

Kelly – Eitel+ Associates, LLC

Certified Public Accountants

59 Temple Place, Suite 556, Boston, MA 02111

Massachusetts Children's Alliance, Inc.

Financial Statements

Years ended June 30, 2009 and 2008

Massachusetts Children's Alliance, Inc.

Financial Statements

June 30, 2009

Table of Contents

Independent Auditor's Report	1
<i>Financial Statements:</i>	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6-9
<i>Reporting Under Government Auditing Standards:</i>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	10-11

Kelly - Eitel+ Associates, LLC

Not for Profit Consultants and Certified Public Accountants

59 Temple Place, Suite 556, Boston, MA 02111


To the Board of Directors
Massachusetts Children's Alliance, Inc.
Boston, MA

We have audited the accompanying statement of financial position of Massachusetts Children's Alliance, Inc. (a nonprofit organization) as of June 30, 2009, and June 30, 2008 and the related statement 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. The prior year summarized comparative information has been summarized from the Organization's 2008 financial statements and in our report dated September 21, 2008, we express an unqualified opinion on these financial statements.

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 assessing the supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles use 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 Children's Alliance, Inc. as of June 30, 2009 and June 30, 2008 in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2009 on our consideration of the Massachusetts Children's Alliance, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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.


Boston, MA
September 28, 2009

Massachusetts Children's Alliance, Inc.

Statements of Financial Position

June 30,

Assets

	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 62,735	\$ 91,810
Accounts receivable	58,220	66,483
Prepaid expenses	2,562	2,116
Property and equipment, net	<u>842</u>	<u>3,683</u>
<i>Total assets</i>	<u>124,359</u>	<u>164,092</u>

Liabilities and Net Assets

Liabilities

Accounts payable	3,778	22,371
Accrued expenses	16,645	15,155
Advance payments	-	14,694
Other liabilities	<u>56,441</u>	<u>64,239</u>
<i>Total liabilities</i>	<u>76,864</u>	<u>116,459</u>

Net assets

Unrestricted net assets	<u>47,495</u>	<u>47,633</u>
<i>Total net assets</i>	<u>47,495</u>	<u>47,633</u>
<i>Total liabilities and net assets</i>	<u>\$ 124,359</u>	<u>\$ 164,092</u>

Massachusetts Children's Alliance, Inc.

Statements of Activities

Year Ended June 30, 2009

(with summarized comparative totals for the year ended June 30, 2008)

<i>Revenues and other support</i>	<u>2009</u>	<u>2008</u>
Contract revenue	\$ 500,000	\$ 704,450
Contribution revenue	26,927	40,000
Individual donations	<u>6,672</u>	<u>1,870</u>
<i>Total revenues and other support</i>	<u>533,599</u>	<u>746,320</u>
<i>Expenses</i>		
Program expenses	498,984	717,214
General and administration expense	<u>34,753</u>	<u>40,476</u>
<i>Total expenses</i>	<u>533,737</u>	<u>757,690</u>
<i>Change in net assets</i>	<u>(138)</u>	<u>(11,370)</u>
<i>Net assets, at beginning of year</i>	<u>47,633</u>	<u>59,003</u>
<i>Net assets, at end of year</i>	<u>\$ 47,495</u>	<u>\$ 47,633</u>

Massachusetts Children's Alliance, Inc.

Statements of Cash Flows

Years Ended June 30,

	<u>2009</u>	<u>2008</u>
<i>Cash flows from operating activities</i>		
Change in net assets	\$ (138)	\$ (11,370)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	2,842	4,190
Change in:		
Accounts receivable	8,263	51,314
Advance payments	(14,694)	(29,431)
Accounts payable	(18,593)	297
Prepaid expenses	(446)	(2,116)
Accrued expenses	1,490	(27,941)
Other liabilities	(7,798)	64,239
<i>Net cash provided by operating activities</i>	<u>(29,074)</u>	<u>49,182</u>
<i>Net decrease in cash</i>	<u>(29,075)</u>	<u>49,182</u>
<i>Cash and cash equivalents, beginning</i>	<u>91,810</u>	<u>42,628</u>
<i>Cash and cash equivalents, ending</i>	<u>\$ 62,735</u>	<u>\$ 91,810</u>

Massachusetts Children's Alliance, Inc.

Statement of Functional Expenses

Year Ended June 30, 2009

(with summarized comparative totals for the year ended June 30, 2008)

	<i>Program</i>	<i>General and</i>	<i>2009</i>	<i>2008</i>
	<i>Services</i>	<i>Administration</i>	<i>Total</i>	<i>Total</i>
	<hr/>	<hr/>	<hr/>	<hr/>
Salaries	\$ 143,143	\$ 3,261	\$ 146,404	\$ 114,897
Payroll taxes	11,940	225	12,165	10,495
Fringe benefits	17,819	35	17,854	10,308
Accounting and audit	18,943	9,067	28,010	28,034
Computer and internet expenses	250	2,067	2,317	7,499
Conference	522	251	773	-
Non capital equipment	-	-	-	8,156
Subscriptions	226	154	380	287
Advertising	-	-	-	653
Depreciation	-	2,842	2,842	4,190
Equipment and maintenance	4,580	397	4,977	4,572
Grants and allocations	267,032	-	267,032	517,302
Filings fees	-	558	558	749
Insurance	1,029	1,316	2,345	750
Interest expense	-	50	50	-
Occupancy	6,971	4,823	11,794	8,250
Office supplies	562	1,025	1,587	1,025
Membership dues	2,040	720	2,760	2,395
Payroll processing fees	751	1,108	1,859	1,806
Postage and delivery	179	507	686	888
Printing and copying	8,850	202	9,052	2,991
Professional fees	2,150	-	2,150	7,090
Telephone	-	5,177	5,177	3,705
Travel	11,997	968	12,965	21,648
Total expenses	<hr/> <hr/> <u>\$ 498,984</u>	<hr/> <hr/> <u>\$ 34,753</u>	<hr/> <hr/> <u>\$ 533,737</u>	<hr/> <hr/> <u>\$ 757,690</u>

Massachusetts Children's Alliance, Inc.

Notes to Financial Statements

June 30, 2009

Note 1 - Organization

The Massachusetts Children's Alliance, Inc. ("MACA") was established as a not-for-profit organization in Massachusetts on January 14, 2004 to ensure that all Massachusetts children and their families have access to high quality, comprehensive, specialized, and culturally competent services of a Children's Advocacy Center. MACA is a state chapter of the National Children's Alliance, having been the first chapter in the Northeast region to be recognized by the National organization. MACA provides support to the 11 CAC's by advocating with the critical state governments and coordinating fund-raising activities that individual CAC's are less able to access. Revenues and contributions are from individuals, corporations, and government agencies located within Massachusetts. Approximately 98% of total revenue is from State contracts with the Commonwealth of Massachusetts.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been presented on the accrual basis of accounting in accordance with generally accepted accounting principals.

Unrestricted Net Assets - consist of assets, public support and program revenues, which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Temporarily Restricted Net Assets - are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/ or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - are net assets subject to donor-imposed stipulations that must be maintained permanently. There are no permanently restricted net assets at the end of the year.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as unrestricted support. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

Contributed Goods and Services

The Organization records various types of in-kind support including contributed facilities, professional services, advertising and materials. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts that are reflected in the accompanying financial statements as contributed goods and services are offset by like amounts included in expenses.

Notes to Financial Statements

June 30, 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Tax Status

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the United States Internal Revenue Code and is determined to be an organization which is not a private foundation and, accordingly, does not provide for state and federal income taxes.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification.

Advertising Costs

Advertising expense for the year ended June 30, 2008 was \$653 and none for the year ended June 30, 2009.

Use of Estimates and Assumptions

The preparation of financial statements in conformity 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 vary from the estimates that were used.

Cash and Cash Equivalents

The Organization considers all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase. The Organization maintains its cash and cash equivalents at financial institutions in accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Contributed Goods and Services

Directors and officers have made a significant contribution of their time to develop the Organization. No amounts have been recognized in the accompanying statement of activities and changes in net assets because the criteria for recognition of such efforts under generally accepted accounting principals have not been satisfied.

Summarized Comparative Information

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 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 June 30, 2008 from which the summarized information was derived.

Massachusetts Children's Alliance, Inc.

Notes to Financial Statements

June 30, 2009

Note 3 – Fixed Assets

At June 30, 2009 and 2008, furniture and equipment consisted of the following:

	<u>2009</u>	<u>2008</u>
Technology	\$ 11,309	\$ 11,309
Furniture and fixtures	<u>2,104</u>	<u>2,104</u>
	13,413	13,413
Less: accumulated depreciation	<u>(12,571)</u>	<u>(9,730)</u>
Net fixed assets	<u>\$ 842</u>	<u>\$ 3,683</u>

Depreciation expense was \$2,841 and \$4,190 for the year ended 2009 and 2008, respectively.

Note 4 – Accounts Receivable

Accounts receivable consist primarily of contract revenue from program services and is non interest bearing. All accounts receivable are fully collectible and therefore, no allowance for doubtful accounts has been recorded.

Note 5 - Lease Obligation

The Organization leased office space under an operating lease which is a tenant at will agreement. Rent expense is \$11,794 and \$8,104 for the year ended June 30, 2008 and 2009, respectively.

Note 6 - Surplus Revenue Retention

The Commonwealth of Massachusetts Not-For-Profit Provider Surplus Revenue Retention Policy pursuant to 808 CMR 1.19(3) of the Pricing, Reporting and Auditing for Social Programs, allows a provider to retain for future use a portion of annual net surplus. This net surplus, from the revenues and expenses associated with services provided to Purchasing Agencies with are subject to 808 CMR 1.00 may not exceed 5% of said provider's revenue annually. Furthermore, the cumulative amount of the provider's net surplus may not exceed 20% of the provider's prior year's revenues received form Commonwealth Purchasing Agencies. The activity of the Accumulated Surplus Revenue Retention Fund Pool is as follows:

Accumulated Surplus Revenue Retention Fund Pool Surplus (Deficit) –June 30, 2008	\$ none
Fiscal 09 surplus (deficit) revenue retention	none
Accumulated Surplus Revenue Retention Fund Pool Surplus (Deficit) - June 30, 2009	\$ none

Massachusetts Child

Notes to Financial Statements

June 30, 2009

Note 7 - Revenue Concentration

For the year ended June 30, 2009 and 2008, 97% and 94% of the Organization's total revenue came from cost reimbursement contracts from the Commonwealth of Massachusetts, Department of Public Health. In the event funding is terminated, the Organization's ability to continue as a going concern would be greatly diminished.

Note 8- Other liabilities

The Organization has \$56,441 which represents funds which are collected and maintained in an account on behalf of the Sexual Assault Nurse Examiner's ("SANE") program.

Note 9 - Grant Expense

Grants were provided to the following Organizations:

Berkshire County Kid's Place & Violence	\$ 23,500
Children's Advocacy Center of Bristol County	26,000
Children's Advocacy Center of Norfolk County	23,500
Children's Advocacy Center of Suffolk County	24,200
Children's Cove Children's' Advocacy Center	25,000
Conway Children's Advocacy Center	25,000
Essex Children's Advocacy Center	24,000
Family Advocacy Center at Bay state	24,000
Middlesex Child Advocacy Center	23,500
Northwestern Children's Advocacy Center	24,000
UMASS Medical School	<u>24,332</u>
	\$ <u><u>267,032</u></u>

Note 10 -- Leases

The Organization has a copier lease on which the future minimum payments are as follows:

2010	\$4,320
2011	4,320
2012	4,320

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors
Massachusetts Children's Alliance, Inc.
Boston, MA

We have audited the financial statements of the Massachusetts Children's Alliance, Inc. as of and for the year ended June 30, 2009, and have issued our report thereon dated September 28, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered, Massachusetts Children's Alliance, Inc. internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Massachusetts Children's Alliance, Inc. internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Massachusetts Children's Alliance, Inc.'s financial statements are free of material misstatement; we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non compliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the Organization, and the board of directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kry Eitel + Associates LLC

Boston, MA

September 28, 2009