



**FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

MASSACHUSETTS NONPROFIT NETWORK, INC.

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December 31, 2015 and 2014

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Independent Accountants' Review Report

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

We have reviewed the accompanying financial statements of Massachusetts Nonprofit Network, Inc. (a Massachusetts nonprofit organization) (MNN), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

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 accordance with accounting principles generally accepted in the United States of America.

Boston, Massachusetts
March 7, 2016

MASSACHUSETTS NONPROFIT NETWORK, INC.

Statements of Financial Position

December 31, 2015 and 2014

(See Independent Accountants' Review Report)

Assets	2015	2014
Current Assets:		
Cash	\$ 239,046	\$ 106,403
Accounts receivable	1,500	-
Grants receivable	25,000	75,000
Prepaid expenses	5,198	7,128
Total current assets	<u>270,744</u>	<u>188,531</u>
Equipment	7,329	5,951
Less - accumulated depreciation	<u>3,513</u>	<u>1,488</u>
Net equipment	<u>3,816</u>	<u>4,463</u>
Total assets	<u><u>\$ 274,560</u></u>	<u><u>\$ 192,994</u></u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 5,015	\$ 597
Accrued expenses	8,594	5,887
Deferred revenue	<u>-</u>	<u>6,000</u>
Total current liabilities	<u>13,609</u>	<u>12,484</u>
Net Assets:		
Unrestricted:		
Operating	225,959	136,047
Equipment	<u>3,816</u>	<u>4,463</u>
Total unrestricted	229,775	140,510
Temporarily restricted	<u>31,176</u>	<u>40,000</u>
Total net assets	<u>260,951</u>	<u>180,510</u>
Total liabilities and net assets	<u><u>\$ 274,560</u></u>	<u><u>\$ 192,994</u></u>

The accompanying notes are an integral part of these statements.

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MASSACHUSETTS NONPROFIT NETWORK, INC.

Statements of Activities and Changes in Net Assets
 For the Years Ended December 31, 2015 and 2014
 (See Independent Accountants' Review Report)

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Operating Revenue:						
Grants	\$ 165,500	\$ 25,000	\$ 190,500	\$ 170,000	\$ 40,000	\$ 210,000
Sponsorships	125,680	-	125,680	127,734	-	127,734
Membership dues	116,479	-	116,479	93,610	-	93,610
Event registrations	59,073	-	59,073	61,333	-	61,333
In-kind contributions	42,499	-	42,499	4,190	-	4,190
Contributions	3,675	-	3,675	3,525	-	3,525
Other	181	-	181	719	-	719
Net assets released from program restrictions	18,824	(18,824)	-	-	-	-
Net assets released from time restrictions	15,000	(15,000)	-	-	-	-
Total operating revenue	546,911	(8,824)	538,087	461,111	40,000	501,111
Operating Expenses:						
Personnel and related costs:						
Salaries	200,616	-	200,616	288,207	-	288,207
Payroll taxes and fringe benefits	31,273	-	31,273	39,621	-	39,621
Total personnel and related costs	231,889	-	231,889	327,828	-	327,828
Professional fees	68,254	-	68,254	25,207	-	25,207
Events	56,205	-	56,205	48,652	-	48,652
Rent	23,865	-	23,865	27,600	-	27,600
Printing and postage	16,390	-	16,390	11,371	-	11,371
Contracted services	15,354	-	15,354	10,658	-	10,658
Grants	15,000	-	15,000	-	-	-
Travel	5,815	-	5,815	4,378	-	4,378
Dues and subscriptions	5,275	-	5,275	6,289	-	6,289
Processing fees	4,529	-	4,529	5,376	-	5,376
Miscellaneous	4,394	-	4,394	3,835	-	3,835
Insurance	2,702	-	2,702	1,353	-	1,353
Office supplies	2,548	-	2,548	2,053	-	2,053
Telephone	2,307	-	2,307	1,810	-	1,810
Depreciation	2,025	-	2,025	1,488	-	1,488
Advertising	1,094	-	1,094	780	-	780
Bad debt	-	-	-	1,000	-	1,000
Total operating expenses	457,646	-	457,646	479,678	-	479,678
Changes in net assets	89,265	(8,824)	80,441	(18,567)	40,000	21,433
Net Assets:						
Beginning of year	140,510	40,000	180,510	159,077	-	159,077
End of year	\$ 229,775	\$ 31,176	\$ 260,951	\$ 140,510	\$ 40,000	\$ 180,510

MASSACHUSETTS NONPROFIT NETWORK, INC.

Statements of Cash Flows

For the Years Ended December 31, 2015 and 2014

(See Independent Accountants' Review Report)

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 80,441	\$ 21,433
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,025	1,488
Bad debt	-	1,000
Changes in operating assets and liabilities:		
Accounts receivable	(1,500)	12,500
Grants receivable	50,000	(75,000)
Prepaid expenses	1,930	(7,128)
Accounts payable	4,418	(4,053)
Accrued expenses	2,707	(14,142)
Deferred revenue	(6,000)	6,000
	<u>134,021</u>	<u>(57,902)</u>
Net cash provided by (used in) operating activities	134,021	(57,902)
Cash Flows from Investing Activities:		
Acquisition of equipment	<u>(1,378)</u>	<u>(5,951)</u>
Net Change in Cash	132,643	(63,853)
Cash:		
Beginning of year	<u>106,403</u>	<u>170,256</u>
End of year	<u>\$ 239,046</u>	<u>\$ 106,403</u>

MASSACHUSETTS NONPROFIT NETWORK, INC.

Notes to Financial Statements
December 31, 2015 and 2014
(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 upcoming 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 (see also Note 6).

MASSACHUSETTS NONPROFIT NETWORK, INC.

Notes to Financial Statements
December 31, 2015 and 2014
(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>2015</u>	<u>2014</u>
Contracted services	\$ 36,699	\$ 1,290
Space	<u>5,800</u>	<u>2,900</u>
	<u>\$ 42,499</u>	<u>\$ 4,190</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, 2015 and 2014, 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 Receivable and Reserve

Grants receivable are reviewed by management and an allowance for doubtful accounts is established based on management's analysis of specific grants and their estimate of amounts that may become uncollectible, if any. No allowance was deemed necessary as of December 31, 2015 and 2014. All grants receivable are expected to be collected within one year of the statement of financial position date.

Equipment and Depreciation

MNN capitalizes all expenditures for equipment in excess of \$1,000 and with a useful life of one year or greater. 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.

Grant Expense

Grant expense is recorded at the time grants are approved and awarded by the Board of Directors.

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, 2015 and 2014. 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, 2015 and 2014
(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 ASC Topic, *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.

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 March 7, 2016, which is the date the financial statements were available to be issued. There were no events that met the criteria for subsequent event disclosure.

MASSACHUSETTS NONPROFIT NETWORK, INC.

Notes to Financial Statements
December 31, 2015 and 2014
(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 (see Note 1). 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:

	<u>2015</u>	<u>2014</u>
Purpose restrictions	\$ 31,176	\$ 25,000
Time restrictions	<u>-</u>	<u>15,000</u>
	<u>\$ 31,176</u>	<u>\$ 40,000</u>

3. CONDITIONAL GRANTS

During 2013, a foundation awarded MNN a \$100,000 grant which was conditional upon meeting certain criteria and was to be paid in three installments of \$40,000, \$30,000 and \$30,000 in 2013, 2014, and 2015, respectively. MNN met these conditions and received the first, second, and third installments of this grant during 2013, 2014, and 2015, respectively. The 2015 and 2014 installments are included in grants revenue in the accompanying statements of activities and changes in net assets.

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 and second set of conditions and received the first and second installments of this grant during 2014 and 2015, which are included in grants revenue in the accompanying statements of activities and changes in net assets. The remaining conditions were not met as of December 31, 2015, and therefore, the \$50,000 remaining balance of the grant is not reflected in the accompanying financial statements.

During 2014, a third 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 and second set of conditions and received the first and second installments of this grant during 2014 and 2015, which are included in grants revenue in the accompanying statements of activities and changes in net assets. The remaining conditions have not been met as of December 31, 2015, and therefore, the \$75,000 remaining balance of the grant is not reflected in the accompanying financial statements.

MASSACHUSETTS NONPROFIT NETWORK, INC.

Notes to Financial Statements
December 31, 2015 and 2014
(See Independent Accountants' Review Report)

4. FUNDING

MNN received approximately 20% of its total operating revenue from one private foundation for the years ended December 31, 2015 and 2014.

MNN had 100% of its grants receivable due from one and two donors at December 31, 2015 and 2014, respectively.

5. OPERATING LEASE

In March 2014, MNN entered into a one-year office lease agreement expiring on March 31, 2015, for \$2,300 per month, with an option to renew. In April 2015, this lease was renewed through March 31, 2016, for \$1,850 per month. Future minimum payments in 2016 are \$5,550. The landlord of the building is a Board member of MNN.

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>2015</u>	<u>2014</u>
Program expenses	\$ 316,930	\$ 363,163
Management, administrative and general costs	128,205	94,739
Development	<u>12,511</u>	<u>21,776</u>
	<u>\$ 457,646</u>	<u>\$ 479,678</u>

MNN's management, administrative and general costs include overall direction, accounting, budgeting, general Board activities, and related items. During 2015, these costs also included \$31,590 of in-kind services 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.