



FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

MASS211, INC.

Contents
June 30, 2022 and 2021

	<u>Pages</u>
Independent Auditor's Report	1 - 1A
Financial Statements:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Notes to Financial Statements	5 - 10

Independent Auditor's Report

To the Board of Directors of
Mass211, Inc.:

Opinion

We have audited the financial statements of Mass211, Inc. (a Massachusetts corporation, not for profit) which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net asset, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mass211, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mass211, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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 the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about Mass211, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Mass211, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about Mass211, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

AAFCPA, Inc.

Boston, Massachusetts
October 27, 2022

MASS211, INC.Statements of Financial Position
June 30, 2022 and 2021

Assets	2022	2021
Current Assets:		
Cash	\$ 3,119,412	\$ 1,468,145
Accounts receivable	315,475	925,667
Prepaid expenses	3,623	-
Total current assets	3,438,510	2,393,812
Property and Equipment, net	52,308	32,653
Total assets	<u>\$ 3,490,818</u>	<u>\$ 2,426,465</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 100,292	\$ 28,854
Accrued expenses	94,713	120,544
Total current liabilities	195,005	149,398
Long-Term Debt	140,788	140,788
Total liabilities	335,793	290,186
Net Assets Without Donor Restrictions:		
Operating	3,102,717	2,103,626
Property and equipment	52,308	32,653
Total net assets without donor restrictions	3,155,025	2,136,279
Total liabilities and net assets	<u>\$ 3,490,818</u>	<u>\$ 2,426,465</u>

MASS211, INC.Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Support and Revenues:		
Government grants	\$ 3,131,643	\$ 4,076,127
Annual assessments	265,243	252,644
Grants and contributions	<u>67,490</u>	<u>17,340</u>
Interest	<u>-</u>	<u>-</u>
Total operating support and revenues	<u>3,464,376</u>	<u>4,346,111</u>
Operating Expenses:		
Operational service and management fees	1,232,843	1,825,549
Payroll and related	719,929	-
Telephone and communications	361,367	851,098
Travel and meetings	45,566	-
Supplies	26,516	-
Miscellaneous	25,322	202
Depreciation	21,721	6,996
Interest	8,351	-
Insurance	<u>4,015</u>	<u>2,830</u>
Total operating expenses	<u>2,445,630</u>	<u>2,686,675</u>
Changes in net assets without donor restrictions	1,018,746	1,659,436
Net Assets Without Donor Restrictions:		
Beginning of year	<u>2,136,279</u>	<u>476,843</u>
End of year	<u>\$ 3,155,025</u>	<u>\$ 2,136,279</u>

MASS211, INC.

Statements of Cash Flows

For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Changes in net assets without donor restrictions	\$ 1,018,746	\$ 1,659,436
Adjustments to reconcile changes in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation	21,721	6,996
Changes in operating assets and liabilities:		
Accounts receivable	610,192	(715,609)
Prepaid expenses	(3,623)	-
Accounts payable	71,438	10,153
Accrued expenses	<u>(25,831)</u>	<u>120,544</u>
Net cash provided by operating activities	1,692,643	1,081,520
Cash Flows from Investing Activities:		
Acquisition of property and equipment	(41,376)	(39,649)
Cash Flows from Financing Activities:		
Principal payments on long-term debt	<u>-</u>	<u>(9,212)</u>
Net Change in Cash	1,651,267	1,032,659
Cash:		
Beginning of year	<u>1,468,145</u>	<u>435,486</u>
End of year	<u><u>\$ 3,119,412</u></u>	<u><u>\$ 1,468,145</u></u>

MASS211, INC.

Notes to Financial Statements
June 30, 2022 and 2021

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

Contributed income may include gifts of cash, or promises to give. Grants and contributions, including unconditional promises to give, and government grants, are recognized as revenues in the period received and are recorded in the appropriate net asset category in accordance with donor-imposed restrictions. Annual assessments are funds contributed to Mass211 by various United Ways in an effort to support the call center and are recognized as revenues in the period received. When considered material, grants and contributions to be received after one (1) year are discounted at an appropriate discount rate commensurate with the risk involved. Multi-year commitments are recorded during the year of the initial pledge.

In accordance with ASC Subtopic 958-605, *Revenue Recognition*, Mass211 must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that Mass211 should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met (see Note 9).

Grants and contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the grant and contribution is recognized. All other donor restricted grants and contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

MASS211, INC.

Notes to Financial Statements
June 30, 2022 and 2021

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, which are allocated based on management's estimate of time incurred by the United Way organization's personnel (see Note 4).

Net Assets Without Donor Restrictions Classification

Mass211 has grouped its net assets without donor restrictions into the following:

Operating net assets - are those net resources that bear no external restrictions and are generally available for use by Mass211.

Property and equipment net assets - represents the net book value of Mass211's property and equipment.

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, 2022 and 2021.

Property and Equipment and Depreciation

Mass211 capitalizes all expenditures for property and equipment in excess of \$2,000 that have a useful life of one year or greater. Property and equipment are recorded at cost when purchased or at fair value at the time of donation. Renewals and betterments are capitalized while repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Vehicle	5 years
Equipment	7 years

Mass211 accounts for the carrying value of its property and equipment in accordance with standards pertaining to ASC Topic, *Property, Plant and Equipment*, under U.S. GAAP. The carrying value is evaluated annually for impairment and no impairment loss was recognized during fiscal years 2022 and 2021.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2022 and 2021. Mass211's information returns are subject to examination by the Federal and state jurisdictions.

Subsequent Events

Subsequent events have been evaluated through October 27, 2022, 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.

MASS211, INC.

Notes to Financial Statements
June 30, 2022 and 2021

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 46,047	\$ 4,671
Vehicle	<u>34,978</u>	<u>34,978</u>
	81,025	39,649
Less - accumulated depreciation	<u>28,717</u>	<u>6,996</u>
Property and equipment, net	<u>\$ 52,308</u>	<u>\$ 32,653</u>

4. EXPENSES - NATURAL AND FUNCTIONAL CLASSIFICATION

Mass211's operating expenses for the year ended June 30, 2022, by their natural and functional classifications, are as follows:

	<u>Program</u>	<u>General and Adminis- trative</u>	<u>Total</u>
Operational service and management fees	\$ 643,949	\$ 588,894	\$ 1,232,843
Payroll and related	719,929	-	719,929
Telephone and communications	361,367	-	361,367
Travel and meetings	45,566	-	45,566
Supplies	26,516	-	26,516
Miscellaneous	25,322	-	25,322
Depreciation	-	21,721	21,721
Interest	-	8,351	8,351
Insurance	<u>-</u>	<u>4,015</u>	<u>4,015</u>
	<u>\$ 1,822,649</u>	<u>\$ 622,981</u>	<u>\$ 2,445,630</u>

Mass211's operating expenses for the year ended June 30, 2021, by their natural and functional classifications, are as follows:

	<u>Program</u>	<u>General and Adminis- trative</u>	<u>Total</u>
Operational service and management fees	\$ 1,394,972	\$ 430,577	\$ 1,825,549
Telephone and communications	851,098	-	851,098
Miscellaneous	202	-	202
Depreciation	-	6,996	6,996
Insurance	<u>-</u>	<u>2,830</u>	<u>2,830</u>
	<u>\$ 2,246,272</u>	<u>\$ 440,403</u>	<u>\$ 2,686,675</u>

MASS211, INC.

Notes to Financial Statements
June 30, 2022 and 2021

5. COMMITMENTS

Mass211 and a certain United Way organization (the Organization) entered into an agreement effective July 1, 2014 through June 30, 2019. Mass211 is currently negotiating a new agreement with the Organization, and the old agreement will stay in effect until the new agreement is finalized. 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 \$1,233,000 and \$1,826,000 for the years ended June 30, 2022 and 2021, 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 began paying costs directly associated with operations in fiscal year 2022, including payroll and related, travel and meetings, supplies and other miscellaneous costs. Additionally, in March 2021, Mass211 began paying telephone and communication expenses directly and not through the operational service and management fees due to certain government grants related to COVID-19 which increased call volume significantly.

As of June 30, 2022 and 2021, \$100,292 and \$28,854, respectively, is owed to the Organization and is reflected as accounts payable in the accompanying statements of financial position.

6. CONCENTRATIONS

Approximately 77% and 76% of total operating support was earned from four and two sources for the years ended June 30, 2022 and 2021, respectively. For the years ended June 30, 2022 and 2021, approximately 71% and 83% of Mass211's accounts receivable was due from two and one sources, respectively.

Mass211 maintains its cash balances in multiple banks in Massachusetts. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. In addition, the Depositors Insurance Fund (DIF) fully insures balances at member banks. At certain times during the year, cash balances exceeded the insured amounts at certain banks. Mass211 has not experienced any losses in such accounts. Mass211 believes it is not exposed to any significant credit risk on cash.

7. LINE OF CREDIT

Mass211 maintains 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 (4.75% and 3.25% at June 30, 2022 and 2021), plus 1%. Borrowings are secured by all business assets and guaranteed by the Organization. There was no amount outstanding as of June 30, 2022 and 2021.

8. LONG-TERM DEBT

Mass211 received an Economic Injury Disaster Loan of \$150,000 from the U.S. Small Business Administration. The loan bears interest at 2.75% per annum. Monthly payments of \$641 are due beginning on November 18, 2022, through May 18, 2050 (maturity), with payments being applied first to interest accrued to date, and the balance, if any, applied to principal. This loan is secured by all business assets of Mass211. Accrued interest as of June 30, 2022, totaled \$8,350 and is included in accrued expenses in the accompanying statement of financial position. There was no accrued interest as of June 30, 2021.

MASS211, INC.

Notes to Financial Statements
June 30, 2022 and 2021

8. LONG-TERM DEBT (Continued)

Future minimum principal payments over the next five years are as follows:

2023	\$ -
2024	\$ -
2025	\$ 2,301
2026	\$ 3,933
2027	\$ 4,042

9. CONDITIONAL GRANTS

Mass211 has been awarded conditional grants from certain government agencies. Payment of these grants is conditional upon certain factors as specified in the grant agreements and Mass211 incurring eligible costs and running its various programs. Accordingly, \$1,537,864, representing the remaining balances of these contracts, has not been reflected in the accompanying financial statements as of June 30, 2022. The remaining balances of these contracts are expected to be recognized as revenue through fiscal year 2024.

10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Mass211's financial assets available within one year from the statements of financial position date for general operating expenses as of June 30, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Cash	\$ 3,119,412	\$ 1,468,145
Accounts receivable	<u>315,475</u>	<u>925,667</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,434,887</u>	<u>\$ 2,393,812</u>

In accordance with the operational service and management fees agreement (see Note 5), 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 7).

11. RECLASSIFICATIONS

Certain amounts in the fiscal year 2021 financial statements have been reclassified to conform with the fiscal year 2022 presentation.