	203,136	-	203,136
End of year	<u>\$ 140,510</u>	<u>\$ 40,000</u>	<u>\$ 180,510</u>	<u>\$ 159,077</u>	<u>\$ -</u>	<u>\$ 159,077</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, 2014 and 2013

(See Independent Accountants' Review Report)

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 21,433	\$ (44,059)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	1,488	-
Bad debt	1,000	5,950
Changes in operating assets and liabilities:		
Accounts receivable	12,500	(6,000)
Grants receivable	(75,000)	-
Prepaid expenses	(7,128)	-
Accounts payable	(4,053)	2,374
Accrued expenses	(14,142)	7,016
Deferred revenue	6,000	-
	<u>(57,902)</u>	<u>(34,719)</u>
Net cash used in operating activities	(57,902)	(34,719)
Cash Flows from Investing Activities		
Acquisition of equipment	(5,951)	-
	<u>(5,951)</u>	<u>-</u>
Net Change in Cash	(63,853)	(34,719)
Cash:		
Beginning of year	<u>170,256</u>	<u>204,975</u>
End of year	<u>\$ 106,403</u>	<u>\$ 170,256</u>

The accompanying notes are an integral part of these statements.

MASSACHUSETTS NONPROFIT NETWORK, INC.

Notes to Financial Statements
December 31, 2014 and 2013
(See Independent Accountants' Review Report)

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS AND NONPROFIT STATUS

Massachusetts Nonprofit Network, Inc. (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 (IRC). MNN is also exempt from state income taxes. Donors may deduct contributions made to MNN within the IRC 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 notes are to the FASB Accounting Standards Codification (ASC).

Revenue Recognition

Event registrations revenue and membership dues are recognized as revenue 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.

Deferred Revenue

Deferred revenue represents sponsorship payments received in advance for up-coming events.

Expense Allocation

Expenses related directly to a function are attributed to that function, while other expenses are allocated based upon management's cost allocation plan, which estimates the usage of such expenses by all functions.

MASSACHUSETTS NONPROFIT NETWORK, INC.

Notes to Financial Statements
December 31, 2014 and 2013
(See Independent Accountants' Review Report)

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 value, as determined by the donor or management, as follows for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Space	\$ 2,900	\$ 2,900
Contracted services	<u>1,290</u>	<u>1,040</u>
	<u>\$ 4,190</u>	<u>\$ 3,940</u>

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, 2014 and 2013, there was no reserve for uncollectible receivables. All accounts receivable are expected to be collected within one year of the statement of financial position date.

Grants Receivables

MNN receives grants from various donors. Grants receivables are reviewed by management and an allowance for doubtful accounts is established based on management's analysis of specific accounts and their estimate of amounts that may become uncollectible, if any. Grants receivable as of December 31, 2014, are \$75,000 and are expected to be collected within one year of the statement of financial position date. No allowance was deemed necessary as of December 31, 2014.

Equipment and Depreciation

Equipment is recorded at cost when purchased or at fair value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as they are incurred. Depreciation of equipment is computed using the straight-line method over three years. MNN capitalizes all expenditures for equipment in excess of \$1,000.

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 statements 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, 2014 and 2013. MNN's information returns are subject to examination by the Federal and state jurisdictions and generally remain open for the most recent three years.

MASSACHUSETTS NONPROFIT NETWORK, INC.

Notes to Financial Statements
December 31, 2014 and 2013
(See Independent Accountants' Review Report)

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

MNN follows the accounting and disclosure standards pertaining to *Fair Value Measurements* for qualifying assets and liabilities. Fair value is defined as the price that MNN would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

MNN uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of MNN. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An 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. MNN values its qualifying assets and liabilities using Level 1 inputs.

Advertising Costs

Advertising costs are expensed when incurred. MNN incurred advertising costs of \$780 and \$1,274 for the years ended December 31, 2014 and 2013, 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 April 6, 2015, 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 Note 5.

MASSACHUSETTS NONPROFIT NETWORK, INC.

Notes to Financial Statements
December 31, 2014 and 2013
(See Independent Accountants' Review Report)

2. NET ASSETS

Unrestricted Net Assets

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by MNN. MNN has grouped its unrestricted net assets into the following:

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

Equipment net assets reflect the net book value of MNN's equipment.

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. Temporarily restricted net assets consist of the following at December 31, 2014:

Purpose restrictions	\$ 25,000
Time restrictions	<u>15,000</u>
	<u>\$ 40,000</u>

There were no temporarily restricted net assets at December 31, 2013.

3. 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 and second set of conditions and received the first and second installments of this grant during 2013 and 2014, which is included in grants in the accompanying statements of activities and changes in net assets. The remaining conditions were not met as of December 31, 2014, and therefore, the balance is not reflected as a receivable in the accompanying financial statements as of December 31, 2014.

During 2014, another foundation awarded MNN a \$100,000 grant which is conditional upon MNN reaching certain goals and meeting certain criteria and is to be paid in four equal installments of \$25,000 over four years. MNN met the first set of conditions and received the first installment of this grant during 2014, 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, 2014, and therefore, the balance is not reflected in the accompanying financial statements.

During 2014, a second foundation awarded MNN a \$275,000 grant which is conditional upon MNN meeting certain matching requirements and is to be paid in three installments of \$100,000, \$100,000 and \$75,000 over a three-year period. MNN met the first set of matching obligations and received the first installment of this grant during 2014, which is included in grants in the accompanying statement of activities and changes in net assets. The remaining conditions have not been met as of December 31, 2014, and therefore, the balance is not reflected in the accompanying financial statements.

MASSACHUSETTS NONPROFIT NETWORK, INC.

Notes to Financial Statements
December 31, 2014 and 2013
(See Independent Accountants' Review Report)

4. FUNDING

MNN received approximately 20% and 34% of its total operating revenue from one and two private foundations for the years ended December 31, 2014, and 2013, respectively.

MNN had 100% of its grants receivable and 93% of its accounts receivable due from two and one donors at December 31, 2014 and 2013, respectively.

5. OPERATING LEASES

In March 2013, MNN entered into a one-year office lease agreement ending on March 31, 2014, for \$2,300 per month, with an option to renew as mutually agreed upon. In April 2014, this lease was renewed for an additional year ending on March 31, 2015. Rent expense for the years ended December 31, 2014 and 2013, was \$27,600 and \$26,400, respectively. The landlord of the building is a Board member of MNN.

In February 2015, MNN renewed this lease for an additional year beginning on April 1, 2015 through March 31, 2016. Future minimum lease payments under the above agreements for the years ending December 31, 2015 and 2016, are \$23,550 and \$5,550, respectively.

6. FUNCTIONAL EXPENSES

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

	<u>2014</u>	<u>2013</u>
Program expenses	\$ 363,163	\$ 338,743
Management, administrative and general costs	94,739	92,681
Development	<u>21,776</u>	<u>22,652</u>
	<u>\$ 479,678</u>	<u>\$ 454,076</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.