

THE MASS MENTORING PARTNERSHIP, INC.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE AMOUNTS FOR 2008)
(With Independent Auditor's Report Thereon)



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INDEPENDENT AUDITOR'S REPORT

BOARD OF DIRECTORS
THE MASS MENTORING PARTNERSHIP, INC.
Boston, Massachusetts

We have audited the accompanying statement of financial position of The Mass Mentoring Partnership, Inc. (a non-profit organization) as of December 31, 2009, and the related statements 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 derived from the Organization's 2008 financial statements and, in our report dated July 28, 2009, we expressed an unqualified opinion on those 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 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 2009 financial statements referred to above present fairly, in all material respects, the financial position of The Mass Mentoring Partnership, Inc. as of December 31, 2009, 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.

A handwritten signature in cursive script, reading "Parent, McLaughlin & Nangle".

Certified Public Accountants

August 3, 2010

Parent, McLaughlin & Nangle
Certified Public Accountants, Inc.

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THE MASS MENTORING PARTNERSHIP, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2009

(With Comparative Amounts for 2008)

	<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
ASSETS:			
Cash and cash equivalents		\$ 1,281,429	\$ 821,770
Certificates of deposit		-	506,366
Grants, contributions and accounts receivables		695,145	635,457
Investments		12,563	9,058
Prepaid expenses		35,517	1,935
Equipment and improvements, net		50,647	54,099
TOTAL ASSETS		<u>\$ 2,075,301</u>	<u>\$ 2,028,685</u>
 <u>LIABILITIES AND NET ASSETS</u> 			
LIABILITIES:			
Accounts payable and accrued expenses		\$ 24,316	\$ 35,497
Deferred revenue		15,625	38,058
Long-term debt		33,870	67,380
TOTAL LIABILITIES		<u>73,811</u>	<u>140,935</u>
NET ASSETS:			
Unrestricted net assets:			
Operations		813,483	849,730
Board designated		513,190	506,366
Total unrestricted		<u>1,326,673</u>	<u>1,356,096</u>
Temporarily restricted net assets		674,817	531,654
TOTAL NET ASSETS		<u>2,001,490</u>	<u>1,887,750</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 2,075,301</u>	<u>\$ 2,028,685</u>

See accompanying notes to financial statements.

THE MASS MENTORING PARTNERSHIP, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2009

(With Comparative Totals for 2008)

	2009						2008		
	AmeriCorps Grant	Advocacy for Field Resources	Program Services Training & Strategic Services	Mentor Recruitment	Total Program Services	Administrative	Fundraising	Total Expenses	Total Expenses
Salaries and benefits	\$ 83,930	\$ 89,093	\$ 271,690	\$ 200,861	\$ 645,574	\$ 108,795	\$ 117,067	\$ 871,436	\$ 802,190
AmeriCorps stipend & member support	255,194	-	-	-	255,194	-	-	255,194	89,251
Donated facilities, goods and services	1,428	174,365	1,551	50,579	227,923	448	709	229,080	180,429
Travel and meetings	37,899	2,162	9,319	9,184	58,564	643	784	59,991	41,062
Occupancy	13,574	4,760	14,746	12,972	46,052	4,260	6,738	57,050	55,719
Professional fees	7,841	12,311	4,533	7,921	32,606	24,226	98	56,930	8,000
Consultants	-	578	13,926	24,990	39,494	1,426	53	40,973	119,283
Depreciation and amortization	6,851	2,705	6,059	6,370	21,985	2,196	3,900	28,081	11,596
Telephone, internet and networking	6,105	2,325	6,714	6,198	21,342	2,060	3,175	26,577	31,529
Kelly Award and other scholarships	-	25,690	-	-	25,690	-	-	25,690	7,050
Office supplies and printing	5,058	4,754	6,314	7,206	23,332	625	1,291	25,248	24,970
Research and data collection	-	-	17,850	-	17,850	-	-	17,850	-
Office equipment and maintenance	2,184	710	2,265	1,923	7,082	621	1,067	8,770	7,551
Software and web services	733	261	825	2,395	4,214	837	2,610	7,661	4,448
Mentor program support	-	-	6,862	-	6,862	-	-	6,862	-
AmeriCorps Promise Fellows	-	-	5,900	-	5,900	-	-	5,900	10,675
Professional development	228	272	3,110	535	4,145	13	840	4,998	2,547
Utilities	1,088	470	1,094	1,069	3,721	314	721	4,756	5,056
Postage and delivery	779	458	833	911	2,981	638	544	4,163	5,033
Insurance	312	94	597	362	1,365	1,452	142	2,959	2,356
Payroll processing fees	643	220	693	600	2,156	195	318	2,669	2,035
Cultivation and promotion	-	-	-	1,500	1,500	-	-	1,500	11,635
Interest expense	-	-	-	-	-	1,490	-	1,490	2,850
Dues, books and subscriptions	86	612	118	147	963	326	55	1,344	2,130
Taxes, licenses and fees	460	-	-	-	460	378	-	838	2,191
Bad debts	-	-	145	-	145	570	-	715	-
	<u>\$ 424,393</u>	<u>\$ 321,840</u>	<u>\$ 375,144</u>	<u>\$ 335,723</u>	<u>\$ 1,457,100</u>	<u>\$ 151,513</u>	<u>\$ 140,112</u>	<u>\$ 1,748,725</u>	<u>\$ 1,429,586</u>

See accompanying notes to financial statements.



THE MASS MENTORING PARTNERSHIP, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2009

(With Comparative Amounts for 2008)

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 113,740	\$ 879,160
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation and amortization	28,081	11,596
Donations of investments	(2,576)	(36,555)
Unrealized (appreciation) depreciation on investments, net	(912)	6,968
Interest reinvested	(4,868)	(83)
Net accretion of premiums and discounts	(915)	(15,152)
Donated equipment	(9,857)	(17,495)
Discount on note payable	1,490	4,052
Decrease (increase) in assets:		
Accounts receivable	(59,688)	(284,335)
Prepaid expenses	(33,582)	5,205
Decrease in liabilities:		
Accounts payable and accrued expenses	(11,181)	(6,062)
Deferred revenue	(22,433)	(96,942)
Total adjustments	(116,441)	(428,803)
Net cash (used in) provided by operating activities	(2,701)	450,357
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of certificates of deposit, net	-	(306,366)
Proceeds from maturities of certificates of deposit	511,217	-
Purchases of investments	(456,661)	(449,768)
Proceeds from sales of investments	2,576	30,415
Proceeds from maturities of investments	455,000	907,000
Purchases of property and equipment	(14,772)	(33,323)
Net cash provided by investing activities	497,360	147,958
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payment on long-term debt	(35,000)	(32,500)
Net cash used in financing activities	(35,000)	(32,500)
NET INCREASE IN CASH AND CASH EQUIVALENTS	459,659	565,815
CASH AND CASH EQUIVALENTS - beginning of year	821,770	255,955
CASH AND CASH EQUIVALENTS- end of year	<u>\$ 1,281,429</u>	<u>\$ 821,770</u>

See accompanying notes to financial statements.

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

A. Nature of Business:

Founded in 1992, The Mass Mentoring Partnership, Inc. (the “Organization”) is the statewide umbrella organization dedicated to the strategic expansion of quality youth mentoring in Massachusetts. The Organization delivers training and consulting for the start-up and sustainability of high-quality mentoring programs, executes high-visibility mentor recruitment campaigns, operates a directory and referral system for potential mentors, and attracts increased public and private resources to the mentoring movement across the state.

B. Summary of Significant Accounting Policies:

Basis of accounting:

The financial statements of The Mass Mentoring Partnership, Inc. have been prepared on the accrual basis of accounting.

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 amount 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.

Basis of presentation:

Under FASB ASC 958-205, Presentation of Financial Statements of Not-for-Profit Entities, the Organization is required 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) based upon the existence or absence of donor imposed restrictions.

Net assets:

Unrestricted net assets:

Unrestricted net assets represent those assets either not subject to donor-imposed restrictions or releases from temporarily restricted net assets designated for stipulated activities or programs, which are expended within the same reporting period.

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

(continued)

B. Summary of Significant Accounting Policies - (continued):

Net assets - (continued):

Temporarily restricted net assets:

Temporarily restricted net assets are subject to explicit or implicit donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Permanently restricted net assets:

Permanently restricted net assets are subject to explicit or implicit donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or restricted purposes.

Donated facilities, goods and services:

Volunteers and other organizations contribute facilities, goods, services and tickets to cultural and sporting events to the Organization in support of various aspects of its programs. These donated amounts are reflected in the accompanying financial statements based upon the estimated value assigned to them by the donating volunteers, agencies, or by management. The value of these facilities, goods, services and tickets for the years ended December 31 is as follows:

	<u>2009</u>	<u>2008</u>
Creative design for marketing and mentor recruitment	\$ 49,215	\$ 21,621
Western Massachusetts office rent	6,000	6,000
Tickets for mentoring programs to sporting and cultural events	161,848	152,808
Other goods and services	12,017	-
	<u>\$ 229,080</u>	<u>\$ 180,429</u>

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

(continued)

B. Summary of Significant Accounting Policies - (continued):

Revenues:

The Organization follows FASB ASC 958-605, Revenue Recognition of Not-for-Profit Entities. In accordance with FASB ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the absence or existence and nature of any donor restrictions.

Unrestricted grants and contributions are recorded as unrestricted revenue and net assets when received or unconditionally pledged. Grants and contributions that are restricted for a specific purpose or time period by the donor are recorded as temporarily restricted revenue and net assets when received or unconditionally pledged. Transfers are made to unrestricted net assets as costs are incurred or time restrictions or program restrictions lapse. Donor restricted grants and contributions received and satisfied in the same period are included in unrestricted net assets.

Cash and cash equivalents:

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of less than three months to be cash equivalents.

Accounts receivable:

Accounts receivable are stated at the amount management expects to collect from outstanding balances at year-end. Based on management's assessment of the outstanding balances, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

Investments:

The Organization follows FASB ASC 958-320, Investments-Debt and Equity Securities of Not-for-Profit Entities. Under FASB ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statements of Financial Position. Realized and unrealized gains and losses are included in the changes in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

(continued)

B. Summary of Significant Accounting Policies - (continued):

Equipment and improvements:

Equipment and improvements are stated at cost, if purchased, or at fair market value, if donated, less accumulated depreciation. Depreciation is provided over the estimated useful lives of the respective assets, using the straight-line method.

Purchases are determined to be capital expenditures based upon the Organization's policy of capitalizing assets acquired at a cost (or, if donated, at fair value) exceeding \$500. Those items which are not determined to be capital expenditures are immediately expensed.

Income tax status:

The Organization is exempt from federal income taxes, under Section 501(c)(3) of the Internal Revenue Code. The Organization is, however, subject to the tax on unrelated business income, if any such income exists.

The Organization recognizes and measures its unrecognized tax positions in accordance with FASB ASC 740, Income Taxes. Under that guidance the Organization assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax positions is adjusted when new information is available, or when an event occurs that requires a change. The Organization adopted the provisions of this standard on January 1, 2009 and did not identify any uncertain tax positions. Interest and penalties associated with unrecognized income tax benefits would be classified as additional income taxes in the statement of activities

Comparative financial statements:

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

(continued)

B. Summary of Significant Accounting Policies - (continued):

Recent accounting pronouncements:

Effective July 1, 2009, the Organization adopted new accounting guidance related to U.S. GAAP (FASB ASC 105, Generally Accepted Accounting Principles). This guidance establishes FASB ASC as the source of authoritative U.S. GAAP recognized by FASB to be applied by nongovernmental entities. FASB ASC supersedes all existing non-SEC accounting and reporting standards. All other grandfathered, non-SEC accounting literature not included in FASB ASC has become nonauthoritative. FASB will no longer issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates (ASUs), which will serve to update FASB ASC, provide background information about the guidance and provide the basis for conclusions on the changes to FASB ASC. FASB ASC is not intended to change U.S. GAAP. This guidance is effective for the Organization as of December 31, 2009.

Subsequent events:

Subsequent events have been evaluated through August 3, 2010, which is the date the financial statements were available to be issued.

C. Certificates of Deposit:

Certificates of deposit total \$0 and \$506,366 at December 31, 2009 and 2008, respectively.

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

(continued)

D. Grants, Contributions and Accounts Receivables:

Grants, contributions and accounts receivables consist of the following as of December 31:

	<u>2009</u>	<u>2008</u>
Grants receivable:		
Due within one year	\$ 384,319	\$ 125,275
Due after one year	35,000	100,000
	<u>419,319</u>	<u>225,275</u>
Contributions receivable (due within one year)	267,364	270,687
Accounts receivable	8,462	139,495
	<u>\$ 695,145</u>	<u>\$ 635,457</u>

E. Investments:

A summary of the Organization's investments as of December 31 is as follows:

	<u>2009</u>		
	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized (Depreciation)</u>
Equity securities	\$ 1,569	\$ 3,567	(\$ 1,998)
Money market funds	10,994	10,994	-
	<u>\$ 12,563</u>	<u>\$ 14,561</u>	<u>(\$ 1,998)</u>
	<u>2008</u>		
	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized (Depreciation)</u>
Equity securities	\$ 657	\$ 3,567	(\$ 2,910)
Money market funds	8,401	8,401	-
	<u>\$ 9,058</u>	<u>\$ 11,968</u>	<u>(\$ 2,910)</u>

Decrease in unrealized depreciation \$ 912

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

(continued)

E. Investments – (continued):

A summary of the Organization's investment income for the years ended December 31 is as follows:

	<u>2009</u>	<u>2008</u>
Interest income	\$ 10,704	\$ 31,624
Unrealized gain (loss) on investments	<u>912</u>	<u>(6,968)</u>
	<u>\$ 11,616</u>	<u>\$ 24,656</u>

F. Equipment and Improvements:

Equipment and improvements consist of the following at December 31:

	<u>2009</u>	<u>2008</u>
Leasehold improvements	\$ 31,204	\$ 31,204
Computer hardware	42,116	25,544
Computer software	930	-
Office equipment	<u>30,107</u>	<u>22,980</u>
	104,357	79,728
Less: accumulated depreciation	<u>(53,710)</u>	<u>(25,629)</u>
	<u>\$ 50,647</u>	<u>\$ 54,099</u>

Depreciation expense charged to operations amounted to \$28,081 and \$11,596 for the years ended December 31, 2009 and 2008, respectively.

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

(continued)

G. Long-term Debt:

At December 31, 2009, long-term debt consists of a note payable to National Mentoring Partnership, Inc. in annual installments consisting of principal and interest with an imputed rate of 4.23%. The note is net of the discounted amounts for imputed interest of \$2,850 and \$4,340 at 2009 and 2008, respectively.

Maturity of long-term debt for the year succeeding December 31, 2009, is as follows:

Year ending December 31, 2010	\$	36,720
Less imputed interest	(<u>2,850</u>)
	\$	<u>33,870</u>

H. Board Designated Net Assets:

During 2009 and 2008, the Organization's board designated \$0 and \$300,000 respectively, to be set aside as unrestricted board designated funds for special purposes. These funds carry no third-party restrictions. The board has designated these funds to provide for new strategic initiatives, to provide reserves in the event of an economic downturn, temporary inability to raise funds, or to provide for unexpected capital and operating expenditures.

I. Temporarily Restricted Net Assets:

Temporarily restricted net assets as of December 31 are available for the following purposes:

	<u>2009</u>	<u>2008</u>
Western Mass office	\$ 85,250	\$ 15,000
Program services and operations	<u>589,567</u>	<u>516,654</u>
	<u>\$ 674,817</u>	<u>\$ 531,654</u>

Net assets of \$547,837 and \$449,416 were released from restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events during 2009 and 2008, respectively.

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

(continued)

J. Lease Commitments:

The Organization is obligated under lease for office space which expires in May, 2010. This lease requires the Organization to pay basic annual rent, as well as its percentage share of any increase in operating expenses and real estate taxes assessed. The Organization is also obligated under a lease for office equipment which expires in June, 2014.

The following is a schedule by years of future minimum rental payments required under operating leases as of December 31, 2009:

<u>Year ending December 31:</u>	<u>Amount</u>
2010	\$ 29,171
2011	5,400
2012	5,400
2013	5,400
2014	2,250

Rent expense under these lease agreements amounted to \$60,020 and \$50,765 in 2009 and 2008, respectively.

K. Retirement Plan:

The Organization provides employees the opportunity to contribute a portion of their compensation to a defined contribution retirement plan. The Organization may make discretionary matching contributions to the Plan. The Organization's employee benefit plan expense for the years ended December 31, 2009 and 2008 was \$21,407 and \$14,483, respectively.

L. Related Party Transactions:

During 2009, a member of the Board of Directors was employed for part of the year by the Bank at which the Organization maintains its checking account and certificates of deposit.

All members of the Board of Directors made contributions and unconditional promises to give to the Organization during the year ended December 31, 2009.

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

(continued)

M. Concentration of Credit Risk:

The Organization maintains cash deposits at a bank located in Massachusetts. Deposits at this bank are insured by the Federal Deposit Insurance Corporation up to \$250,000, and federal insurance was extended to cover balances in the commercial checking account. At various times throughout the years, the Organization has had balances in excess of insured limits. The financial stability of the institution is continually reviewed by senior management.

N. Functional Allocation of Expenses:

The costs of providing the various programs and 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 benefited.

O. Fair Value Measurements:

GAAP defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.

Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly. These may include quoted prices for similar securities.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

(continued)

O. Fair Value Measurements – (continued):

Fair values of financial instruments measured on a recurring basis at December 31, 2009 and 2008 are as follows:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of December 31, 2009:				
Investments	\$ 12,563	\$ 12,563	\$ -	\$ -
As of December 31, 2008:				
Certificates of deposit	\$ 506,366	\$ -	\$ 506,366	\$ -
Investments	9,058	9,058	-	-
	<u>\$ 515,424</u>	<u>\$ 9,058</u>	<u>\$ 506,366</u>	<u>\$ -</u>

P. Endowment:

The Organization's endowment consists of a fund designated by the Board of Directors to function as an endowment. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

On July 2, 2009, a Massachusetts version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), a model act that provides rules of construction concerning the investment, use and modification of funds held by operating charitable organizations, including endowment funds, was codified as Chapter 180A of the Massachusetts General Laws, replacing the previous Chapter 180A which dealt with the same subject. The new law is effective for endowment funds held as of June 30, 2009 and thereafter. The Board of Directors has interpreted UPMIFA and Massachusetts Law Chapter 180A as requiring the preservation of the fair value of the original gift as of the gift date of any donor-restricted endowment funds absent explicit donor stipulations to the contrary.

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

(continued)

P. Endowment - (continued):

As a result of this interpretation, the Organization would classify as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets would be classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by Massachusetts Law Chapter 180A. In accordance with Massachusetts Law Chapter 180A, the Organization considers the following facts in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

(continued)

P. Endowment – (continued):

Endowment Net Asset Composition by Type of Fund as of December 31, 2009:

	Board Designated Unrestricted
Board-designated endowment funds	\$ 513,190
Total funds	\$ 513,190

Endowment Net Asset Composition by Type of Fund as of December 31, 2008:

	Board Designated Unrestricted
Board-designated endowment funds	\$ 506,366
Total funds	\$ 506,366

Changes in Endowment Net Assets for the Year Ended December 31, 2009:

	Board Designated Unrestricted
Endowment net assets, beginning of year	\$ 506,366
Investment income	6,824
Endowment net assets, end of year	\$ 513,190

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

(continued)

P. Endowment – (continued):

Changes in Endowment Net Assets for the Year Ended December 31, 2008:

	<u>Board Designated Unrestricted</u>
Endowment net assets, beginning of year	\$ 200,000
Investment income	6,366
Other changes:	
Transfer to board-designated endowment funds	<u>300,000</u>
Endowment net assets, end of year	<u>\$ 506,366</u>

Return objectives and risk parameters:

Endowment assets include board designated funds for long-term purposes. The Organization attempts to maintain the fair value of the endowment assets by investing primarily in money market funds.

Strategies employed for achieving objectives:

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through current yield (interest and dividends). The Organization maintains a liquid and conservative asset allocation that includes money market funds to achieve its long-term objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy:

The Organization has been accumulating the investment return in the endowment funds, in order to grow the funds over time and only spending funds to support programs as approved by the Board of Directors.