

**Mediation Services
for Anoka County**

Creating Peaceful Solutions

Reviewed Financial Statements
and
Supplemental Information

Years Ended December 31, 2010 and 2009

MEDIATION SERVICES FOR ANOKA COUNTY

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Robert P. Bayer, CPA

Independent Accountant's Review Report

To the Board of Directors
Mediation Services for Anoka County
Coon Rapids, Minnesota

I have reviewed the accompanying statements of financial position of Mediation Services for Anoka County (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

My review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information included in the accompanying schedule of comparison of actual to budget is presented for supplemental analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and I am not aware of any material modifications that should be made thereto.

Robert P Bayer

Lino Lakes, Minnesota
January 12, 2011

MEDIATION SERVICES FOR ANOKA COUNTY

STATEMENTS OF FINANCIAL POSITION

December 31, 2010 and 2009

ASSETS

	<u>2010</u>	<u>2009</u>
Current Assets:		
Cash in Bank	\$ 102,539	\$ 91,762
	<u> </u>	<u> </u>
Total Current Assets	<u>102,539</u>	<u>91,762</u>
Property & Equipment:		
Equipment	37,826	37,826
Leasehold Improvements	5,987	5,987
Accumulated Depreciation	<u>(41,335)</u>	<u>(38,933)</u>
Total Property and Equipment	<u>2,478</u>	<u>4,880</u>
Total Assets	<u>\$ 105,017</u>	<u>\$ 96,642</u>

LIABILITIES & NET ASSETS

Net Assets:		
Net Assets, Unrestricted	<u>105,017</u>	<u>96,642</u>
Total Liabilities & Net Assets	<u>\$ 105,017</u>	<u>\$ 96,642</u>

See accompanying notes and independent accountant's review report.

MEDIATION SERVICES FOR ANOKA COUNTY

STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues & Support:		
Governmental Units	\$ 111,339	\$ 116,688
United Way	20,286	40,577
Contributions	13,059	7,954
Mediation Fees	17,510	16,157
Foundations	7,700	8,000
Workshops and Training	5,390	5,880
Interest Income	293	36
Total Revenues and Support	175,577	195,292
Expenses:		
Salaries	112,106	98,779
Payroll Taxes	8,974	7,944
Employee Benefits	1,261	13,324
Workers' Compensation	483	428
Rent	20,017	18,620
Telephone	2,624	2,727
Staff Development	568	463
Mileage	778	1,022
Postage	1,056	997
Printing	328	1,007
Computer Technician	525	0
Volunteer Training	171	92
Trainers	550	900
Volunteer Appreciation	556	629
Advertising and Promotion	47	264
Website	3,254	1,031
Insurance	357	327
Supplies	2,324	2,957
Accounting & Payroll Service	3,694	3,552
Copier	0	777
Board Development	234	414
Miscellaneous	249	325
Contract Services	0	3,600
Professional Memberships	1,135	1,383
Depreciation	2,403	2,553
Security & Alarm	0	229
Fundraising	3,509	0
Total Expenses	167,203	164,344
Change in Unrestricted Net Assets	\$ 8,374	\$ 30,949

See accompanying notes and independent accountant's review report.

MEDIATION SERVICES FOR ANOKA COUNTY

STATEMENTS OF CHANGES IN NET ASSETS

For the Year Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Change in Unrestricted Net Assets	\$ 8,374	\$ 30,949
Rounding Adjustment	1	-
Net Assets at Beginning of Year	96,642	65,693
Net Assets at End of Year	<u>\$ 105,017</u>	<u>\$ 96,642</u>

See accompanying notes and independent accountant's review report.

MEDIATION SERVICES FOR ANOKA COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2010

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Functional Expenses:				
Salaries	\$ 90,806	\$ 17,937	\$ 3,363	\$ 112,106
Payroll Taxes	7,269	1,436	269	8,974
Employee Benefits	1,261	-	-	1,261
Workers' Compensation	483	-	-	483
Rent	20,017	-	-	20,017
Telephone	2,624	-	-	2,624
Staff Development	568	-	-	568
Mileage	778	-	-	778
Postage	1,056	-	-	1,056
Printing	328	-	-	328
Computer Technicians	-	525	-	525
Volunteer Training	171	-	-	171
Trainers	550	-	-	550
Volunteer Appreciation	556	-	-	556
Advertising & Promotion	47	-	-	47
Website	3,254	-	-	3,254
Insurance	357	-	-	357
Supplies	2,324	-	-	2,324
Accounting & Payroll Service	-	3,694	-	3,694
Copier	-	-	-	-
Board Development	-	234	-	234
Miscellaneous	249	-	-	249
Contract Services	-	-	-	-
Professional Memberships	-	1,135	-	1,135
Depreciation	2,403	-	-	2,403
Security & Alarm	-	-	-	-
Fundraising	-	-	3,509	3,509
Total Functional Expenses	<u>\$ 135,101</u>	<u>\$ 24,961</u>	<u>\$ 7,141</u>	<u>\$ 167,203</u>

See accompanying notes and independent accountant's review report.

MEDIATION SERVICES FOR ANOKA COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2009

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Functional Expenses:				
Salaries	\$ 80,011	\$ 15,805	\$ 2,963	\$ 98,779
Payroll Taxes	6,434	1,272	238	7,944
Employee Benefits	13,324	-	-	13,324
Workers' Compensation	428	-	-	428
Rent	18,620	-	-	18,620
Telephone	2,627	-	100	2,727
Staff Development	463	-	-	463
Mileage	1,022	-	-	1,022
Postage	897	-	100	997
Printing	707	-	300	1,007
Volunteer Training	92	-	-	92
Trainers	900	-	-	900
Volunteer Appreciation	629	-	-	629
Advertising & Promotion	264	-	-	264
Website	831	-	200	1,031
Insurance	327	-	-	327
Supplies	2,457	500	-	2,957
Accounting & Payroll Service	-	3,552	-	3,552
Copier	777	-	-	777
Board Development	-	414	-	414
Miscellaneous	325	-	-	325
Contract Services, YMCA	3,600	-	-	3,600
Professional Memberships	1,383	-	-	1,383
Depreciation	2,553	-	-	2,553
Security & Alarm	229	-	-	229
Total Functional Expenses	<u>\$ 138,900</u>	<u>\$ 21,543</u>	<u>\$ 3,901</u>	<u>\$ 164,344</u>

See accompanying notes and independent accountant's review report.

MEDIATION SERVICES FOR ANOKA COUNTY

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ 8,374	\$ 30,949
Adjustments to reconcile change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	2,403	2,553
	_____	_____
Cash Available For (Used in) Operating Activities	10,777	33,502
Beginning Cash and Cash Equivalents	91,762	58,260
Ending Cash and Cash Equivalents	<u>\$ 102,539</u>	<u>\$ 91,762</u>

See accompanying notes and independent accountant's review report.

MEDIATION SERVICES FOR ANOKA COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010 and 2009

NOTE 1: DESCRIPTION OF ACTIVITIES

Mediation Services for Anoka County is a neighborhood-based conflict resolution program, which trains members in mediation, conciliation, case development, outreach and related skills. With staff support, these trained volunteers offer their neighborhoods in Anoka County a free or low-cost, informal and easy to use forum for resolution of a wide variety of disputes and problems.

Mediation Services assists parties to resolve neighborhood and community disputes, conflicts within families, problems between landlord and tenant, disputes between businesses and consumers, disputes within city government and problems experienced by organizations and agencies.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of Mediation Services for Anoka County conform to accounting principles generally accepted in the United States of America as applicable to non-profit organizations. The significant accounting policies are as follows:

Basis of Accounting – The financial statements of Mediation Services for Anoka County have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities under three classes of net assets: unrestricted, temporarily restricted and permanently restricted. There were no temporarily or permanently restricted net assets at December 31, 2010 and 2009.

Income Taxes – The Organization is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

Use of Estimates – 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

MEDIATION SERVICES FOR ANOKA COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010 and 2009

Cash and Cash Equivalents – For purposes of the statement of cash flow, the Organization considers all highly liquid investments available for use, with an initial maturity of three months or less, to be cash equivalents.

Fixed Assets and Depreciation – Equipment is capitalized at cost. It is the Organization's policy to capitalize all expenditures for office equipment. Equipment is depreciated over estimated useful lives of five to seven years using the straight-line method. Ordinary maintenance and repairs are expensed as incurred.

Contributions – The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence or nature of any donor restrictions.

Donated Services – Donated services are recognized as contributions in accordance with SFAS 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets, or (b) required specialized skills, are performed by people with those skills, and would otherwise be purchased.

Members of the Board of Directors and other persons have contributed significant amounts of time in administrative and fund-raising activities of the Organization without compensation. These donated services were not recognized in the financial statements because they did not meet the criteria for recognition under SFAS No. 116.

NOTE 3: MAJOR DONORS:

During 2010, a single donor provided 16.1% and two other donors provided 14.2% and 11.6% of the total receipts of the Organization, respectively. In 2009, one donor provided 20.8% and two other donors provided 14.3% and 13.2% of the total receipts of the Organization, respectively.

NOTE 4: RETIREMENT PLAN:

During 2003, the Organization began a 403 - (b) retirement plan for its employees. All employees are eligible to participate. The Organization is not required to make any matching contributions on behalf of its employees.

MEDIATION SERVICES FOR ANOKA COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010 and 2009

NOTE 5: LEASE COMMITMENTS:

The Organization leases its space under a 60-month operating lease, which commenced on January 1, 2008 and terminates on December 31, 2012.

Future minimum lease payments required under the operating leases are as follows:

<u>December 31,</u>	
2011	21,018
2012	<u>22,069</u>
Totals	<u>\$ 43,087</u>

NOTE 6: RELATED PARTY TRANSACTIONS:

There are no related party transactions to disclose.

NOTE 7: COMMITMENTS AND CONTINGENCIES:

Litigation and Claims. There are no pending or threatened litigation against Mediation Services for Anoka County.

NOTE 8: SUBSEQUENT EVENTS:

There were no subsequent events that would materially impact the accompanying financial statements.

See independent accountant's review report.

SUPPLEMENTAL INFORMATION

MEDIATION SERVICES FOR ANOKA COUNTY

COMPARISON OF ACTUAL REVENUES TO BUDGET

For the Year Ended December 31, 2010

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenue and Support:			
Governmental Units	\$ 111,339	\$ 112,515	\$ (1,176)
United Way	20,286	20,000	286
Contributions	13,059	7,000	6,059
Mediation Fees	17,510	15,000	2,510
Foundations	7,700	3,000	4,700
Workshops and Training	5,390	5,000	390
Interest Income	293	0	293
	<hr/>	<hr/>	<hr/>
Total Revenue and Support	<u>\$ 175,577</u>	<u>\$ 162,515</u>	<u>\$ 13,062</u>
Expenses:			
Salaries	\$112,106	\$ 114,100	\$ 1,994
Payroll Taxes	8,974	9,128	154
Employee Benefits	1,261	0	(1,261)
Workers' Compensation	483	450	(33)
Rent	20,017	20,020	3
Telephone	2,624	2,800	176
Staff Development	568	500	(68)
Mileage	778	1,000	222
Postage	1,056	1,500	444
Printing	328	1,000	672
Computer Technician	525	250	(275)
Volunteer Training	171	500	329
Trainers	550	1,000	450
Volunteer Appreciation	556	750	194
Advertising and Promotion	47	400	353
Website	3,254	3,080	(174)
Insurance	357	325	(32)
Supplies	2,324	3,000	676
Accounting & Payroll Service	3,694	3,600	(94)
Copier	0	500	500
Board Development	234	500	266
Miscellaneous	249	350	101
Contract Services	0	0	-
Professional Memberships	1,135	1,500	365
Fundraising	3,509	0	(3,509)
Security Systems	0	0	-
Depreciation	2,403	2,403	-
	<hr/>	<hr/>	<hr/>
Total Expenses	<u>\$ 167,203</u>	<u>\$ 168,656</u>	<u>\$ 1,453</u>

See accompanying notes and independent accountant's review report.

SUPPLEMENTAL INFORMATION
MEDIATION SERVICES FOR ANOKA COUNTY
COMPARISON OF ACTUAL REVENUES TO BUDGET
For the Year Ended December 31, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenue and Support:			
Governmental Units	\$ 116,688	\$ 117,900	\$ (1,212)
United Way	40,577	40,000	577
Contributions	7,954	7,500	454
Mediation Fees	16,157	15,000	1,157
Foundations	8,000	10,000	(2,000)
Workshops and Training	5,880	5,000	880
Interest Income	36	500	(464)
	-----	-----	-----
Total Revenue and Support	<u>\$ 195,292</u>	<u>\$ 195,900</u>	<u>\$ (608)</u>
Expenses:			
Salaries	\$ 98,779	\$ 106,500	\$ 7,721
Payroll Taxes	7,944	8,550	606
Employee Benefits	13,324	15,144	1,820
Workers' Compensation	428	450	22
Rent	18,620	19,065	445
Telephone	2,727	2,640	(87)
Staff Development	463	500	37
Mileage	1,022	650	(372)
Postage	997	1,500	503
Printing	1,007	1,000	(7)
Volunteer Training	92	500	408
Trainers	900	500	(400)
Volunteer Appreciation	629	250	(379)
Advertising and Promotion	264	400	136
Website	1,031	2,000	969
Insurance	327	325	(2)
Supplies	2,957	3,500	543
Accounting & Payroll Service	3,552	3,560	8
Copier	777	500	(277)
Board Development	414	250	(164)
Miscellaneous	325	700	375
Computer Technician	0	500	500
Contract Services, YMCA	3,600	3,600	-
Professional Memberships	1,383	1,500	117
Security Systems	229	0	(229)
Depreciation	2,553	2,553	-
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Total Expenses	<u>\$ 164,344</u>	<u>\$ 176,637</u>	<u>\$ 12,293</u>

See accompanying notes and independent accountant's review report.