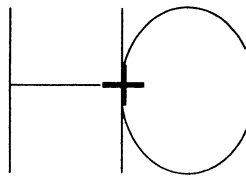


MASSACHUSETTS ASSOCIATION OF  
CONSERVATION COMMISSIONS, INC.  
FINANCIAL STATEMENTS  
JUNE 30, 2012

MASSACHUSETTS ASSOCIATION OF  
CONSERVATION COMMISSIONS, INC.

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*Certified Public Accountants*

David J. McCaughin, CPA  
John S. McNamara, CPA

### Independent Auditors' Report

To the Board of Directors  
Massachusetts Association of Conservation Commissions, Inc.  
Belmont, Massachusetts

We have audited the accompanying statement of financial position of Massachusetts Association of Conservation Commissions, Inc. (a non-profit organization) as of June 30, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Massachusetts Association of Conservation Commissions, Inc. as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Hughes and Company, P.C.*

HUGHES AND COMPANY, P.C.  
Melrose, Massachusetts  
October 11, 2012

MASSACHUSETTS ASSOCIATION OF CONSERVATION COMMISSIONS, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2012

ASSETS

Current Assets	
Cash	\$ 86,599
Cash, restricted	
Alexandra Dawson Legal Action Fund	29,794
Frederick J. Fawcett II Education Fund	10,284
Total Cash	<u>126,677</u>
Accounts receivable	11,620
Unconditional promises to give	9,159
Inventory	2,469
Total Current Assets	<u>149,925</u>
Equipment and Software	
Office equipment and software	35,357
Less accumulated depreciation	(30,619)
Equipment and Software, Net	<u>4,738</u>
Total Assets	<u><u>\$ 154,663</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable and accrued expenses	\$ 4,282
Deferred revenue	1,445
Total Current Liabilities	<u>5,727</u>
Net Assets	
Unrestricted	100,255
Temporarily restricted	48,681
Total Net Assets	<u>148,936</u>
Total Liabilities and Net Assets	<u><u>\$ 154,663</u></u>

The accompanying notes are an integral part of the financial statements.

MASSACHUSETTS ASSOCIATION OF CONSERVATION COMMISSIONS, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2012

Unrestricted Net Assets	
Support and Revenue	
Advertisements	\$ 6,649
Contributions - contributed services	9,125
Contributions - cash	73,812
Interest	222
Meetings and workshops	113,996
Membership dues	130,139
Miscellaneous	288
Sales of handbooks and publications	10,171
	<u>344,402</u>
Net Assets Released from Restrictions	
Restrictions satisfied by payments	<u>68,366</u>
Total Unrestricted Support and Revenue	<u>412,768</u>
Expenses	
Program Expenses:	
Conferences and workshops	185,385
Member services	135,578
General and administrative	52,345
Fundraising	20,444
Total Expenses	<u>393,752</u>
Change in Unrestricted Net Assets	<u>19,016</u>
Temporarily Restricted Net Assets	
Alexandra Dawson Legal Action Fund	1,710
Frederick J. Fawcett II Education Fund	1,210
Interest	70
Net assets released from restrictions satisfied by payments	<u>(68,366)</u>
Change in Temporarily Restricted Net Assets	<u>(65,376)</u>
Change in Net Assets	(46,360)
Net Assets, Beginning of Year	<u>195,296</u>
Net Assets, End of Year	<u><u>\$ 148,936</u></u>

The accompanying notes are an integral part of the financial statements.

MASSACHUSETTS ASSOCIATION OF CONSERVATION COMMISSIONS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2012

	Program Expenses				Total
	Conferences and Workshops	Member Services	General and Administrative	Fundraising	
Expenses					
Payroll	\$ 96,880	\$ 74,691	\$ 27,828	\$ 12,190	\$ 211,589
Payroll taxes	10,060	7,756	2,890	1,266	21,972
Payroll service	757	480	218	-	1,455
Audit expense	-	-	6,000	-	6,000
Bad debts	-	5,767	-	-	5,767
Bank and credit card fees	-	-	2,254	-	2,254
Consultant	6,325	3,125	3,125	3,126	15,701
Directors and staff expense	2,584	1,640	745	1,915	6,884
Depreciation	844	536	244	-	1,624
Dues and subscriptions	-	-	-	420	420
Insurance					
Group	4,171	3,215	1,198	525	9,109
Other	2,072	1,315	598	-	3,985
Legal fees	-	5,725	-	-	5,725
Library expense	-	180	-	-	180
Miscellaneous	-	-	546	-	546
Office supplies and expenses	4,852	3,080	1,400	-	9,332
Postage and delivery	-	1,013	2,954	605	4,572
Printing	-	4,660	-	-	4,660
Purchase of publications	-	8,266	-	-	8,266
Rent	-	11,700	1,300	-	13,000
Retirement plan expense	903	696	259	114	1,972
Taxes and fees	-	-	140	-	140
Telephone	2,248	1,733	646	283	4,910
Travel	215	-	-	-	215
Workshops and meetings	53,474	-	-	-	53,474
	<u>\$ 185,385</u>	<u>\$ 135,578</u>	<u>\$ 52,345</u>	<u>\$ 20,444</u>	<u>\$ 393,752</u>

The accompanying notes are an integral part of the financial statements.

MASSACHUSETTS ASSOCIATION OF CONSERVATION COMMISSIONS, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2012

Cash Flows from Operating Activities	
Change in net assets	\$ (46,360)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	1,624
(Increase) Decrease in:	
Accounts receivable	(11,297)
Unconditional promises to give	26,331
Inventory	2,834
Increase (Decrease) in:	
Accounts payable and accrued expenses	2,582
Deferred revenue	(1,289)
Net Cash Provided by (Used in) Operating Activities	<u>(25,575)</u>
 Cash Flows from Investing Activities:	
Purchase of office equipment	<u>(1,782)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(1,782)</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	(27,357)
 Cash, Beginning	<u>154,034</u>
 Cash, Ending	<u><u>\$ 126,677</u></u>
 Supplemental cash flows information:	
Cash paid during the year for:	
Income taxes	<u>\$ -</u>
Interest	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

MASSACHUSETTS ASSOCIATION OF CONSERVATION COMMISSIONS, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

Note 1 - Organization

The Massachusetts Association of Conservation Commissions, Inc. (the Organization) is a non-profit organization established to ensure the conservation and environmental quality of wetlands and other natural resources by providing public education and publications to Massachusetts conservation commissions. The Organization is primarily supported through conferences and workshop participation, membership dues, and publications sales.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The accrual basis of accounting recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received, and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted Net Assets - Net assets for which use is limited by donor-imposed restrictions that will either expire with the passage of time or be fulfilled by the Organization.

Permanently Restricted Net Assets - Net assets which must be held in perpetuity as stipulated by the donor. As of June 30, 2012, the Organization had no permanently restricted net assets.

Donor restricted gifts that are received and expended within the same year are reported as unrestricted.

Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.



MASSACHUSETTS ASSOCIATION OF CONSERVATION COMMISSIONS, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

Note 2 - Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Credit is generally extended on a short-term basis; thus accounts receivables do not bear interest. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessments of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2012, there was no allowance for doubtful accounts.

Inventory

Inventory consists of books, videos, booklets and miscellaneous publications and are valued at the lower of cost (first-in, first-out) or market.

Equipment and Software

Equipment and software are recorded at cost. It is the Organization's policy to capitalize expenditures for these items in excess of \$300. Lesser amounts are expensed. The Organization provides for depreciation on the straight-line method over the estimated useful lives of the respective assets. Donations of equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Depreciation expense was \$1,624 for the year ended June 30, 2012.

Deferred Revenue

Deferred revenue represents advertising support and training course tuition paid in advance for periods subsequent to June 30.

Income Taxes

Massachusetts Association of Conservation Commissions, Inc. is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the Organization is subject to federal taxes on unrelated business income.

MASSACHUSETTS ASSOCIATION OF CONSERVATION COMMISSIONS, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

Note 2 - Summary of Significant Accounting Policies (continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are charged directly to program or management in general categories based on specific identification. Indirect expenses have been allocated based on salary and subcontract expenditures.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Uncertainty in Income Taxes

The Organization follows the *Accounting for Uncertainty in Income Taxes* standard which requires the Organization to report uncertain tax positions, related interest and penalties, and to adjust its assets and liabilities related to unrecognized tax benefits and accrued interest and penalties accordingly. As of June 30, 2012, the Organization determined that there are no material unrecognized tax benefits to report.

Information returns filed for the years ended June 30, 2011, 2010 and 2009 remain subject to examination by the Internal Revenue Service and the Commonwealth of Massachusetts. The Organization does not expect that the amounts of unrecognized tax benefits will change significantly within the next twelve months.

Subsequent Events

The Organization has evaluated subsequent events through October 11, 2012 which is the date the financial statements were available to be issued.

MASSACHUSETTS ASSOCIATION OF CONSERVATION COMMISSIONS, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

Note 3 - Retirement Plan

Eligible employees are participants in a defined contribution 403(b) retirement plan. The Organization contributes 1% of each eligible employee's salary to this Plan for the benefit of these employees. Contributions to the Plan for the year ended June 30, 2012 were \$1,972.

Note 4 - Restricted Funds

The Alexandra Dawson Legal Action Fund contributions are segregated into a restricted fund to be used in the prosecution or defense of actions or appeals which relate to actual or proposed activity which will have a significant statewide or regional environmental impact and for fundraising purposes or to offset direct costs in the management of the Fund. The designated monies have been invested in money market funds. Activities related to the Alexandra Dawson Legal Action Fund for the year ended June 30, 2012 are as follows:

Balance, Beginning	\$ 29,309
Donations	1,710
Expenses	(1,290)
Interest income	65
Balance, Ending	\$ 29,794

The Frederick J. Fawcett, II Education Fund contributions are segregated into a restricted fund to be used to assist conservation commissioners and their staff who, because of financial hardship, are not able to attend training program sessions, workshops, or conferences, and also to enhance the resources available for use in designing and offering educational programs. The designated monies have been invested in money market funds. Activities related to The Frederick J. Fawcett, II Education Fund are as follows:

Balance, Beginning	\$ 9,606
Donations	1,210
Expenses	(537)
Interest income	5
Balance, Ending	\$ 10,284

Temporarily restricted net assets are available for the following purposes:

Contributions - Alexandra Dawson Legal Action Fund	\$ 29,794
Contributions - The Frederick J. Fawcett, II Education Fund	10,284
To update, improve and host online, 3 Fundamentals for Conservation Commissioners certification training units	8,603
Total	\$ 48,681

MASSACHUSETTS ASSOCIATION OF CONSERVATION COMMISSIONS, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

Note 5 - Temporarily Restricted Net Assets (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

To develop sediment and erosion control and storm water management training	\$ 40,727
To update, improve and host online, 3 Fundamentals for Conservation Commissions certification training units	25,812
Alexandra Dawson Legal Action Fund	1,290
The Frederick J. Fawcett, II Education Fund	537
Total	\$ 68,366

Note 6 - Promises to Give

Uncollectible promises to give consist of the following and are collectible within on year:

Earth Share - operations for the year ended June 30, 2012	\$ 556
Massachusetts Environmental Trust - online "Fundamentals" training units	8,603
Total	\$ 9,159

Uncollectible amounts for unconditional promises to give are expected to be insignificant. Accordingly, no provision is made for uncollectible amounts.

Note 7 - Lease Commitments

The Organization occupies office space under two lease agreements. Rent expense under these agreements was \$13,000 for the year ended June 30, 2012.

Future minimum payments under these leases are as follows:

2013	\$ 13,500
2014	11,040
	\$ 24,540

MASSACHUSETTS ASSOCIATION OF CONSERVATION COMMISSIONS, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

Note 8 - Donated Services and Materials

The amounts reflected in the accompanying financial statements as contributed services are offset by like amounts included in expenses. Contributed services include the following:

Legal fees	\$	5,725
Workshops and meetings		3,400
	\$	<u>9,125</u>

The Organization receives donated services relating to programs and services from a variety of unpaid volunteers who make significant contributions of their time. No amounts have been recognized for these contributions of time in the accompanying statement of activities because the criteria for the recognition of said volunteers effort has not been satisfied.