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Audit

2011-12-31 10:00 AM

COMMUNITY SERVICE NETWORK, INC.

**FINANCIAL STATEMENTS
YEAR ENDED
DECEMBER 31, 2011
AND
INDEPENDENT AUDITOR'S REPORT**

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10-1-11

WALSH & CO.
ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report

Board of Directors
Community Service Network, Inc.

We have audited the accompanying statement of financial position of the Community Service Network, Inc. (a Massachusetts corporation, not-for-profit) as of December 31, 2011, and the related statements of activities and cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Community Service Network, Inc.'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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 aspects, the financial position of the Community Service Network, Inc. as of December 31, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2012, on our consideration of the Community Service Network, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The supplementary information included in Schedules A and B is presented for purposes of additional analysis and is not a required part of the financial statements or uniform financial statements. Such information is the representation of the Community Service Network, Inc.'s management and has not been subjected to the auditing procedures applied in the audit of the basic financial statements or uniform financial statements. Accordingly, we do not express an opinion concerning whether it is fairly stated in relation to the basic financial statements taken as a whole.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

May 4, 2012

Michael J. Walsh


Certified Public Accountant

STATEMENT OF FINANCIAL POSITION AS OF 12/31/2011
(BALANCE SHEET)

WITH COMPARATIVE TOTALS AS OF 12/31/2010

	CURRENT OPERATIONS	PLANT	ENDOWMENT	CUSTODIAN	TOTAL THIS YEAR	TOTAL LAST YEAR
ASSETS						
1 Cash and Cash Equivalents	(400,319)				(400,319)	1,205,506
2 Accounts Receivable, Program Services	3,383,854				3,383,854	1,939,846
3 Allowance for Doubtful Accounts						
4 Net Accounts Receivable, Program Services	3,383,854				3,383,854	1,939,846
5 Contributions Receivable						
6 Notes Receivable						
7 Prepaid Expenses	7,984				7,984	3,463
8 Other Accounts Receivable						
9 Other Current Assets	1,600				1,600	1,600
10 Short-Term Investments	593,198				593,198	585,185
11 TOTAL CURRENT ASSETS	3,586,317				3,586,317	3,735,600
12 Land, Buildings, and Equipment		144,528			144,528	144,528
13 Accumulated Depreciation		(144,528)			(144,528)	(142,994)
14 Net Land, Buildings and Equipment						1,534
15 Long-Term Investments						
16 Other Assets						
17 Due From Other Funds						
18 TOTAL ASSETS	3,586,317				3,586,317	3,737,134
LIABILITIES AND NET ASSETS						
19 Accounts Payable						
20 Subcontract Payable						
21 Accrued Expenses	1,163,991				1,163,991	1,210,685
22 Current Notes Payable						
23 Current Portion Long-Term Debt						
24 Deferred Revenue						
25 Other Current Liabilities						
26 TOTAL CURRENT LIABILITIES	1,163,991				1,163,991	1,210,685
27 Long-Term Notes & Mortgage Payable						
28 Other Liabilities						
29 Due to Other Funds						
30 TOTAL LIABILITIES	1,163,991				1,163,991	1,210,685
NET ASSETS						
31 Unrestricted	2,397,103				2,397,103	2,501,225
32 Temporarily Restricted	25,224				25,224	25,224
33 Permanently Restricted						
34 TOTAL NET ASSETS	2,422,327				2,422,327	2,526,449
35 TOTAL LIABILITIES AND NET ASSETS	3,586,317				3,586,317	3,737,134

See Accompanying Notes to the Financial Statements

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED 12/31/2011 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 12/31/2010

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL THIS YEAR	TOTAL LAST YEAR
REVENUES, GAINS, AND OTHER SUPPORT					
1 Contributions, Gifts, Legacies, Bequests & Special Events	75,816			75,816	2,134
2 In-Kind Contributions	7,016			7,016	5,975
3 Grants					8,000
4 Program Service Fees	40,251,069			40,251,069	24,279,730
5 Federated Fundraising Organization Allocation					
6 Investment Revenue	18,937			18,937	16,721
7 Revenue from Commercial Products & Services					
8 Other					12,694
9 Net Assets Released From Restrictions:					
10 Satisfaction of Program Restrictions					
11 Satisfaction of Equipment Acquisition Restrictions					
12 Expiration of Time Restrictions					
13 TOTAL REVENUE, GAINS, AND OTHER SUPPORT	40,352,838			40,352,838	24,325,254
EXPENSES AND LOSSES					
14 Administration (Management & General)	10,000			10,000	10,700
15 Fundraising					
16 Total Program Services	40,446,961			40,446,961	24,356,790
17 TOTAL EXPENSES	40,456,961			40,456,961	24,367,490
18 Losses					
19 TOTAL EXPENSES AND LOSSES	40,456,961			40,456,961	24,367,490
CHANGES IN NET ASSETS:					
20 Property & Equipment Acquisitions from Unrestricted Funds					
21 Transfer of Realized Endowment Fund Appreciation					
22 Return to Donor					
23 Other Increases (Decreases)					
24 TOTAL CHANGES IN NET ASSETS	(104,123)			(104,123)	(42,236)
25 NET ASSETS AT BEGINNING OF YEAR	2,526,449			2,526,449	2,568,685
26 NET ASSETS AT END OF YEAR	2,422,326			2,422,326	2,526,449

See Accompanying Notes to Financial Statements

ORGANIZATION : Community Service Network, Inc.

FEIN: 222621963

STATEMENT OF CASH FLOWS for the YEAR ENDED

12/31/2011

INDIRECT METHOD

	TOTAL
Cash Flows from Operating Activities:	
1 Changes in Net Assets	<u>(104,123)</u>
Adjustments to Reconcile Change In Net Assets to Net Cash provided by/(used in) Operating Activities:	
2 Depreciation	<u>1,534</u>
3 Losses	<u> </u>
4 Increase/Decrease in Net Accounts Receivable	<u>(1,444,008)</u>
5 Increase/Decrease in Prepaid Expenses	<u>(4,521)</u>
6 Increase/Decrease in Contributions Receivable	<u> </u>
7 Increase/Decrease in Accounts Payable	<u> </u>
8 Increase/Decrease in Accrued Expenses	<u>(46,694)</u>
9 Increase/Decrease in Deferred Revenue	<u> </u>
10 Increase/Decrease in Subcontract Payable	<u> </u>
11 Contributions Restricted for Long-Term Investment	<u> </u>
12 Net Unrealized and Realized Gains on Long-Term Investments	<u> </u>
13 Other Cash Used in/Provided by Operating Activities	<u> </u>
14 Net Cash Provided by/(used in) Operating Activities	<u>(1,597,812)</u>
Cash Flows from Investing Activities:	
15 Insurance Proceeds	<u> </u>
16 Purchase(s) of Capital Assets (Land, Bldgs. & Equip.)	<u> </u>
17 Proceeds from Sale(s) of Investments	<u> </u>
18 Purchase(s) of Investments	<u>(8,013)</u>
19 Purchase(s) of Assets Restricted To Long-Term Investment	<u> </u>
20 Other Investing Activities	<u> </u>
21 Net Cash Provided by/(used in) Investing Activities	<u>(8,013)</u>
Cash from Financing Activities:	
Proceeds from Contributions Restricted For:	
22 Investment in Endowment	<u> </u>
23 Investment in Term Endowment	<u> </u>
24 Investment in Plant (Land Bldgs. & Equip.)	<u> </u>
Other Financing Activities:	
25 Contributions Restricted for Long-Term Investment	<u> </u>
26 Interest and Dividends Restricted for Reinvestment	<u> </u>
27 Payments on Notes Payable	<u> </u>
28 Payments on Long-Term Debt	<u> </u>
29 Other Finance Payments/Receipts	<u> </u>
30 Net Cash Provided by/(used in) Financing Activities	<u> </u>

See Accompanying Notes to the Financial Statements

ORGANIZATION : Community Service Network, Inc.

FEIN: 222621963

STATEMENT OF CASH FLOWS for the YEAR ENDED

12/31/2011

INDIRECT METHOD

31	Net Increase/(Decrease) in Cash and Cash Equivalents	(1,605,825)
32	Cash and Cash Equivalents at Beginning of Year	1,205,506
33	Cash and Cash Equivalents at End of Year	<u>(400,319)</u>

Supplemental Disclosure of Cash Flow Information:

34	Cash Paid During the Year for Interest	_____
35	Cash Paid During the Year for Taxes/Other	_____

Supplemental Data for Noncash Investing and Financing Activities:

36	Gifts of Equipment	_____
37	Other Noncash Investing and Financing Activities	_____
38	_____	_____
39	_____	_____
40	_____	_____

See Accompanying Notes to the Financial Statements

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ORGANIZATION : Community Service Network, Inc. FEIN: 222621963

Statement of Functional Expenses for the Year Ended: 12/31/2011

	SUPPORTING SERVICES		PROGRAM SERVICES	
	TOTALS	ADMINISTRATION (MNGT. & GEN.)	FUND RAISING	TOTAL ALL PROGRAMS
1. Employee Compensation & Related Expenses	327,879			327,879
2. Occupancy	12,102			12,102
3. Other Program / Operating Expense	40,080,101			40,080,101
4. Subcontract Expense				
5. Direct Administrative Expense	35,345	10,000		25,345
6. Other Expenses				
7. Depreciation of Buildings and Equipment	1,534			1,534
8. TOTAL EXPENSES	40,456,961	10,000		40,446,961

See Accompanying Notes to Financial Statements

ORGANIZATION : Community Service Network, Inc. FEIN: 222621963

Statement of Functional Expenses for the Year Ended: 12/31/11

	PROGRAM #	PROGRAM #	PROGRAM #	PROGRAM #	PROGRAM #
	<u>1</u>	<u>2</u>	<u></u>	<u></u>	<u></u>
1. Employee Compensation & Related Expenses	<u>121,816</u>	<u>206,063</u>	<u></u>	<u></u>	<u></u>
2. Occupancy	<u>11,265</u>	<u>837</u>	<u></u>	<u></u>	<u></u>
3. Other Program / Operating Expense	<u>40,076,176</u>	<u>3,925</u>	<u></u>	<u></u>	<u></u>
4. Subcontract Expense	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
5. Direct Administrative Expense	<u>15,730</u>	<u>9,615</u>	<u></u>	<u></u>	<u></u>
6. Other Expenses	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
7. Depreciation of Buildings and Equipment	<u></u>	<u>1,534</u>	<u></u>	<u></u>	<u></u>
8. TOTAL EXPENSES	<u>40,224,987</u>	<u>221,974</u>	<u></u>	<u></u>	<u></u>

See Accompanying Notes to Financial Statements

	Total Organization		Admin.(M&G)		Fund Raising		Total All Prog		EXPENSE		Total Organization		Admin (M&G)		Fund Raising		Total All Programs		
	FTE	Expense	FTE	Expense	FTE	Expense	FTE	Expense	FTE	Expense	FTE	Expense	FTE	Expense	FTE	Expense	FTE	Expense	
REVENUE																			
1R Contributions, Gifts, Legacies, Bequests		75,816						75,816	1E Total Direct Prog.Staff FTE/Exp	101-138	3.00	135,852						3.00	135,852
2R Gov. In-Kind/Capital Budget			XXXXXXXXXXXX		XXXXXXXXXXXX				2E Chief Executive Officer - FTE/Exp.		1.00	88,000						1.00	88,000
3R Private In-Kind		7,016					7,016	3E Chief Financial Officer - FTE/Exp.											
4R Total Contributions and In-Kind		82,832					82,832	4E Acting/Clerical/Support FTE/Expense		1.25	36,388							1.25	36,388
5R Mass Gov. Grant			XXXXXXXXXXXX		XXXXXXXXXXXX			5E Admin Main/House-Gndrsking FTE/Exp		2.25	124,398							2.25	124,398
6R Other Grant (exclud. Fed Direct)								7E Commercial Products & Sys/Mktng FTE/Exp											
7R Total Grants								8E Total FTE/Salary/Wages		5.25	280,250							5.25	280,250
8R Dept. of Mental Health (DMH)			XXXXXXXXXXXX		XXXXXXXXXXXX			9E Payroll Taxes 150											
9R Dept of Developmental Services(DDS/DMR)								10E Fringe Benefits 151											
10R Dept. of Public Health (DPH)			XXXXXXXXXXXX		XXXXXXXXXXXX			11E Accrual Adjustments											
11R Dept of Children and Families (DCF/DSS)			XXXXXXXXXXXX		XXXXXXXXXXXX			12E Total Employee Compensation & Rel. Exp.											
12R Dept of Transitional Assist (DTA/WEL)			XXXXXXXXXXXX		XXXXXXXXXXXX			13E Facility and Prog. Equip.Expenses 301, 390											
13R Dept. of Youth Services (DYS)			XXXXXXXXXXXX		XXXXXXXXXXXX			14E Facility & Prog. Equip. Depreciation 301											
14R Health Care Fin & Policy (HCF)-Contract			XXXXXXXXXXXX		XXXXXXXXXXXX			15E Facility Operation/Maint./Fum.390											
15R Health Care Fin & Policy (HCF)-UCP			XXXXXXXXXXXX		XXXXXXXXXXXX			16E Facility General Liability Insurance 390											
16R MA. Comm. For the Blind (MCB)			XXXXXXXXXXXX		XXXXXXXXXXXX			17E Total Occupancy											
17R MA. Comm. for Deaf & H H (MCD)			XXXXXXXXXXXX		XXXXXXXXXXXX			18E Direct Care Consultant 201											
18R MA. Rehabilitation Commission (MRC)			XXXXXXXXXXXX		XXXXXXXXXXXX			19E Temporary Help 202											
19R MA. Off. for Refugees & Immigr.(ORI)			XXXXXXXXXXXX		XXXXXXXXXXXX			20E Clients and Caregivers Reimb./Stipends 203											
20R Dept of Early Educ. & Care (EEC)-Contract			XXXXXXXXXXXX		XXXXXXXXXXXX			21E Subcontracted Direct Care 206											
21R Dept of Early Educ. & Care (EEC)-Voucher			XXXXXXXXXXXX		XXXXXXXXXXXX			22E Staff Training 204											
22R Dept of Correction (DOC)			XXXXXXXXXXXX		XXXXXXXXXXXX			23E Staff Mileage / Travel 205											
23R Dept. of Elementary & Secondary Educ. (DOE)			XXXXXXXXXXXX		XXXXXXXXXXXX			24E Meals 207											
24R Parole Board (PAR)			XXXXXXXXXXXX		XXXXXXXXXXXX			25E Client Transportation 208											
25R Veteran's Services (VET)			XXXXXXXXXXXX		XXXXXXXXXXXX			26E Vehicle Expenses 208											
26R Ex. Off. of Elder Affairs (ELD)			XXXXXXXXXXXX		XXXXXXXXXXXX			27E Vehicle Depreciation 208											
27R Div of Housing & Community Develop(OCDD)		40,215,002					40,215,002	28E Incidental Medical /Medicine/Pharmacy 209											
28R POS Subcontract			XXXXXXXXXXXX		XXXXXXXXXXXX			29E Client Personal Allowances 211											
29R Other Mass. State Agency POS			XXXXXXXXXXXX		XXXXXXXXXXXX			30E Provision Material Goods/Svs./Benefits 212											
30R Mass State Agency Non - POS			XXXXXXXXXXXX		XXXXXXXXXXXX			31E Direct Client Wages 214											
31R Mass. Local Gov./Quasi-Govt. Entities			XXXXXXXXXXXX		XXXXXXXXXXXX			32E Other Commercial Prod. & Svs. 214											
32R Non-Mass. State/Local Government			XXXXXXXXXXXX		XXXXXXXXXXXX			33E Program Supplies & Materials 215											
33R Direct Federal Grants/Contracts		26,255					26,255	34E Non Charitable Expenses											
34R Medicaid - Direct Payments			XXXXXXXXXXXX		XXXXXXXXXXXX			35E Other Expense											
35R Medicaid - MBHP Subcontract			XXXXXXXXXXXX		XXXXXXXXXXXX			36E Total Other Program Expense											
36R Medicare			XXXXXXXXXXXX		XXXXXXXXXXXX			37E Management Fees 410											
37R Mass. Govt. Client Stipends			XXXXXXXXXXXX		XXXXXXXXXXXX			38E Fundraising Fees 410											
38R Client Resources			XXXXXXXXXXXX		XXXXXXXXXXXX			39E Legal Fees 410											
39R Mass. Publicly sponsored client offsets			XXXXXXXXXXXX		XXXXXXXXXXXX			40E Audit Fees 410											
40R Other Publicly sponsored client offsets			XXXXXXXXXXXX		XXXXXXXXXXXX			41E Management Consultant 410											
41R Private Client Fees (excluding 3rd Pty)		9,812					9,812	42E Other Professional Fees & Other Admin. Expenses 410											
42R Private Client 3rd Pty/other offsets			XXXXXXXXXXXX		XXXXXXXXXXXX			43E Leased Office/Program Office Equip.410,390											
43R Total Assistance and Fees		40,251,069					40,251,069	44E Office Equipment Depreciation 410											
44R Federated Fundraising								45E Admin. Vehicle Expenses 410											
45R Commercial Activities								46E Admin. Vehicle Depreciation 410											
46R Non-Charitable Revenue								47E Directors & Officers Insurance 410											
47R Investment Revenue		18,937					18,937	48E Program Support 216											
48R Other Revenue								49E Professional Insurance 410											
49R Allocated Admin (M&G) Revenue			XXXXXXXXXXXX					50E Working Capital Interest 410											
50R Released Net Assets-Program								51E Total Direct Administrative Expense											
51R Released Net Assets-Equipment								52E Admin (M&G) Reporting Center Allocation											
52R Released Net Assets-Time								53E Total Reimbursable & Fundraising Expense											
53R TOTAL REVENUE		40,352,838					40,352,838	54E Direct State/Federal Non-Reimbursable Expense											
54R TOTAL EXPENSE = 56E		40,456,961					40,456,961	55E Allocation of State/Fed Non-Reimbursable Expense											
55R OPERATING RESULTS		(104,123)					(104,123)	56E TOTAL EXPENSE = 56R											

COMPENSATION DISCLOSURE Enter all compensation (salary, benefit packages, vehicles, consultant payments, loans, etc.) from the entity & its related parties/affiliates to organization principals. Attach schedule of non-salary items.

Name & Title	Reporting Entity Compensation		Compensation from Other Entities	
	Salary	Other	Salary	Other
1C Sheila Harbeck, President	88,000	7,503		
2C Bryn Davis, Executive Director	45,108	11,695		
3C				
4C				
5C				
MA. Surplus Revenue Retention	Starting Balance	Expended Amount	Accrual Amount	Liability Amt.
Prior Year Ma. Revenue	24,245,673	56,405	56,405	

NON-REIMBURSABLE EXPENSE DETAIL

1N Direct Employee Compensation & Related Exp.			
2N Direct Occupancy			
3N Direct Other Program/Operating			
4N Direct Subcontract Expense			
5N Direct Administrative Expense			
6N Direct Other Expense			
7N Direct Depreciation			
8N Total Direct Non-Reimbursable (must tie to 54E)			
9N Total Direct and Allocated Non-Reimbursable (54E+55E)			
10N Eligible Non-Reimb./Fundraising Exp. Revenue Offsets		101,769	
11N Capital Budget Revenue Adjustments			
12N Excess of Non-Reimb./Fundraising Expense over Offsets		(101,769)	

Description of Admin (M&G) Direct Non-Reimbursable Exp.

Note to Readers: Please see Schedule B Note to Readers regarding appropriate Non-Reimbursable Exp.

Comm. of MA cost reimbursement overbilling (preliminary calc. subject to adjustment)

UFR Program Number: 1 Program Name: Homeless Family Assistance Description: DHCD Housing for Homeless Family Catalog of Federal Domestic Assistance #: 8
 *Program Type: 19A Program Address: 52 Broadway (Number/Street) Stoneham (City) MA 02180 (State) Zipcode # Weeks operated during audit period (e.g., 52): 52.00 # operating hours/week (e.g., 40): 40.00

Note to Readers: This schedule should be read in context with F.S. Notes and all other UFR information. In many instances the presence of significant planned to actual variances or non-reimbursable expenses (e.g., In-Kind donations) may be appropriate and desirable.
 * Program Type codes: 21 = SPED; 22 = HCFF/Medicaid Class Rate; 23 = Negotiated Unit Rate; 24 = Negotiated Accommodations Rate; 25 = Non-negotiated Accommodations Rate; 26 = Other Non-negotiated Unit Rate; 27 = Cost Reimbursement; NA = Not Applicable

REVENUE	STAFFING # hours/yr = 1.00 FTE:	FTE	Salary/Wage	EXPENSE - ACTUAL/PLANNED	FTE	Actual	Planned	% Var
1R Contrib. Gifts, Leg., Bequests, Spec. Ev.	1S Program Director (UFR Title 102)			1E Total Direct Program Staff = 39S	0.50	18,200		
2R Gov. In-Kind/Capital Budget	2S Program Function Manager (UFR Title 101)			2E Chief Executive Officer	0.81	47,221		
3R Private In-Kind	3S Asst. Program Director (UFR Title 103)			3E Chief Financial Officer				
4R Total Contribution and In-Kind	4S Supervising Professional (UFR Title 104)			4E Accounting/Clerical Support	1.00	29,198		
5R Mass. Gov. Grant	5S Physician & Psychiatrist (UFR Title 105 & 121)			5E Admin Maint/House/Groundskeeping				
6R Other Grant (exclud. Fed. Direct)	6S Physician Asst. (UFR Title 106)			6E Total Admin Employee	1.81	76,419		
7R Total Grants	7S N. Midwife, N.P., Psych N., N.A., R.N. - MA (UFR Title 107)			7E Commercial products & Svs/Mktng				
8R Dept. of Mental Health (DMH)	8S R.N. - Non Masters (UFR Title 108)			8E Total FTE Salary/Wages	2.31	94,619		
9R Dept. of Developmental Services (ODS/DMR)	9S L.P.N. (UFR Title 109)			9E Payroll Taxes 150		9,120		
10R Dept. of Public Health (DPH)	10S Pharmacist (UFR Title 110)			10E Fringe Benefits 151		18,077		
11R Dept. of Children and Families (DCF/DSS)	11S Occupational Therapist (UFR Title 111)			11E Accrual Adjustments				
12R Dept. of Transitional Assist. (DTA/WEL)	12S Physical Therapist (UFR Title 112)			12E Total Employee Compensation & Rel. Exp.		121,816		
13R Dept. of Youth Services (DYS)	13S Speech / Lang. Pathol., Audiologist (UFR Title 113)			13E Facility and Prog. Equip. Expenses 301,390				
14R Health Care Fin & Policy (HCF)-Contract	14S Dietician / Nutritionist (UFR Title 114)			14E Facility & Prog. Equip. Depreciation 301				
15R Health Care Fin & Policy (HCF)-UCP	15S Spec. Education Teacher (UFR Title 115)			15E Facility Operation/Maint./Furn 390		10,428		
16R MA. Comm. For the Blind (MCB)	16S Teacher (UFR Title 116)			16E Facility General Liability Insurance 390		837		
17R MA. Comm. for Deaf & H (MCD)	17S Day Care Director (UFR Title 117)			17E Total Occupancy		11,265		
18R MA. Rehabilitation Commission (MRC)	18S Day Care Lead Teacher (UFR Title 118)			18E Direct Care Consultant 201				
19R MA. Off. for Refugees & Immigr. (ORI)	19S Day Care Teacher (UFR Title 119)			19E Temporary Help 202				
20R Dept. of Early Educ. & Care (EEC)-Contract	20S Day Care Asst. Teacher / Aide (UFR Title 120)			20E Clients and Caregivers Reimb./Supends 203				
21R Dept. of Early Educ. & Care (EEC)-Voucher	21S Psychologist - Occasional (UFR Title 122)			21E Subcontracted Direct Care 206				
22R Dept. of Correction (DOC)	22S Clinician-(formerly Psych.Masters)(UFR Title 123)			22E Staff Training 204				
23R Dept. of Elementary & Secondary Educ. (DOE)	23S Social Worker - L.I.C.S.W. (UFR Title 124)			23E Staff Meals / Travel 205				
24R Parole Board (PAR)	24S Social Worker - L.C.S.W., L.S.W. (UFR Title 125 & 128)			24E Meals 207				
25R Veteran's Services (VET)	25S Licensed Counselor (UFR Title 127)			25E Client Transportation 208				
26R Ex. Off. of Elder Affairs (ELD)	26S Cert. Voc. Rehab. Counselor (UFR Title 128)			26E Vehicle Expenses 208				
27R Div. of Housing & Community Develop.(OCD)	27S Cert. Alch. &/or Drug Abuse Counselor (UFR Title 129)			27E Vehicle Depreciation 208				
28R POS Subcontract	28S Counselor (UFR Title 130)			28E Incidental Medical/Medicine/Pharmacy 209				
29R Other Mass. State Agency POS	29S Case Worker / Manager - Masters (UFR Title 131)			29E Client Personal Allowances 211				
30R Mass State Agency Non- POS	30S Case Worker / Manager (UFR Title 132)	0.50	18,200	30E Provision Material Goods/Svs/Benefits 212		40,072,589		
31R Mass. Local Gov./Quasi-Govt. Entities	31S Direct Care / Prog. Staff Superv. (UFR Title 133)			31E Direct Client Wages 214				
32R Non-Mass. State/Local Government	32S Direct Care / Prog. Staff III (UFR Title 134)			32E Other Commercial Prod. & Svs. 214				
33R Direct Federal Grants/Contracts	33S Direct Care / Prog. Staff I (UFR Title 135)			33E Program Supplies & Materials 215		3,587		
34R Medicaid - Direct Payments	34S Direct Care / Prog. Staff II (UFR Title 136)			34E Non Charitable Expenses				
35R Medicaid - MBHP Subcontract	35S Prog. Secretarial / Clerical Staff (UFR Title 137)			35E Other Expense				
36R Medicare	36S Maintenance, House/Groundskeeping, Cook 138			36E Total Other Program Expense		40,076,176		
37R Mass. Govt. Client Stipends	37S Direct Care / Driver Staff (UFR Title 138)			42E Other Professional Fees & Other Admin. Exp. 410		5,898		
38R Client Resources	38S Direct Care Overtime, Shift Differential and Relief		XXXXXX	43E Leased Office/Program Office Equip. 410,390				
39R Mass. spon.client SF/3rd Pty offsets	39S Total Direct Program Staff = 1E	0.50	18,200	44E Office Equipment Depreciation 410				
40R Other Publicly sponsored client offsets				45E Program Support 216		7,564		
41R Private Client Fees (excluding 3rd Pty)				46E Professional Insurance 410		2,297		
42R Private Client 3rd Pty/other offsets				50E Working Capital Interest 410				
43R Total Assistance and Fees				51E Total Direct Administrative Expense		15,730		
44R Federated Fundraising				52E Admin (M&G) Reporting Center Allocation		3,715		
45R Commercial Activities				53E Total Reimbursable Expense		40,228,702		
46R Non-Charitable Revenue				54E Direct State/Federal Non-Reimbursable Expense				
47R Investment Revenue				55E Allocation of State/Fed Non-Reimbursable Expense				
48R Other Revenue				56E TOTAL EXPENSE		40,228,702		
49R Allocated Admin (M&G) Revenue				57E TOTAL REVENUE = 53R		40,222,018		
50R Released Net Assets-Program				58E OPERATING RESULTS		(6,684)		
51R Released Net Assets-Equipment				CRE Preliminary Calculation of Cost Reimb. Excess Rev. *				(subject to OSD adjustment)
52R Released Net Assets-Time								
53R Total Revenue = 57E								

UNDUP # # service units
 Clients delivered 2,003 19,990

OSD's Program Publicly sponsored clients: 2,003 19,990
 Performance Report (D-1) Privately sponsored clients:
 Internet filing system Free Care clients:
 suspended for FY '08 Total: 2,003 19,990
 75S flags:

MASSACHUSETTS CONTRACT INFORMATION

Dept	Contract ID - 11 Characters	MMARS Code
1C DHCD	5092SHIRATE	MO4
2C		
3C		
4C		
5C		

POS SUBCONTRACT INFORMATION

State Dept	Payor Name	Payor's FEIN
1PS		
2PS		
3PS		

Subcontracted Direct Care Expense Detail

Subcontractor Name	FEIN	Expense Amt.
1SDC		
2SDC		
3SDC		
4SDC		
5SDC		

Comm. Of MA Surplus Rev. Retention Share

NON-REIMBURSABLE EXPENSE DETAIL

Description	Amount
1N Direct Employee Compensation & Related Exp.	
2N Direct Occupancy	
3N Direct Other Program/Operating	
4N Direct Subcontract Expense	
5N Direct Administrative Expense	
6N Direct Other Expense	
7N Direct Depreciation	
8N Total Direct Non-Reimbursable (Tie to 54E)	
9N Total Direct and Allocated Non-Reimb. (54E+55E)	
10N Eligible Non-Reimbursable Exp. Revenue Offsets	7,016
11N Capital Budget Revenue Adjustment	
12N Excess of Non-Reimbursable Expense Over Offsets:	(7,016)

(Any Excess of Non-Reimbursable Expense over Eligible Revenue Offsets is subject to recoupment where the program is purchased by the Commonwealth and must be recognized as a liability on the Financial Statements.)

PREPARER COMMENTS:

UFR Program Number: 2

Program Name: Community Service Network Services

Description: Charitable Programs

Catalog of Federal Domestic Assistance #: 8

*Program Type: 18A

Program Address: 52 Broadway

Stonham

MA

02180

Years operated during audit period (e.g., 5): 52.00

operating hour/week (e.g., 40): 40.00

Note to Readers: This schedule should be read in context with F.S. Notes and all other UFR information. In many instances the presence of significant planned to actual variances or non-reimbursable expenses (e.g., in-kind donations) may be appropriate and desirable.

Table with columns: REVENUE, EXPENSE - ACTUAL/PLANNED, FTE, Salary/Wage, FTE, Actual, Planned, % Var. Includes rows for 1R Contrib. Gifts, 2R Gov. In-Kind/Capital Budget, 3R Private In-Kind, etc.

Table with columns: SUBCONTRACTED DIRECT CARE EXPENSE DETAIL, POS SUBCONTRACT INFORMATION, NON-REIMBURSABLE EXPENSE DETAIL. Includes rows for 1SDC Subcontractor Name, 2SDC, 3SDC, 4SDC, 5SDC, etc.

PREPARER COMMENTS:

COMMUNITY SERVICE NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION

NATURE OF ACTIVITIES

Community Service Network, Inc. (The Agency) is a nonprofit organization established in 1985. The Agency provides assistance to needy families through a variety of community service programs. Services are provided in Stoneham, Woburn and surrounding towns in Massachusetts. The Agency was awarded a contract from the Commonwealth of Massachusetts to provide emergency shelter to Department of Transitional Assistance/Housing and Community Development eligible homeless families in licensed facilities across the Commonwealth of Massachusetts.

The Agency 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. Donors may deduct contributions made to the Agency within the Internal Revenue Code regulations.

BASIS OF ACCOUNTING

The Agency's policy is to prepare its financial statements on the accrual basis of accounting.

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Accounting Standards Codification financial statements of not-for-profit organizations. The Agency is required to report information regarding its financial position and revenues and expenses according to three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Restricted and Unrestricted Revenue

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

Income Taxes

The Agency is a non-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Agency has no unrelated business income. The Agency's tax return, form 990, for the years ending 2008, 2009, 2010 and 2011 are subject to examination by the IRS, generally for three years after they are filed.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consists of several checking and saving accounts.

Equipment and Depreciation

Equipment consists of office equipment.

The Agency's policy is to capitalize purchases greater than or equal to \$1,000. Office equipment is recorded at cost and is depreciated using the straight-line method over the estimated useful lives of three to ten years. All significant costs for fixed assets are capitalized.

Donated Services and Materials

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

Revenue Recognition and Expense Allocation

Contract service revenue is recorded as services are provided and costs are incurred. Revenues from unrestricted grants and contributions are recorded as unrestricted revenue and net assets when received or unconditionally committed. Donor designated grants and contributions are recorded as temporarily restricted revenues and net assets if they are received with donor stipulations that limit the use of the net assets. Transfers are made to unrestricted revenue and net assets when donor stipulations expire, that is, when a stipulated time restriction ends or a purpose restriction is accomplished.

Interest income is recognized when earned.

Expenses related directly to a program are distributed to that program, and other expenses are allocated based upon management's estimate of the percentage attributable to each program.

Credit Card Points

The Agency has used corporate credit cards to pay for motel and hotel accommodations used for emergency shelter for eligible homeless individuals. Over the years, the Agency has built up "points" which may be used to pay or purchase goods and/or services. This contingent asset is not reflected in the accompanying statement of financial position because it is not quantifiable. In 2011, the Agency used approximately \$17,200 of points to pay for goods and services.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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.

NOTE 2 - SHORT-TERM INVESTMENTS

The Agency has a certificate of deposit as of December 31, 2011 with a bank which is included in short-term investments as follows:

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
May 31, 2012	1.24%	<u>\$ 593,198</u>

NOTE 3 - FUNDING

The Agency receives a significant portion of its funding from the Commonwealth of Massachusetts under negotiated unit/accommodations rate contracts. Payments to the Agency are subject to audit by the appropriate government agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Agency as of December 31, 2011 or on the changes in net assets for the year then ended, and all such funding has been expended for its designated purpose.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

Rent

The Agency leases office space at 136 Elm Street, Stoneham, Massachusetts as a tenant-at-will. Rent expense for the year ended December 31, 2011 was \$10,428. Current monthly rent cost is \$869.

Litigation

In the opinion of management, all matters concerning litigation, pending or otherwise are adequately covered by insurance, or if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a material effect on the financial position or changes in net assets of the Agency if disposed of unfavorably.

NOTE 5 - RELATED PARTY TRANSACTIONS

By its very nature, the Agency facilitates and coordinates numerous social and human services within the community. Members of government housing, welfare and social service agencies, as well as members of nonprofit organizations serve on the Agency's Board of Directors. On occasion, the Agency will refer their clients to the agencies that the members of the Board of Directors work for.

NOTE 6 - SURPLUS/DEFICIT REVENUE RETENTION

The Commonwealth of Massachusetts, Executive Office of Human Services, maintains a fiscal procurement resolution policy. This policy relates to all state and federal funds obligated through the Division of Purchased Services. It provides that if public revenues exceed actual expenses for publicly-purchased services by more than 5%, the Division will make a determination as to whether or not a surplus exists and will consider any surplus in negotiations with the provider for future class rate determinations. If the surplus is less than 5%, the provider will be able to retain such balance and no adjustment will be considered for future class rate determinations. On a cumulative basis the Agency is allowed to retain up to 20% of the prior year's Commonwealth of Massachusetts revenue. The cumulative amount allowable as of December 31, 2011 was \$0. The allowed amount is greater than the deficit, therefore, no liability has been recorded.

The following is a schedule of the Agency's surplus (deficit) revenue retention:

Prior to 2007	\$ (105,232)
2007	21,223
2008	202,928
2009	(37,588)
2010	(24,926)
2011	<u>(56,405)</u>
Total cumulative (deficit) revenue retention	<u>\$ -</u>

NOTE 7 - CONCENTRATIONS OF CREDIT RISK

The Agency's financial instruments that may be subject to concentrations of credit risk consist of cash, certificates of deposit and accounts receivable.

The Federal Deposit Insurance Corporation (FDIC) insures unlimited non-interest bearing accounts and interest bearing account balances up to \$250,000. In addition, one of the institutions has the Depositor's Insurance Fund (DIF) and one has Share Insurance Fund (SIF) which insures all deposit amounts above the FDIC limits. As of December 31, 2011, the Agency had approximately \$378,000 on deposit at a bank that exceeded the FDIC insurance limit.

All of the Agency's accounts receivable at December 31, 2011 represents amounts due from one Massachusetts' governmental agency.

Approximately 99.7% of the Agency's revenues for the year ended December 31, 2011, in the amount of \$40,215,002, are from one Massachusetts' governmental agency program.

NOTE 8 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Agency reports under the Fair Value Measurements pronouncements of the FASB Accounting Standards Codification, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below.

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.

Level 2 – Inputs to the valuation include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in active markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Community Service Network, Inc.
Notes to Financial Statements

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs at the closing price reported on the active market on which the individual securities are traded.

Following is a description of the valuation methodologies used for assets measured at fair value. There has been no change in the methodology used at December 31, 2011.

Cash or cash equivalent including certificate of deposit: Valued at acquisition cost.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, with the fair value hierarchy, the Agency's assets at fair value.

Assets at fair value as of December 31, 2011
(In thousands)

	<u>Level 1</u>
Cash and cash equivalents	\$ 193

Valuation and Income Recognition

The Agency's cash and cash equivalents as of December 31, 2011 are stated at fair value.

NOTE 9 - SUBSEQUENT EVENTS

The Agency has evaluated all subsequent events through May 4, 2012, the date the financial statements were available to be issued. There were no subsequent events that require adjustment to or disclosure in the financial statements.