

**MASSACHUSETTS ASSOCIATION OF
CONSERVATION COMMISSIONS, INC.**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

**MASSACHUSETTS ASSOCIATION OF
CONSERVATION COMMISSIONS, INC.**

YEARS ENDED JUNE 30, 2011 AND 2010

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of the Massachusetts Association of Conservation Commissions, Inc. (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years 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 audits.

We conducted our audits 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 audits provide 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 the Massachusetts Association of Conservation Commissions, Inc. as of June 30, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on Pages 12 and 13 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script, appearing to read 'Minsk, Gould & Costello, P.C.', is written over the bottom of the text block.

October 27, 2011

**MASSACHUSETTS ASSOCIATION OF
CONSERVATION COMMISSIONS, INC.**

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010**

ASSETS

	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 115,119	\$ 249,667
Cash and cash equivalents restricted to: (Note 2)		
Dawson Fund spending	29,309	28,450
Fawcett Fund spending	9,606	10,151
Unconditional promises to give (Note 4)	35,490	8,045
Accounts receivable	323	1,157
Inventory	<u>5,303</u>	<u>5,359</u>
Total current assets	<u>195,150</u>	<u>302,829</u>
Fixed assets, at cost:		
Office equipment	33,575	33,135
Less accumulated depreciation	<u>28,995</u>	<u>24,518</u>
	<u>4,580</u>	<u>8,617</u>
Other asset:		
Deferred publication costs, net of amortization of \$144,905 in 2011 and \$135,245 in 2010	-	<u>9,660</u>
Total assets	<u>\$ 199,730</u>	<u>\$ 321,106</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 1,690	\$ 1,943
Payroll and other taxes payable	10	8
Deferred revenue	<u>2,734</u>	<u>4,797</u>
Total current liabilities	<u>4,434</u>	<u>6,748</u>
Commitments (Note 5)		
Net assets:		
Unrestricted	85,991	125,979
Temporarily restricted (Note 3)	<u>109,305</u>	<u>188,379</u>
	<u>195,296</u>	<u>314,358</u>
Total liabilities and net assets	<u>\$ 199,730</u>	<u>\$ 321,106</u>

See accompanying notes.

**MASSACHUSETTS ASSOCIATION OF
CONSERVATION COMMISSIONS, INC.**

**STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Unrestricted net assets:		
Support and revenue:		
Meetings and workshops	\$ 105,513	\$ 126,929
Membership dues	121,974	112,195
Sales of handbooks and publications	11,502	11,806
Contributions:		
Cash	51,125	30,484
Contributed services (Note 6)	23,979	28,030
Advertisements	13,361	10,649
Miscellaneous	543	240
Interest	<u>844</u>	<u>1,303</u>
Total support and revenue	328,841	321,636
Net assets released from restrictions	<u>115,042</u>	<u>71,896</u>
	<u>443,883</u>	<u>393,532</u>
 Expenses:		
Program services:		
Conferences - workshops	254,308	203,847
Member services	148,723	157,502
Management and general	51,520	47,068
Fund-raising expenses	<u>29,320</u>	<u>10,909</u>
Total expenses	<u>483,871</u>	<u>419,326</u>
 Decrease in unrestricted net assets	<u>(39,988)</u>	<u>(25,794)</u>
 Temporarily restricted net assets:		
Alexandra Dawson Legal Education and Action Fund	1,393	840
Frederick J. Fawcett II Education Fund	160	10,655
Support for developing a plan to meet the training and support needs of Conservation Commissions	-	3,250
Support for developing sediment and erosion control and storm water management training	-	189,400
Support for expanding fundamentals programs for conservation commissioners including on-line certification training units	34,415	30,000
Net assets released from restrictions satisfied by payments	<u>(115,042)</u>	<u>(71,896)</u>
Increase (decrease) in temporarily restricted net assets	<u>(79,074)</u>	<u>162,249</u>
 Total increase (decrease) in net assets	<u>(119,062)</u>	136,455
 Net assets, July 1	<u>314,358</u>	<u>177,903</u>
 Net assets, June 30	<u>\$ 195,296</u>	<u>\$ 314,358</u>

See accompanying notes.

**MASSACHUSETTS ASSOCIATION OF
CONSERVATION COMMISSIONS, INC.**

**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$(119,062)	\$ 136,455
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Amortization	9,660	19,321
Depreciation	4,477	4,567
(Increase) decrease in operating assets:		
Unconditional promises to give	(27,445)	(6,738)
Accounts receivable	834	(103)
Inventory	56	1,502
Increase (decrease) in operating liabilities:		
Accounts payable	(253)	436
Payroll and other taxes payable	2	(19)
Deferred revenue	(2,063)	(1,121)
Net cash provided (used) by operating activities	<u>(133,794)</u>	<u>154,300</u>
Cash flows from investing activities:		
Purchase of office equipment	(440)	(3,270)
Net cash used by investing activities	<u>(440)</u>	<u>(3,270)</u>
Net increase (decrease) in cash and cash equivalents	(134,234)	151,030
Cash and cash equivalents, July 1	<u>288,268</u>	<u>137,238</u>
Cash and cash equivalents, June 30	<u>\$ 154,034</u>	<u>\$ 288,268</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ _____	\$ _____

See accompanying notes.

**MASSACHUSETTS ASSOCIATION OF
CONSERVATION COMMISSIONS, INC.**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010**

1. Significant accounting policies:

Nature of activities:

The Massachusetts Association of Conservation Commissions, Inc. (the Organization) was formed to ensure the conservation and environmental quality of wetland resources and other natural resources, by providing service to Massachusetts conservation commissions, by public education, and by publications. The organization is supported primarily through conferences and workshop participation, membership dues, and publication sales.

Financial statement presentation:

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

The financial statements are presented in accordance with generally accepted accounting principles, which requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenue recognition:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Promises to give:

Unconditional promises to give are recognized as revenues in the period the pledge is received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. There was no allowance for uncollectible promises to give at June 30, 2011 and 2010.

MASSACHUSETTS ASSOCIATION OF
CONSERVATION COMMISSIONS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2011 AND 2010

1. **Significant accounting policies: (continued)**

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Cash equivalents:

Cash and cash equivalents include all highly liquid debt instruments purchased with a maturity of three months or less.

Concentration of credit risk:

The Organization maintains its cash in bank deposit accounts at high credit quality financial institutions. The balances, at times, may exceed federally insured limits. At June 30, 2011 and 2010, the Organization did not exceed the insured limit.

Accounts receivable:

Accounts receivables are carried at their estimated collectible amounts. Credit is generally extended on a short-term basis; thus accounts receivables do not bear interest. Accounts receivables are written off when they are determined to be uncollectible. The allowance for doubtful accounts is estimated based on the Organization's historical losses, the exiting economic conditions in the industry and the financial stability of its supporters. As of June 30, 2011 and 2010, there was no allowance for doubtful accounts.

Inventory:

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

Deferred publication costs:

The Organization capitalized the costs associated with the writing of the 2006 Handbook. These costs are amortized on the accelerated method over the Handbook's estimated useful life of five years.

Amortization expense charged to operations was \$9,660 and \$19,321 in 2011 and 2010, respectively.

MASSACHUSETTS ASSOCIATION OF
CONSERVATION COMMISSIONS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2011 AND 2010

1. **Significant accounting policies: (continued)**

Office equipment:

Office equipment is capitalized 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.

Deferred revenue:

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

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.

Sales tax:

The Organization is required to collect sales tax based on a percent of gross sales on certain items. The Company's policy is to exclude sales taxes from revenue when collected, and expenses when paid and instead, record the collection and payment of sales taxes through a liability account.

Income taxes:

The Organization is a non-profit organization, which has qualified for tax-exempt status from federal and state income taxes under Section 501 (c)(3) of the Internal Revenue Code.

The Organization's policy is to record interest expense and penalties in general and administrative expense. For the years ended June 30, 2011 and 2010, there was no interest and penalties expense recorded and no accrued interest and penalties.

MASSACHUSETTS ASSOCIATION OF
CONSERVATION COMMISSIONS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2011 AND 2010

1. Significant accounting policies: (continued)

Income taxes: (continued)

The Organization's Forms 990, "Return of Organization Exempt from Income Tax", for the fiscal years ending June 30, 2011, 2010 and 2009 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Subsequent events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 27, 2011, the date the financial statements were available to be issued.

Reclassification:

Certain reclassifications have been made to the 2010 financial statements to conform to the 2011 presentation.

2. Restricted funds:

The Dawson 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 significant state wide or regional environmental impacts 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 Dawson funds, for the years ended June 30, 2011 and 2010, are summarized as follows:

	<u>2011</u>	<u>2010</u>
Balance at July 1	\$ 28,450	\$ 28,066
Transfer from general funds	747	338
Interest income	<u>112</u>	<u>46</u>
Balance at June 30	\$ <u>29,309</u>	\$ <u>28,450</u>

The Frederick J. Fawcett, II 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 Fawcett Funds, for the years ended June 30, 2011 and 2010, are summarized as follows:

**MASSACHUSETTS ASSOCIATION OF
CONSERVATION COMMISSIONS, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2011 AND 2010**

2. Restricted funds: (continued)

	<u>2011</u>	<u>2010</u>
Balance at July 1	\$ 10,151	\$ -
Transfer from (to) general funds	(565)	10,131
Interest income	<u>20</u>	<u>20</u>
Balance at June 30	\$ <u>9,606</u>	\$ <u>10,151</u>

3. Restrictions on net assets:

Temporarily restricted net assets are available for the following purposes:

	<u>2011</u>	<u>2010</u>
Contributions - Alexandra Dawson Legal Education and Action Fund (see Note 2)	\$ 24,597	\$ 23,849
Contributions - Frederick J. Fawcett II Education Fund (See Note 2)	9,566	10,131
To develop sediment and erosion control and storm water management training	40,727	154,399
To update, improve and host online, three Fundamentals for Conservation Commissioners certification training units	<u>34,415</u>	<u>-</u>
Total	\$ <u>109,305</u>	\$ <u>188,379</u>

4. Promises to give:

Unconditional promises to give consist of the following amounts and are collectible within one year:

<u>Description</u>	<u>2011</u>	<u>2010</u>
Earth Share - operations for fiscal year ended June 30, 2011 and 2010	\$ 1,075	\$ 545
Massachusetts Environmental Trust - expanded fundamentals training program for fiscal year ended June 30, 2010	-	7,500
Massachusetts Environmental Trust - online "Fundamentals" training units	<u>34,415</u>	<u>-</u>
	\$ <u>35,490</u>	\$ <u>8,045</u>

MASSACHUSETTS ASSOCIATION OF
CONSERVATION COMMISSIONS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2011 AND 2010

5. Lease commitments:

The Organization is obligated under a lease agreement for its operating facilities commencing July 1, 2008 through June 30, 2014. Rent for the first two years is \$11,400 per year. Subsequently, every two years the annual rental cost is reviewed, by both parties, and an increase is then agreed upon. The lease may be terminated by either party with 90 days notice. Rent expense amounted to \$10,140 and \$10,968 for fiscal years 2011 and 2010, respectively.

The Organization was obligated under a lease agreement for additional office space through June 30, 2011 at an annual rent of \$4,860 for the years 2011 and 2010. This lease was amended effective May 1, 2011 to include four months at \$405 per month and ten months at \$205 per month through June 30, 2012. The lease may be terminated by either party with 90 days notice. Rent expense amounted to \$4,860 for the years ended June 30, 2011 and 2010, respectively.

The Organization leases office equipment under a noncancelable operating lease which expires in March 2015. The lease expense amounted to \$2,167 and \$2,220 for years ended June 30, 2011 and 2010, respectively.

The following is a schedule of future minimum rental payments required under the above noncancelable operating leases without regard to the 90 day notice of cancellation clauses:

<u>JUNE 30,</u>	<u>AMOUNT</u>
2012	\$ 15,448
2013	12,588
2014	12,588
2015	<u>1,836</u>
Total	\$ <u>42,460</u>

6. Donated services and materials:

The Organization received donated services, relating substantially to the training programs and workshops, of \$3,500 and \$10,030 for the years ended June 30, 2011 and 2010, respectively, which has been recognized in the accompanying statement of activities.

MASSACHUSETTS ASSOCIATION OF
CONSERVATION COMMISSIONS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2011 AND 2010

6. **Donated services and materials: (continued)**

The Organization received donated legal services relating substantially to the preparation of an Amicus Brief on behalf of M.A.C.C., in support of the Commonwealth's Department of Conservation and Recreation, in the amount of \$20,479 and \$18,000 for the years ended June 30, 2011 and 2010, respectively, which has been recognized in the accompanying statement of activities.

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

7. **Retirement plan:**

The Organization has available a defined contribution plan under section 403(b) of the Internal Revenue Code covering substantially all employees. Under the plan, the Organization contributes one percent of each eligible employee's salary. Retirement plan expenses incurred by the Organization during 2011 and 2010 were \$2,113 and \$1,742, respectively.

8. **Major grantor:**

In 2010, the Organization received a grant from Wal-Mart Stores, Inc. that amounted to approximately 34% of total revenue.

SUPPLEMENTARY INFORMATION

**MASSACHUSETTS ASSOCIATION OF
CONSERVATION COMMISSIONS, INC.**

**SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2011**

2011

	<u>PROGRAM SERVICES</u>		<u>MANAGEMENT</u>		<u>TOTAL</u>
	<u>CONFERENCES WORKSHOPS</u>	<u>MEMBER SERVICES</u>	<u>AND GENERAL</u>	<u>FUND- RAISING</u>	
Expenses:					
Payroll	\$ 104,176	\$ 67,700	\$ 31,388	\$ 17,151	\$ 220,415
Payroll taxes	11,257	7,316	3,392	1,853	23,818
Accounting	-	-	6,085	-	6,085
Amortization	-	9,660	-	-	9,660
Bank and credit card fees	-	-	1,934	-	1,934
Consultant	66,430	-	-	-	66,430
Directors and staff expense	801	1,089	242	3,049	5,181
Depreciation	2,295	1,491	691	-	4,477
Dues and subscriptions	-	-	-	359	359
Insurance:					
Group	4,126	2,681	1,243	680	8,730
Other	1,874	1,218	564	-	3,656
Legal fees	-	20,479	-	-	20,479
Library expense	-	44	-	-	44
Miscellaneous	-	1,284	(112)	-	1,172
Office supplies and expenses	3,096	2,012	932	-	6,040
Payroll service	665	432	201	-	1,298
Postage and delivery	-	1,680	2,204	449	4,333
Printing	-	8,786	-	3,653	12,439
Promotion expense	-	-	-	1,585	1,585
Purchase of publications	-	6,893	-	-	6,893
Rent	-	13,500	1,500	-	15,000
Retirement plan expense (Note 7)	999	649	301	164	2,113
Taxes and fees	-	-	265	-	265
Telephone	2,289	1,488	690	377	4,844
Training	320	-	-	-	320
Travel	659	-	-	-	659
Website	-	321	-	-	321
Workshops and meetings	<u>55,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,321</u>
Total	\$ <u>254,308</u>	\$ <u>148,723</u>	\$ <u>51,520</u>	\$ <u>29,320</u>	\$ <u>483,871</u>

See accompanying notes.

**MASSACHUSETTS ASSOCIATION OF
CONSERVATION COMMISSIONS, INC.**

**SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2010**

2010

	<u>PROGRAM SERVICES</u>		<u>MANAGEMENT</u>		<u>TOTAL</u>
	<u>CONFERENCES WORKSHOPS</u>	<u>MEMBER SERVICES</u>	<u>AND GENERAL</u>	<u>FUND- RAISING</u>	
Expenses:					
Payroll	\$ 95,267	\$ 60,816	\$ 27,135	\$ 6,969	\$ 190,187
Payroll taxes	8,026	5,136	2,295	594	16,051
Accounting	-	-	6,810	-	6,810
Amortization	-	19,321	-	-	19,321
Bank and credit card fees	-	-	2,313	-	2,313
Consultant	20,983	-	-	-	20,983
Directors and staff expense	719	459	204	755	2,137
Depreciation	2,375	1,516	676	-	4,567
Insurance:					
Group	3,741	2,388	1,065	-	7,194
Other	1,755	1,121	500	-	3,376
Legal fees	-	18,000	-	-	18,000
Library expense	-	920	-	-	920
Miscellaneous	-	310	30	-	340
Office supplies and expenses	4,095	2,614	1,167	-	7,876
Payroll service	726	464	207	-	1,397
Postage and delivery	-	3,739	2,297	293	6,329
Printing	-	12,861	-	1,557	14,418
Promotion expense	-	-	-	483	483
Purchase of publications	-	11,986	-	-	11,986
Rent	-	14,245	1,583	-	15,828
Retirement plan expense (Note 7)	936	557	249	-	1,742
Taxes and fees	-	-	140	-	140
Telephone	1,549	989	441	-	2,979
Training	2,289	-	-	-	2,289
Travel	4,599	-	-	-	4,599
Website	-	151	-	-	151
Workshops and meetings	<u>56,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,910</u>
Total	\$ <u>203,970</u>	\$ <u>157,593</u>	\$ <u>47,112</u>	\$ <u>10,651</u>	\$ <u>419,326</u>

See accompanying notes.