FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018
Independent Auditor’s Report

To the Board of Directors of
Mass211, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Mass211, Inc. (a Massachusetts corporation, not for profit), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mass211, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Boston, Massachusetts
October 29, 2019
MASS211, INC.

Statements of Financial Position
June 30, 2019 and 2018

<table>
<thead>
<tr>
<th>Assets</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 102</td>
<td>$ 2,533</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>120,933</td>
<td>114,735</td>
</tr>
<tr>
<td>Total current assets</td>
<td>$ 121,035</td>
<td>$ 117,268</td>
</tr>
</tbody>
</table>

| Liabilities and Net Assets  |       |       |
| Current Liabilities:        |       |       |
| Accounts payable            | $ 365,172 | $ 353,214 |
| Net Assets Without Donor Restrictions | (244,137) | (235,946) |
| Total liabilities and net assets | $ 121,035 | $ 117,268 |

The accompanying notes are an integral part of these statements.
## MASS211, INC.

**Statements of Activities and Changes in Net Assets**

For the Years Ended June 30, 2019 and 2018

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Support and Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracts and grants</td>
<td>$1,063,480</td>
<td>$1,045,479</td>
</tr>
<tr>
<td>Annual assessment revenue</td>
<td>320,332</td>
<td>313,940</td>
</tr>
<tr>
<td><strong>Total operating support and revenues</strong></td>
<td><strong>1,383,812</strong></td>
<td><strong>1,359,419</strong></td>
</tr>
<tr>
<td><strong>Operating Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational service and management fees</td>
<td>1,376,509</td>
<td>1,375,551</td>
</tr>
<tr>
<td>Professional and filing fees</td>
<td>15,494</td>
<td>98</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>1,392,003</strong></td>
<td><strong>1,375,649</strong></td>
</tr>
<tr>
<td><strong>Changes in net assets without donor restrictions</strong></td>
<td><strong>(8,191)</strong></td>
<td><strong>(16,230)</strong></td>
</tr>
<tr>
<td><strong>Net Assets Without Donor Restrictions:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Beginning of year</strong></td>
<td>(235,946)</td>
<td>(219,716)</td>
</tr>
<tr>
<td><strong>End of year</strong></td>
<td><strong>$ (244,137)</strong></td>
<td><strong>$ (235,946)</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
Cash Flows from Operating Activities:

Changes in net assets without donor restrictions
$ (8,191)  $ (16,230)

Adjustments to reconcile changes in net assets without donor restrictions to net cash provided by (used in) operating activities:

Changes in operating assets and liabilities:

Accounts receivable  (6,198)  12,888
Accounts payable  11,958  5,750

Net cash provided by (used in) operating activities  (2,431)  2,408

Cash:

Beginning of year  2,533  125

End of year  $ 102  $ 2,533
1. OPERATIONS AND NONPROFIT STATUS

Operations

Mass211, Inc. (Mass211) is a nonprofit organization founded in April 2000, in conjunction with the Massachusetts Association of Information and Referral Services (MAIRS) and the Council of Massachusetts United Ways (COMUW). Mass211 was established to serve the residents of the Commonwealth of Massachusetts by developing and managing a statewide information and referral system that has an N11 dialing code and provides high quality and community-based services. Mass211 creates a critical connection between individuals and families seeking services or volunteer opportunities with the appropriate community-based organizations and government agencies.

Nonprofit Status

Mass211 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 (IRC). Mass211 is also exempt from state income taxes. Donors may deduct contributions made to Mass211 within the IRC requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

Mass211 prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Recently Adopted Accounting Pronouncement

In fiscal year 2019, Mass211 adopted FASB’s Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. This ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses. Mass211 has adjusted the presentation of these financial statements accordingly. The adoption of this ASU did not impact Mass211’s net asset classes, results of operations, or cash flows for the year ended June 30, 2018. This ASU has been applied retrospectively to all periods presented. This ASU provides an option to omit disclosures about liquidity and availability of resources for the fiscal year 2018 financial statements.

Funding and Revenue Recognition

Mass211 is partially funded by various United Way organizations, which are members of COMUW. Revenue is received through annual assessments, which are determined by an agreed upon call volume formula. Annual assessment revenue is recorded as earned.

Grants without donor restrictions are recorded as revenue without donor restrictions when received or unconditionally pledged. Grants that are restricted by the donor are recorded as revenue and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as costs are incurred or time restrictions or program restrictions have lapsed. Contract revenue is recorded as earned.
2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Expenses Allocation**

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

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are operational service and management fees and professional and filing fees which are allocated based on management’s estimate of time incurred by the United Way organization’s personnel.

**Net Assets Without Donor Restrictions**

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by Mass211.

**Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is recorded based on management’s analysis of specific accounts and their estimates of accounts that may be uncollectible, if any. There was no allowance for doubtful accounts deemed necessary at June 30, 2019 and 2018.

**Fair Value Measurements**

Mass211 follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that Mass211 would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

Mass211 uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of Mass211. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- **Level 1** - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- **Level 2** - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- **Level 3** - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability’s level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All of Mass211’s qualifying assets and liabilities are valued using Level 1 inputs.
2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of 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.

Income Taxes

Mass211 accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. Mass211 has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2019 and 2018. Mass211’s information returns are subject to examination by the Federal and state jurisdictions.

Subsequent Events

Subsequent events have been evaluated through October 29, 2019, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

3. EXPENSES - NATURAL AND FUNCTIONAL CLASSIFICATION

Mass211’s operating expenses for the year ended June 30, 2019, by their natural and functional classifications are as follows:

<table>
<thead>
<tr>
<th>Program</th>
<th>General and Administrative</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational service and management fees</td>
<td>$ 1,083,420 / $ 293,089</td>
<td>$ 1,376,509</td>
</tr>
<tr>
<td>Professional and filing fees</td>
<td>$ 494 / $ 15,000</td>
<td>$15,494</td>
</tr>
<tr>
<td></td>
<td>$ 1,083,914 / $ 308,089</td>
<td>$ 1,392,003</td>
</tr>
</tbody>
</table>

Mass211’s operating expenses for the year ended June 30, 2018, by their natural and functional classifications are as follows:

<table>
<thead>
<tr>
<th>Program</th>
<th>General and Administrative</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational service and management fees</td>
<td>$ 1,106,570 / $ 268,981</td>
<td>$ 1,375,551</td>
</tr>
<tr>
<td>Professional and filing fees</td>
<td>$ 98 / -</td>
<td>98</td>
</tr>
<tr>
<td></td>
<td>$ 1,106,668 / $ 268,981</td>
<td>$ 1,375,649</td>
</tr>
</tbody>
</table>
4. COMMITMENTS

Operational Service and Management Fees

Mass211 and a certain United Way organization (the Organization) entered into an agreement effective July 1, 2014, through June 30, 2019. This agreement stated that the Organization is entitled to receive a management fee equal to the costs incurred to carry out the services required by Mass211’s grants and contracts. The Organization incurred costs of approximately $1,377,000 and $1,376,000 for the years ended June 30, 2019 and 2018, respectively, which were billed to Mass211 and are reflected as operational service and management fees in the accompanying statements of activities and changes in net assets. Mass211 is currently negotiating a new agreement with the Organization, and the old agreement stays in effect until the new agreement is finalized.

As of June 30, 2019 and 2018, $365,172 and $353,214, respectively, is owed to the Organization and is reflected as accounts payable in the accompanying statements of financial position.

5. CONCENTRATIONS

Approximately 79% of total operating support was earned from four sources for the years ended June 30, 2019 and 2018. For the years ended June 30, 2019 and 2018, approximately 89% and 93%, respectively, of Mass211’s accounts receivable was due from three sources.

6. LINE OF CREDIT

During fiscal year 2019, Mass211 entered into a line of credit with a bank in the amount of $95,000. Borrowings under the agreement are due on demand and interest is payable monthly at the prime rate (5.25% at June 30, 2019), plus 1%. Borrowings are secured by all business assets and guaranteed by a United Way organization. There was no amount outstanding as of June 30, 2019.

7. CONTINUING OPERATIONS

Mass211 had losses without donor restrictions of $8,191 and $16,230 for the years ended June 30, 2019 and 2018, respectively. As of June 30, 2019 and 2018, Mass211 had deficit net asset without donor restrictions balances of $244,137 and $235,946, respectively. Management has taken the following actions, among others, to continue to improve operating results:

- Management was able to renew three state contracts which will help maintain revenue at projected levels. These contracts are with the Massachusetts Emergency Management Agency, the Executive Office of Early Education and Care, and the Executive Office of Health and Department of Children and Families to manage the Children Requiring Assistance Hotline.
- Management was able to continue securing financial commitments from some of the supporting United Ways. These commitments will be over a period of one year.
- Management recently met with Lieutenant Governor Karyn Polito presenting her with a proposal to provide $2.2 million dollars of funding in support of the daily Information and Referral functions of Mass211 and Call2Talk, our mental health/suicide prevention hotline.
- Management is working towards a $411,000 increase to the existing contract with the Executive Office of Early Education and Care, which would be on top of the $344,000 current contract. There has been no increase in said contract for nearly eleven years, yet the tasks asked of Mass211 have increased six-fold and call volume has increased by 400%.
- Mass211 and Call2Talk are receiving an earmark for $200,000. This will be the third year this has occurred, but the fiscal year 2020 earmark has been doubled.

Management believes that these actions will allow Mass211 to continue to operate and meet its obligations for the next year.
8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Mass211’s financial assets available within one year from the statement of financial position date for general operating expenses as of June 30, 2019, are as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$102</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>120,933</td>
</tr>
</tbody>
</table>

Financial assets available to meet cash needs for general expenditures within one year $121,035

In accordance with the operational service and management fees agreement (see Note 4), Mass211’s expenses are paid by the Organization, which is then reimbursed for the costs incurred to carry out the services required by Mass211’s grants and contracts. Mass211 reimburses the Organization when the grants and contracts funds become available. In the event of an unanticipated liquidity need, management could also draw upon its $95,000 bank line of credit (see Note 6).