

TIMOTHY SMITH NETWORK, INC.
FINANCIAL STATEMENTS
June 30, 2010 and 2009

TIMOTHY SMITH NETWORK, INC.

CONTENTS
June 30, 2010

| | <u>Page</u> |
|--|-------------|
| Independents Auditor's Report | 1 |
| Financial Statements: | |
| Statement of Financial Position | 2 |
| Statement of Activities and Changes in Net Assets | 3 |
| Statement of Cash Flows | 4 |
| Notes to Financial Statement | 5-9 |
| Independents Auditor's Report on Supplemental information | 10 |
| Schedules of Functional Expenses | 11 |

**ANDREW M. ZUROFF, C.P.A., P.C.
632 CENTRE STREET
JAMAICA PLAIN, MA 02130-2554**

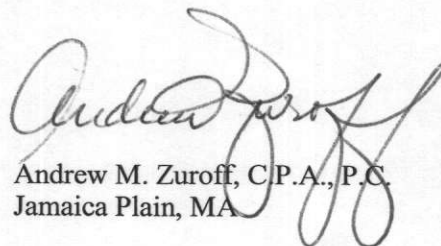
Independent Auditor's Report on the Financial Statements

To the Board of Directors
Timothy Smith Network, Inc.
Roxbury, Massachusetts

We have audited the accompanying statements of financial position of Timothy Smith Network, Inc., (a Massachusetts corporation, not-for-profit) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Timothy Smith Network, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted the 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 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 Timothy Smith Network, Inc. as of June 30, 2010 and 2009, 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.



Andrew M. Zuroff, C.P.A., P.C.
Jamaica Plain, MA

August 23, 2010

TIMOTHY SMITH NETWORK, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2010 and 2009

| | 2010 | 2009 |
|--|--------------------------|--------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 278,935 | \$ 842,135 |
| Unconditional promises to give - Unrestricted: | | |
| Membership dues and fees | 0 | 1,000 |
| Prepaid deferred program expenses | 0 | 67,234 |
| Prepaid insurance | 1,403 | 678 |
| Prepaid payroll taxes | 1,965 | 521 |
| | <u>282,303</u> | <u>911,568</u> |
| Property and equipment (Note C) | 15,768 | 12,992 |
| Less: Accumulated Depreciation | 9,022 | 6,779 |
| | <u>6,746</u> | <u>6,213</u> |
| Net Property and Equipment | <u>6,746</u> | <u>6,213</u> |
| Total Assets | <u>\$ 289,049</u> | <u>\$ 917,781</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 4,931 | \$ 27,588 |
| | <u>4,931</u> | <u>27,588</u> |
| Total Current Liabilities | <u>4,931</u> | <u>27,588</u> |
| NET ASSETS | | |
| Unrestricted | (48,656) | 36,521 |
| Temporary restricted (Note B) | 332,774 | 853,672 |
| | <u>284,118</u> | <u>890,193</u> |
| Total Net Assets | <u>284,118</u> | <u>890,193</u> |
| Total Liabilities and Net Assets | <u>\$ 289,049</u> | <u>\$ 917,781</u> |

See accompanying notes to financial statements.

Andrew M. Zuroff, C.P.A., P.C.

TIMOTHY SMITH NETWORK, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2010 and 2009

| | 2010 | 2009 |
|---|------------------------------|------------------------------|
| UNRESTRICTED NET ASSETS | | |
| Unrestricted revenues: | | |
| Support services | \$ 18,128 | \$ 21,046 |
| Administrative fees | 0 | 97,192 |
| Fund raising | 0 | 6,420 |
| Membership dues | 4,125 | 4,250 |
| Investment return | 1,392 | 541 |
| Net assets released from restriction | <u>555,898</u> | <u>183,156</u> |
| Total Unrestricted Revenues | <u>579,543</u> | <u>312,605</u> |
| Functional Expenses: | | |
| Program services | 555,898 | 183,156 |
| Supporting services | 96,723 | 97,148 |
| Fund raising services | <u>12,099</u> | <u>27,000</u> |
| Total Functional Expenses | <u>664,720</u> | <u>307,304</u> |
| Increase (Decrease) in Unrestricted Net Assets | <u>(85,177)</u> | <u>5,301</u> |
| TEMPORARY RESTRICTED NET ASSETS | | |
| Contributions: | | |
| Timothy Smith Fund | 0 | 904,756 |
| Microsoft Online Presence for Employment | 35,000 | 0 |
| Net assets released from restrictions | <u>(555,898)</u> | <u>(183,156)</u> |
| Increase (Decrease) in Temporay Unrestricted Funds | <u>(520,898)</u> | <u>721,600</u> |
| Change in Net Assets | (606,075) | 726,901 |
| Net Assets at Beginning of Year | <u>890,193</u> | <u>163,292</u> |
| Net Assets at End of Year | <u>\$ 284,118</u> | <u>\$ 890,193</u> |

See accompanying notes to financial statements.

Andrew M. Zuroff, C.P.A., P.C.