



**FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

MASS211, INC.

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June 30, 2018 and 2017

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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, 2018 and 2017, 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

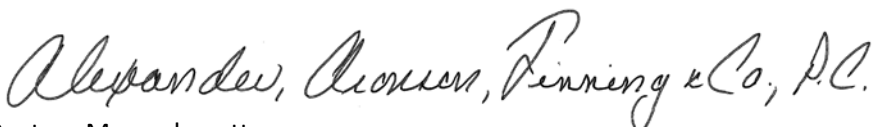
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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, 2018 and 2017, 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
November 16, 2018

MASS211, INC.Statements of Financial Position
June 30, 2018 and 2017

Assets	2018	2017
Current Assets:		
Cash	\$ 2,533	\$ 125
Accounts receivable	<u>114,735</u>	<u>127,623</u>
Total current assets	<u><u>\$ 117,268</u></u>	<u><u>\$ 127,748</u></u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 353,214	\$ 347,464
Unrestricted Net Assets	<u>(235,946)</u>	<u>(219,716)</u>
Total liabilities and net assets	<u><u>\$ 117,268</u></u>	<u><u>\$ 127,748</u></u>

MASS211, INC.Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Support and Revenues:		
Contracts and grants	\$ 1,045,479	\$ 938,234
Annual assessment revenue	313,940	327,754
	<u>1,359,419</u>	<u>1,265,988</u>
Operating Expenses:		
Operational service and management fees	1,375,551	1,221,886
Filing fees	98	189
Bad debt	-	4,000
Interest	-	2,709
	<u>1,375,649</u>	<u>1,228,784</u>
Changes in unrestricted net assets	(16,230)	37,204
Net Assets:		
Beginning of year	<u>(219,716)</u>	<u>(256,920)</u>
End of year	<u>\$ (235,946)</u>	<u>\$ (219,716)</u>

MASS211, INC.Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Changes in unrestricted net assets	\$ (16,230)	\$ 37,204
Adjustments to reconcile changes in unrestricted net assets to net cash provided by operating activities:		
Bad debt	-	4,000
Changes in operating assets and liabilities:		
Accounts receivable	12,888	(74,556)
Accounts payable	5,750	82,385
Accrued interest	-	(293)
	<u>2,408</u>	<u>48,740</u>
Net cash provided by operating activities	2,408	48,740
Cash Flows from Financing Activities:		
Principal payments on long-term debt	-	(62,466)
	<u>-</u>	<u>(62,466)</u>
Net Change in Cash	2,408	(13,726)
Cash:		
Beginning of year	125	13,851
	<u>125</u>	<u>13,851</u>
End of year	\$ 2,533	\$ 125
	<u>\$ 2,533</u>	<u>\$ 125</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ -	\$ 3,002
	<u>\$ -</u>	<u>\$ 3,002</u>

MASS211, INC.

Notes to Financial Statements
June 30, 2018 and 2017

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).

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.

Unrestricted grants are recorded as revenue when received or unconditionally pledged. Restricted grants are recorded as temporarily restricted revenues 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 have lapsed. Contract revenue is recorded as earned.

Expense Classifications

Operating expenses consist of the following components for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Program services	\$ 1,106,668	\$ 949,790
General and administrative	<u>268,981</u>	<u>278,994</u>
	<u>\$ 1,375,649</u>	<u>\$ 1,228,784</u>

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.

MASS211, INC.

Notes to Financial Statements
June 30, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unrestricted Net Assets

Unrestricted net assets 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, 2018 and 2017.

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.

MASS211, INC.

Notes to Financial Statements
June 30, 2018 and 2017

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, 2018 and 2017. Mass211's information returns are subject to examination by the Federal and state jurisdictions.

Subsequent Events

Subsequent events have been evaluated through November 16, 2018, 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. 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 states 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 \$1,376,000 and \$1,222,000 for the years ended June 30, 2018 and 2017, 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.

As of June 30, 2018 and 2017, \$353,214 and \$347,464, respectively, is owed to the Organization and is reflected as accounts payable in the accompanying statements of financial position.

4. LONG-TERM DEBT

Mass211 had a note payable agreement with a bank, bearing interest at 6.5%, with monthly payments of principal and interest of \$3,158 through March 2018. This loan was paid in full during fiscal year 2017.

5. CONCENTRATIONS

Approximately 79% and 85% of total operating support was earned from four sources for the years ended June 30, 2018 and 2017, respectively. For the years ended June 30, 2018 and 2017, approximately 93% and 100% of Mass211's accounts receivable was due from three sources.

MASS211, INC.

Notes to Financial Statements
June 30, 2018 and 2017

6. CONTINUING OPERATIONS

Mass211 had unrestricted gains (losses) of \$(16,230) and \$37,204 for the years ended June 30, 2018 and 2017, respectively. As of June 30, 2018 and 2017, Mass211 had deficit unrestricted net asset balances of \$(235,946) and \$(219,716), 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 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 & Referral functions of Mass211 and Call2Talk, our mental health/suicide prevention hot lines.
- Management has proposed a \$410,000 increase to our existing contract with the Executive Office of Early Education and Care which would be on top of the \$340,000 current contract. There has been no increase in said contract for nearly ten years, yet the tasks asked of Mass211 have increased six fold and call volume has increased by 600%.
- Mass211 was deeply involved in the Merrimack Valley Gas Explosions response acting as the telephony portal for residents to call. A one-time \$15,000 grant in support of this additional work is forthcoming from the United Way Massachusetts Bay Merrimack Valley.
- Mass211 and Call2Talk are again receiving an earmark for \$100,000. This will be the 2nd year this has occurred.
- Management states that the increase in staffing cost in fiscal year 2018 was due to training of the new Mass211 Vice President which required both the retiring and new team member to be on the payroll for a few months together during the transition.

Management believes that these actions will allow Mass211 to continue to operate and meet its obligations for the next year.