

**NONPROFIT NETWORK
(f. k. a. JACKSON NONPROFIT SUPPORT CENTER)**

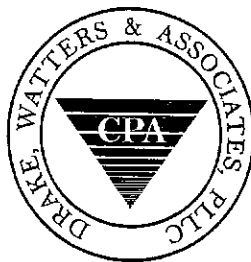
**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

YEAR ENDED DECEMBER 31, 2008

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415 S. Jackson St.
P.O. Box 906
Jackson, MI 49204



(517) 783-2886
Fax (517) 783-2938
www.dwapllc.com

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Nonprofit Network (f. k. a. Jackson Nonprofit Support Center)
Jackson, Michigan

We have audited the accompanying Statement of Financial Position of Nonprofit Network (f. k. a. Jackson Nonprofit Support Center) (a non-profit organization) as of December 31, 2008 and the related Statement of Activities and Changes in Net Assets, the Statement of Functional Expenses, and the Statement of 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 Nonprofit Network (f. k. a. Jackson Nonprofit Support Center) as of December 31, 2008 and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Drake, Watters & Associates, PLLC

Jackson, Michigan
April 27, 2009

NONPROFIT NETWORK
(f. k. a. JACKSON NONPROFIT SUPPORT CENTER)
STATEMENT OF FINANCIAL POSITION
December 31, 2008

ASSETS

Current assets:

Cash and cash equivalents	\$	18,169
Accounts receivable		2,447
Prepaid expenses		<u>3,181</u>

Total current assets		<u>23,797</u>
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Property and equipment:

Office furniture and fixtures, net (note 3)		172
Equipment, net (note 3)		<u>3,875</u>

Total property and equipment		<u>4,047</u>
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Other Assets:

Certificates of deposit		94,155
Deposit on purchase in process		689
Website Development, net (note 6)		<u>9,569</u>

Total other assets		<u>104,413</u>
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Total assets	\$	<u><u>132,257</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Payroll taxes and withholdings	\$	2,662
Accrued vacation		<u>1,070</u>

Total current liabilities		<u>3,732</u>
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Net assets:

Unrestricted		128,525
Temporarily restricted		-
Permanently restricted		<u>-</u>

Total net assets		<u>128,525</u>
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Total liabilities and net assets	\$	<u><u>132,257</u></u>
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See auditors' report and accompanying notes to financial statements.

NONPROFIT NETWORK
(f. k. a. JACKSON NONPROFIT SUPPORT CENTER)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
SUPPORT AND REVENUE:				
Contributions and sponsorships	\$ 1,563	\$ -	\$ -	\$ 1,563
Grant revenue	81,104	-	-	81,104
Consulting	33,822	-	-	33,822
Membership dues	9,350	-	-	9,350
Program services	5,948	800	-	6,748
Interest income	1,859	-	-	1,859
In-kind donations	2,526	-	-	2,526
Other income	1,060	-	-	1,060
Total support and revenue	<u>137,232</u>	<u>800</u>	<u>-</u>	<u>138,032</u>
RECLASSIFICATIONS:				
Released from restriction	<u>1,018</u>	<u>(1,018)</u>	<u>-</u>	<u>-</u>
Total support, revenue and reclassifications	<u>138,250</u>	<u>(218)</u>	<u>-</u>	<u>138,032</u>
EXPENSES AND LOSSES:				
Program	109,398	-	-	109,398
Administration	27,246	-	-	27,246
Total expenses	<u>136,644</u>	<u>-</u>	<u>-</u>	<u>136,644</u>
CHANGE IN NET ASSETS	1,606	(218)	-	1,388
NET ASSETS - BEGINNING OF YEAR	<u>126,919</u>	<u>218</u>	<u>-</u>	<u>127,137</u>
NET ASSETS - END OF YEAR	<u>\$ 128,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,525</u>

See auditors' report and accompanying notes to financial statements.

NONPROFIT NETWORK
(f. k. a. JACKSON NONPROFIT SUPPORT CENTER)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Salaries	\$ 54,876	\$ 13,719	\$ 68,595
Payroll taxes	4,259	1,065	5,324
Employee benefits	<u>8,749</u>	<u>2,187</u>	<u>10,936</u>
Total salaries and related expenses	67,884	16,971	84,855
Payroll and bookkeeping services	2,689	672	3,361
Office supplies and expenses	1,317	329	1,646
Telephone	857	214	1,071
Postage	48	12	60
Occupancy	3,240	810	4,050
Legal and professional	-	3,005	3,005
Consulting fees	19,443	-	19,443
Computer and web-site services	1,386	346	1,732
Printing and publications	1,042	260	1,302
Meeting expenses	278	70	348
Professional development	4,098	1,025	5,123
Program activities	1,291	-	1,291
Insurance	-	2,193	2,193
Resource library	1,158	290	1,448
Miscellaneous	469	-	469
Marketing and publicity	<u>888</u>	<u>222</u>	<u>1,110</u>
Total expenses before depreciation	106,088	26,419	132,507
Depreciation and amortization	<u>3,310</u>	<u>827</u>	<u>4,137</u>
Total Expenses	<u>\$ 109,398</u>	<u>\$ 27,246</u>	<u>\$ 136,644</u>

See auditors' report and accompanying notes to financial statements.

NONPROFIT NETWORK
(f. k. a. JACKSON NONPROFIT SUPPORT CENTER)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$	1,388
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation and amortization expense		4,137
Change in operating assets and liabilities:		
Accounts receivable		3,701
Prepaid expenses		2,673
Accounts payable		(2,232)
Payroll taxes withheld		765
Accrued vacation		<u>(1,137)</u>
Net cash provided from operating activities		<u>9,295</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Increase in certificate of deposit		(41,607)
Increase in deposit on purchase in process		(689)
Acquisitions of equipment		<u>(276)</u>
Net cash from investing activities		<u>(42,572)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS (33,277)

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR 51,446

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 18,169

See auditors' report and accompanying notes to financial statements.

NONPROFIT NETWORK
(f. k. a. JACKSON NONPROFIT SUPPORT CENTER)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Nonprofit Network (f. k. a. Jackson Nonprofit Support Center) (the Agency) is a non-profit organization exempt from tax under Section 501(c)(3) of the Internal Revenue Code, and contributions to the Agency qualify for the 50% charitable contributions limitation. The Agency is designated as a "publicly supported" organization.

Program Activity

The Agency functions as a community volunteer resource and youth alliance agency. Operational support services are provided to area not-for-profit organizations. Seminars are offered for staff and board member training, community service projects are conducted based on area needs, and a program for youth mentoring is provided.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Agency 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 - Net assets subject to donor-imposed stipulations that must be maintained permanently by the Agency. Generally, the donors of these assets permit the Agency to use all or part of the income earned on any related investments for general or specific purposes.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary 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.

Contributions of donated non-cash assets, if any, are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. No such services were received this year.

NONPROFIT NETWORK
(f. k. a. JACKSON NONPROFIT SUPPORT CENTER)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Deposits in excess of the maximum insurance provided by the F.D.I.C. represent an uninsured risk to the Agency. The basic insurance amount is \$250,000 per depositor, per insured financial institution. During the year ended December 31, 2008, the Agency had no balances in excess of the F.D.I.C. insured limitation.

Property, Equipment and Depreciation

The Agency follows the practice of capitalizing all expenditures for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized. Depreciation is provided over the estimated useful lives of the assets using the straight-line method as follows:

<u>CLASSIFICATION</u>	<u>LIFE</u>
Office furniture and fixtures	5-7 years
Equipment	5-7 years

Depreciation for 2008 was \$1,467.

The net fixed asset balance has been recorded as a component of unrestricted net assets.

Other Assets

Intangible assets, such as the development cost for the Agency's website, and the investment in certificates of deposit with maturities greater than three months of the date of the financial statements are classified as other assets.

Board Designated Funds

It is the policy of the Board of Directors to review its plans for future programs and acquisitions from time to time and designate appropriate sums to assure adequate financing of such programs and acquisitions. No such sums were designated this year.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services that were benefited.

NONPROFIT NETWORK
(f. k. a. JACKSON NONPROFIT SUPPORT CENTER)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 2: DONATED MATERIALS AND SERVICES

Donated materials and services, if any, are reflected as in-kind contributions in the accompanying statements at their actual or estimated values at the date of receipt in compliance with generally accepted accounting principles. The Agency receives a significant amount of donated services from unpaid volunteers who assist in special projects. Professional consulting services were donated to the Agency in the form of workshops. The workshops provide support services, to area not-for-profit organizations, to strengthen nonprofit governance and management. These services were recorded as in-kind donations and valued at \$2,468, for the year ended December 31, 2008.

NOTE 3: FURNITURE AND EQUIPMENT

The following is a summary of furniture and equipment as of December 31, 2008:

Office furniture	\$ 2,190
Equipment	<u>7,653</u>
	9,843
Less accumulated depreciation	<u>(5,796)</u>
Total	<u>\$ 4,047</u>

NOTE 4: OPERATING LEASE COMMITMENTS

The Agency occupies leased office facilities requiring rent of \$4,050 annually. The lease was entered into on January 1, 2008. The terms of the lease are on an annual basis for a period of two years. At the end of the two-year term, renewal of the lease will be on a month-to-month basis for a period of one year. Upon vacating the premises the Landlord requires a written notice ninety days in advance. The right of extension is conditional upon the landlord's approval. Office rental expense for the year ended December 31, 2008 was \$4,050.

NOTE 5: GRANT REVENUE

The Agency has received various operating support grants during the year. The Jackson County Community Foundation awarded the largest of those grants, in the amount of \$41,250.

(continued on next page)

**NONPROFIT NETWORK
(f. k. a. JACKSON NONPROFIT SUPPORT CENTER)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 6: INTANGIBLE ASSETS

Intangible assets consist of website development. Amortization of the asset is provided over sixty months. Current year amortization expense was \$2,670. The following is a summary of intangible assets as of December 31, 2008:

Website development	\$	13,353
Less accumulated amortization		<u>(3,784)</u>
Total	\$	<u>9,569</u>

NOTE 8: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are released when expenses are incurred that satisfy the donor-imposed restrictions. During the year ended December 31, 2008, the amounts released from restriction are as follows:

Purpose restriction accomplished:

Mentoring Collaborative	\$	218
Women's Auxiliary		<u>800</u>
Total	\$	<u>1,018</u>

NOTE 9: ENDOWMENT FUND

The Agency has historically contributed to an endowment fund known as the Jackson Nonprofit Support Center/George W. Romney Fund (the Fund). The Fund is a component fund of the Jackson County Community Foundation (the Foundation).

The purpose of the Fund is to establish a permanent endowment for the benefit of the Nonprofit Network (f. k. a. Jackson Nonprofit Support Center).

Distributions from the Fund shall be in accordance with the spending policy of the Jackson County Community Foundation and shall be paid annually or as the parties agree. Distributions may be made to the Agency to acquire capital assets or when faced with unexpected financial needs. However, distributions are subject to the approval of the Foundation. The Agency requested no such distribution during the year ended December 31, 2008.

Variance power was granted to the Foundation. Terms of the variance allow, upon notification, the distribution of income or principal to promote charitable, scientific or educational purposes for the benefit of the community when, or if, distributions to Nonprofit Network (f. k. a. Jackson Nonprofit Support Center) become impossible, unnecessary, undesirable or impractical.

**NONPROFIT NETWORK
(f. k. a. JACKSON NONPROFIT SUPPORT CENTER)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 9: ENDOWMENT FUND (Continued)

The amount is not recognized in the Statement of Financial Position because the Foundation continues to have variance power. The amount of direct contributions from the Agency into the endowment fund by year, are as follows:

<u>Year</u>	<u>Amount of contributions</u>
2001	\$30,000
2002	\$75,000
2003	\$21,475
2004	\$30,350
2005	\$ -0-
2006	\$ -0-
2007	\$ -0-
2008	\$ -0-

As of December 31, 2008, the current market value of the endowment fund held by Jackson Community Foundation is \$325,376.65.

NOTE 10: CONCENTRATIONS

The Agency received approximately 60% of its operating revenue from grants. Consulting income represents 25%. The Jackson County Community Foundation grant is 51% of total grant revenue and represents 31% of total revenue.

NOTE 11: RELATED PARTY TRANSACTION

The Agency contracted with VDN Services, LLC to provide technical support. A board member is related to VDN Services, LLC. The amount paid during the year was \$276.