The Massachusetts Institute for a New Commonwealth, Inc. and Subsidiary

Consolidated Financial Statements

December 31, 2021 and 2020

Independent Auditors' Report

To the Board of Directors
The Massachusetts Institute for a New Commonwealth, Inc. and Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of The Massachusetts Institute for a New Commonwealth, Inc. and Subsidiary (collectively referred to as the Organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, changes in net assets (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in their net assets and their 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Baker Tilly US, LLP

Baker Tilly US, LLP
Tewksbury, Massachusetts
February 15, 2023

December 31	2021	2020
Assets		
Current Assets:		
Cash and Cash Equivalents	**$ 769,074**	$ 354,359
Accounts Receivable	**47,500**	85,227
Current Portion of Contributions Receivable	**400,000**	75,000
Prepaid Expenses	**633**	633
Total Current Assets	**1,217,207**	515,219
Restricted Cash	**50,761**	50,761
Contributions Receivable, Net of Current Portion	**400,000**	-
Property and Equipment, Net of Accumulated Depreciation	**38,330**	46,596
Intangible Assets, Net of Accumulated Amortization	**-**	448
Total Assets	**$ 1,706,298**	$ 613,024
Liabilities and Net Assets (Deficit)		
Current Liabilities:		
Lines of Credit	**$ 21,059**	$ -
Accounts Payable and Accrued Expenses	**104,013**	146,427
Deferred Tax Liability	**66,000**	83,000
Total Current Liabilities	**191,072**	229,427
Long-Term Debt – Paycheck Protection Program	**-**	308,100
Deferred Rent	**218,977**	213,915
Total Liabilities	**410,049**	751,442
Net Assets (Deficit):		
Net Assets without Donor Restrictions	**(393,321)**	(955,040)
Net Assets with Donor Restrictions	**1,689,570**	816,622
Total Net Assets (Deficit)	**1,296,249**	(138,418)
Total Liabilities and Net Assets (Deficit)	**$ 1,706,298**	$ 613,024

For the Years Ended December 31	2021			2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:						
Revenue and Other Support:						
Grants and Contributions	**$ 1,046,755**	**$ 2,450,393**	**$ 3,497,148**	$ 1,158,413	$ 1,000,000	$ 2,158,413
Polling Income	**600,591**	**-**	**600,591**	596,355	-	596,355
Advertising	**11,867**	**-**	**11,867**	9,649	-	9,649
Net Assets Released from Restriction	**1,577,445**	**(1,577,445)**	**-**	913,924	(913,924)	-
Total Revenue and Other Support	**3,236,658**	**872,948**	**4,109,606**	2,678,341	86,076	2,764,417
Operating Expenses:						
Program Services:						
Polling Expenses	**1,056,417**	**-**	**1,056,417**	1,028,642	-	1,028,642
Magazine	**860,126**	**-**	**860,126**	734,353	-	734,353
Policy	**587,178**	**-**	**587,178**	572,495	-	572,495
Marketing and Outreach	**157,963**	**-**	**157,963**	156,733	-	156,733
Total Program Services	**2,661,684**	**-**	**2,661,684**	2,492,223	-	2,492,223
General and Administrative	**116,846**	**-**	**116,846**	113,016	-	113,016
Fundraising	**323,387**	**-**	**323,387**	312,179	-	312,179
Total Operating Expenses	**3,101,917**	**-**	**3,101,917**	2,917,418	-	2,917,418
Increase (Decrease) in Net Assets Before Provision for Income Taxes	**134,741**	**872,948**	**1,007,689**	(239,077)	86,076	(153,001)
Nonoperating Activities:						
Gain on Extinguishment of Long-Term Debt - Paycheck Protection Program	**535,500**	**-**	**535,500**	-	-	-
Provision for Income Tax	**68,000**	**-**	**68,000**	137,000	-	137,000
Increase (Decrease) in Net Assets	**602,241**	**872,948**	**1,475,189**	(376,077)	86,076	(290,001)
Less: Increase in Net Assets Attributable to the Noncontrolling Interest	**52,645**	**-**	**52,645**	57,698	-	57,698
Increase (Decrease) in Net Assets Attributable to MassINC	**$ 549,596**	**$ 872,948**	**$ 1,422,544**	$ (433,775)	$ 86,076	$ (347,699)

For the Year Ended December 31 **2021**

	Program Services							
	Polling Expenses	Magazine	Policy	Marketing and Outreach	Total Program Services	General and Administrative	Fundraising	Total
Personnel	$ 534,122	$ 462,922	$ 312,187	$ 88,050	$ 1,397,281	$ 51,368	$ 162,458	$ 1,611,107
Professional and Consulting Fees	3,698	203,652	144,461	33,098	384,909	43,957	93,049	521,915
Polling Expenses - Consultants	429,402	-	-	-	429,402	-	-	429,402
Occupancy	-	70,425	47,494	13,395	131,314	7,815	24,715	163,844
Payroll Taxes	40,844	36,398	24,546	6,923	108,711	4,038	12,774	125,523
Office Supplies	46	32,193	21,711	6,123	60,073	3,618	11,252	74,943
Employee Benefits	48,305	30,885	20,829	5,874	105,893	3,426	10,839	120,158
Insurance	-	5,802	3,913	1,104	10,819	644	2,036	13,499
Telephone	-	7,774	5,243	1,479	14,496	862	2,728	18,086
Depreciation and Amortization	-	3,746	2,526	713	6,985	415	1,314	8,714
Printing and Publication Costs	-	3,013	2,032	573	5,618	335	1,058	7,011
Postage	-	1,707	1,151	325	3,183	190	599	3,972
Special Event Costs	-	859	579	163	1,601	95	301	1,997
Interest Expense	-	455	307	87	849	50	160	1,059
Travel	-	158	107	30	295	18	56	369
Advertising	-	137	92	26	255	15	48	318
Bad Debt	-	-	-	-	-	-	-	-
Total	$ 1,056,417	$ 860,126	$ 587,178	$ 157,963	$ 2,661,684	$ 116,846	$ 323,387	$ 3,101,917

For the Year Ended December 31 2020

	Program Services							
	Polling Expenses	Magazine	Policy	Marketing and Outreach	Total Program Services	General and Administrative	Fundraising	Total
Personnel	$ 467,366	$ 447,755	$ 349,066	$ 95,564	$ 1,359,751	$ 68,385	$ 190,344	$ 1,618,480
Professional and Consulting Fees	25,526	49,843	38,857	10,638	124,864	7,612	21,188	153,664
Polling Expenses - Consultants	421,334	-	-	-	421,334	-	-	421,334
Occupancy	2,560	78,196	60,961	16,689	158,406	11,943	33,242	203,591
Payroll Taxes	33,425	33,550	26,156	7,161	100,292	5,124	14,263	119,679
Office Supplies	7,023	30,782	23,998	6,570	68,373	3,842	13,086	85,301
Employee Benefits	37,943	64,864	50,567	13,844	167,218	9,907	27,574	204,699
Insurance	-	5,294	4,127	1,130	10,551	808	2,250	13,609
Telephone	-	7,250	5,652	1,547	14,449	1,107	3,082	18,638
Depreciation and Amortization	-	5,014	3,909	1,070	9,993	766	2,132	12,891
Printing and Publication Costs	2,000	3,958	3,085	845	9,888	604	1,682	12,174
Postage	-	1,870	1,458	399	3,727	286	795	4,808
Special Event Costs	-	1,580	1,232	337	3,149	241	672	4,062
Interest Expense	553	2,889	2,252	617	6,311	441	1,228	7,980
Travel	7,354	1,420	1,107	303	10,184	217	604	11,005
Advertising	1,643	88	68	19	1,818	13	37	1,868
Bad Debt	21,915	-	-	-	21,915	1,720	-	23,635
Total	$ 1,028,642	$ 734,353	$ 572,495	$ 156,733	$ 2,492,223	$ 113,016	$ 312,179	$ 2,917,418

The accompanying notes are an integral part of these consolidated financial statements.

	MassINC			Noncontrolling	
	Without Donor Restrictions	With Donor Restrictions	Total	Interest of Polling Group	Consolidated Total
Net Assets (Deficit) as of December 31, 2019	$ (620,411)	$ 730,546	$ 110,135	$ 76,373	$ 186,508
Dividend to Stockholder	-	-	-	(34,925)	(34,925)
(Decrease) Increase in Net Assets	(433,775)	86,076	(347,699)	57,698	(290,001)
Net Assets (Deficit) as of December 31, 2020	(1,054,186)	816,622	(237,564)	99,146	(138,418)
Dividend to Stockholders	-	-	-	(40,522)	(40,522)
Increase in Net Assets	549,596	872,948	1,422,544	52,645	1,475,189
Net Assets (Deficit) as of December 31, 2021	$ (504,590)	$ 1,689,570	$ 1,184,980	$ 111,269	$ 1,296,249

The accompanying notes are an integral part of these consolidated financial statements.

For the Years Ended December 31	2021	2020
Cash Flows from Operating Activities:		
Increase (Decrease) in Net Assets	$ 1,475,189	$ (290,001)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	8,714	12,891
Gain on Extinguishment of Long-Term Debt – Paycheck Protection Program	(535,500)	-
Decrease (Increase) in Accounts Receivable	37,727	(12,707)
(Increase) Decrease in Contributions Receivable	(725,000)	125,000
Decrease in Prepaid Expenses	-	3,161
Decrease in Accounts Payable and Accrued Expenses	(42,414)	(28,363)
Increase in Deferred Rent	5,062	121,506
(Decrease) Increase in Deferred Income Taxes	(17,000)	40,000
Net Cash Provided by (Used in) Operating Activities	206,778	(28,513)
Net Cash Used in Investing Activities:		
Acquisition of Property and Equipment	-	(11,519)
Cash Flows from Financing Activities:		
Borrowings from Long-Term Debt - Paycheck Protection Program	227,400	308,100
Borrowings under Line of Credit	51,059	-
Dividends Paid	(40,522)	(34,925)
Repayments on Line of Credit	(30,000)	(389)
Net Cash Provided by Financing Activities	207,937	272,786
Net Increase in Cash, Cash Equivalents and Restricted Cash	414,715	232,754
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	405,120	172,366
Cash, Cash Equivalents and Restricted Cash, End of Year	$ 819,835	$ 405,120

Supplemental Disclosure of Cash Flow Information:

Cash Paid During the Year for:

	2021	2020
Interest	$ 1,059	$ 7,980
Income Taxes	$ 98,835	$ 56,000

1. Organization and Summary of Significant Accounting Policies:

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of The Massachusetts Institute for a New Commonwealth, Inc. (MassINC), and its 80% owned subsidiary, MassINC Polling Group, Inc. (the Polling Group), collectively referred to as "the Organization." All significant intercompany balances and transactions have been eliminated in consolidation.

Nature of Organization: MassINC is a nonprofit organization incorporated on April 15, 1995, established to educate the public with respect to events and policies of concern to Massachusetts residents and to assist in the improvement of social and economic conditions in Massachusetts.

The Polling Group, a Massachusetts for-profit corporation incorporated on October 5, 2010, is an independent nonpartisan organization providing public opinion research, analysis and strategic communication services.

Basis of Presentation: The consolidated financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Any reference in these notes to applicable guidance is meant to refer to the authoritative United States generally accepted accounting principles as found in the Accounting Standards Codification (ASC) and Accounting Standards Updates (ASU) of the Financial Accounting Standards Board (FASB).

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

> *Net Assets without Donor Restrictions*: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors. Net assets without donor restrictions include net assets designated by the board for specific purposes.
>
> *Net Assets with Donor Restrictions*: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Noncontrolling Interest: As of December 31, 2021 and 2020, the noncontrolling interest included in the accompanying consolidated statements of financial position reflects the noncontrolling party's equity interest in the Polling Group. Noncontrolling interest in the consolidated statements of activities represents the results of operations attributable to the noncontrolling party’s interest in the operations of the Polling Group.

Fair Value Measurements: The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

1. Organization and Summary of Significant Accounting Policies (Continued):

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Revenue and Other Support: Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Revenue represents amounts derived from advertising, polling services and related consulting and reporting, and grants and contributions.

Revenue is recognized when control of the goods and services provided is transferred to the Organization's customers and in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods and services using the following steps: 1) identification of the contract, or contracts with a customer, 2) identification of performance obligations in the contract, 3) determination of the transaction price, 4) allocation of the transaction price to the performance obligations in the contract and 5) recognition of revenue when or as the Organization satisfies the performance obligations.

MassINC derives revenue from advertising, which is recognized at the time in which the advertisement appears in print.

The Polling Group derives revenues from providing polling services and related consulting and reporting which is recognized over time as the services are provided.

The Organization typically invoices its customers as services are provided. Typical payment terms provide that customers pay upon receipt of the invoice.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the 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 as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long contributed assets must be used are recorded as net assets with donor restrictions. Otherwise, the contributions are recorded as net assets without donor restrictions.

Contributions of services are reported as revenue and expenses without donor restrictions at the fair value of the service received only if the services create or enhance a nonfinancial asset or would typically need to be purchased by the Organization if they had not been provided by contribution, require specialized skills, and are provided by individuals with those skills. Contributions of goods and space to be used in program operations are reported as revenue and expenses without donor restrictions at the time the goods or space is received.

The Organization must determine whether a contribution (or a promise to give) 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 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. The Organization cannot 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.

1. Organization and Summary of Significant Accounting Policies (Continued):

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Accounts Receivable: Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is provided for those accounts receivable considered to be uncollectible based upon management's assessment of the collectability of receivables, which considers historical write-off experience and any specific risks identified in in customer or donor collection matters. Bad debts are written off against the allowance when identified. As of December 31, 2021 and 2020, management believes no allowance for uncollectible accounts receivable is necessary.

Opening and closing balances for accounts receivable from contracts with customers consist of the following:

	December 31, 2021	December 31, 2020	January 1, 2020
Accounts Receivable	$ 47,500	$ 85,227	$ 72,520

Cash and Cash Equivalents: The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has a cash management program, which provides for the investment of excess cash balances primarily in short-term money market accounts. The Organization considers such highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted Cash: Restricted cash includes amounts serving as collateral for a letter of credit in connection with the Organization's lease agreement.

Cash, cash equivalents and restricted cash as of December 31, 2021 and 2020, as individually reported on the accompanying consolidated statements of financial position, agree to the total of the same such amounts presented on the accompanying consolidated statements of cash flows for the years ended December 31, 2021 and 2020, as follows:

	2021	2020
Cash and Cash Equivalents	$ 769,074	$ 354,359
Restricted Cash	50,761	50,761
	$ 819,835	$ 405,120

Concentrations of Credit Risk: Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash, cash equivalents, restricted cash, contributions receivable and accounts receivable. The Organization maintains its cash, cash equivalents and restricted cash with high-credit quality financial institutions. The Organization believes it is not exposed to any significant losses due to credit risk on cash, cash equivalents and restricted cash. Contributions and accounts receivable are carried at amounts based upon management's judgment of potential defaults. Management identifies troubled receivables balances by assessing of the donor's or customer's credit worthiness. Consequently, the Organization believes that its exposure to losses due to credit risk on net contributions and accounts receivable is limited.

1. Organization and Summary of Significant Accounting Policies (Continued):

Property and Equipment: Property and equipment are recorded at cost on the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, as follows:

Leasehold Improvements	Shorter of Useful Life or Term of Lease
Office Furniture and Equipment	5 Years
Computer Equipment	3 Years
Telephone Equipment	5 Years

Definite-Lived Intangible Assets: Intangible assets consist of website development costs. The Organization accounts for amortization using the straight-line method over the related asset's estimated useful life of five years.

Impairment of Long-Lived Assets: It is required that long-lived assets, including purchased intangible assets with finite lives, be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. As of December 31, 2021 and 2020, the Organization has determined that there have been no significant events or changes in circumstances that would trigger impairment testing of the Organization's long-lived assets.

Deferred Rent: The Organization records rent expense on a constant periodic rate over the term of the lease agreement. The excess of the cumulative rent expense incurred over the cumulative amounts due under the lease agreement is deferred and recognized over the term of the lease.

Advertising Costs: The Organization expenses advertising costs as incurred. During the years ended December 31, 2021 and 2020, the Organization incurred advertising expense in the amounts of $318 and $1,868, respectively.

Functional Allocation of Expenses: The costs of providing the Organization's program and other activities have been summarized on a functional basis in the consolidated statements of activities. Expenses related directly to program services or supporting activities are charged directly while other expenses that are common to several functions are allocated based on management's estimates, among major classes of programs services and supporting activities.

The expenses that are allocated include the following:

Expense	Method of Allocation
Personnel	Time and Effort
Professional and Consulting Fees	Time and Effort
Occupancy	Time and Effort
Employee Benefits	Time and Effort
Payroll Taxes	Time and Effort
Office Supplies	Time and Effort
Printing and Publication Costs	Time and Effort
Special Event Costs	Time and Effort
Insurance	Time and Effort
Postage	Time and Effort
Depreciation and Amortization	Time and Effort
Travel	Time and Effort
Telephone	Time and Effort
Advertising	Time and Effort
Interest Expense	Time and Effort

1. Organization and Summary of Significant Accounting Policies (Continued):

Income Taxes: MassINC is a nonprofit Organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on trade or business profits generated by activities related to MassINC's exempt function. MassINC may be subject to federal and state income taxes for profits generated from trade or business activities unrelated to its exempt function. As of December 31, 2021 and 2020, management believes that MassINC has not generated any unrelated business taxable income.

The Polling Group uses an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the Polling Group's financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Deferred income tax assets are also recognized for operating loss carryforwards and tax credit carryforwards that are available to offset future income taxes. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. Income tax expense consists of income taxes currently due plus for the period plus or minus the change during the period in deferred tax assets and liabilities.

The Organization assesses the recording of uncertain tax positions by evaluating the minimum recognition threshold and measurement requirements a tax position must meet before being recognized as a benefit in the consolidated financial statements. The Organization's policy is to recognize interest and penalties accrued on any uncertain tax positions as a component of income tax expense, if any, in its consolidated statements of activities.

The Organization has not recognized any liabilities for uncertain tax positions or unrecognized benefits as of December 31, 2021 and 2020. The Organization does not expect any material change in uncertain tax benefits within the next 12 months.

Use of Estimates: Management has used estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities in its preparation of the consolidated financial statements in accordance with GAAP. Actual results experienced by the Organization may differ from those estimates.

Subsequent Events: Management has evaluated subsequent events spanning the period from December 31, 2021 through February 15, 2023, the date the consolidated financial statements were available to be issued.

Reclassification: Certain accounts in the December 31, 2020 consolidated financial statements have been reclassified for comparative purposes to conform to the presentation in the December 31, 2021 consolidatedfinancial statements. On the statements of functional expenses $607,308 was moved from the management and general functional expense classification to the polling expenses functional expense classification.

2. Availability and Liquidity:

The following reflects the Organization's financial assets as of December 31, 2021 and 2020:

Financial Assets at End of Year:	2021	2020
Cash and Cash Equivalents	$ 769,074	$ 354,359
Accounts Receivable	47,500	85,227
Restricted Cash	50,761	50,761
Contributions Receivable	800,000	75,000
Total Financial Assets at End of Year	1,667,335	565,347
Less: Amounts Unavailable for General Expenditures within One Year:		
Due to Contractual or Donor-Imposed Restriction:		
Subject to Appropriation and Satisfaction of Donor Restrictions	1,689,570	816,622
Restricted Cash	50,761	50,761
	1,740,331	867,383
Financial Assets Available to Meet Cash Needs for General Expenditures over the Next 12 Months	$ (72,996)	$ (302,036)

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations may come due.

As of December 31, 2021 and 2020, the Organization has a deficit in net assets without donor restrictions in the amount of $393,321 and $955,040, respectively.

The ability of the Organization to satisfy its obligations and recover its costs will be primarily dependent upon the future financial and operating performance of the Organization. In the event of an unanticipated liquidity need, the Organization could draw upon $154,706 available under its line of credit agreements and reduce costs to meet its obligations.

3. Contributions Receivable:

Contributions receivable as of December 31, 2021 and 2020 consist of the following:

	2021	2020
Due in Less than One Year	$ 400,000	$ 75,000
Due in One to Five Years	400,000	-
	$ 800,000	$ 75,000

Long-term contributions receivable have been discounted by the Organization using a risk adjusted rate based on the daily treasury yield curves. As of December 31, 2021 and 2020, the discount was immaterial to the financial statements.

4. Property and Equipment:

Property and equipment as of December 31, 2021 and 2020 consist of the following:

	2021	2020
Office Furniture and Equipment	$ 44,547	$ 44,547
Leasehold Improvements	44,272	44,272
Computer Equipment	20,170	20,170
Telephone Equipment	2,094	2,094
	111,083	111,083
Less: Accumulated Depreciation	72,753	64,487
	$ 38,330	$ 46,596

Depreciation expense for the years ended December 31, 2021 and 2020 amounted to $8,266 and $8,724, respectively.

5. Intangible Assets:

As of December 31, 2021 and 2020, intangible assets consist of the following:

	2021		
	Cost	Accumulated Amortization	Net Book Value
Website Development Costs	$ 321,027	$ 321,027	$ -

	2020		
	Cost	Accumulated Amortization	Net Book Value
Website Development Costs	$ 321,027	$ 320,579	$ 448

Amortization expense for the years ended December 31, 2021 and 2020 amounted to $448 and $4,167, respectively.

6. Lines of Credit:

The Organization is party to an amended line of credit agreement (the Line of Credit) with a bank for maximum borrowings of $125,000, which bears interest at the bank's prime rate plus 1.75% (5.00% at December 31, 2021), and is due on demand. The Line of Credit is subject to annual renewal and is collateralized by a security interest in certain assets of the Organization. As of December 31, 2021, the outstanding balance under the line of credit amounted to $21,059. As of December 31, 2020, the Organization had no amounts outstanding under the Line of Credit.

The Organization is party to a second line of credit agreement (the Second Line of Credit) with a bank for maximum borrowings of $50,765, which bears interest at the bank's prime rate plus 3.00% (6.25% at December 31, 2021), and is due on demand. The Second Line of Credit is subject to annual renewal and is collateralized by substantially all of the Organization's assets. As of December 31, 2021 and 2020, the Organization had no amounts outstanding under the Second Line of Credit.

7. Long-Term Debt - Paycheck Protection Program:

CARES Act: On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was enacted and signed into law to provide certain aid and stimulus to the U.S. economy. The Organization qualifies as a small business under the CARES Act and submitted a loan application with a qualified lender for funding under the Paycheck Protection Program (PPP), administered by the Small Business Association (SBA).

On April 29, 2020, MassINC's application with the lender was approved and as a result, MassINC obtained a loan in the amount of $227,400. On May 1, 2020, the Polling Group's application was approved and as a result, the Polling Group obtained a loan in the amount of $80,700 (together with MassINC's loan, "the PPP Loans"). The PPP Loans bore fixed interest at 1.00% per annum, which began accruing from the respective date of the loans, and were set to mature on April 29, 2022 and May 1, 2022, respectively. The PPP Loans were unsecured and guaranteed by the SBA. The PPP Loans were eligible to be forgiven provided MassINC and the Polling Group, respectively, satisfied certain conditions, and upon approval by the lender and the SBA. The PPP Loans provided for the deferral of payments until the SBA had determined the forgiveness amount, at which time, any remaining PPP Loans' balance(s) would have required equal monthly payments of principal plus accrued interest in an amount sufficient to have repaid the remaining PPP Loans balance(s) by the maturity dates.

On January 6, 2021 and March 30, 2021, the Polling Group and MassINC, respectively, obtained from the SBA notification of forgiveness of the entire balance of their PPP loans. The forgiveness for the PPP Loans, in the aggregate amount of $308,100, was recorded to nonoperating activities as a gain on extinguishment of long-term debt - paycheck protection program in the accompanying consolidated statements of activities. Accrued interest on the PPP Loans was determined by management to be immaterial to the consolidated financial statements.

Consolidated Appropriations Act: On December 27, 2020, the Consolidated Appropriations Act was enacted and signed into law, which in part, was designated to provide certain aid and stimulus to the U.S. economy. The Organization qualifies as a small business under the Consolidated Appropriations Act and submitted a loan application with a qualified lender for funding under the PPP, administered by the SBA.

On March 3, 2021, MassINC's application with the lender was approved and as a result, MassINC obtained a loan (the Second PPP Loan) in the amount of $227,400. The Second PPP Loan bore fixed interest at 1.00% per annum, which began accruing from the date of the loan, and was set to mature on March 3, 2026. The Second PPP loan was unsecured and guaranteed by the SBA. The Second PPP Loan was eligible to be forgiven provided MassINC satisfied certain conditions and upon approval by the lender and the SBA. The Second PPP Loan provided for the deferral of payments until the SBA had determined the forgiveness amount, at which time, any remaining loan amount would have required equal monthly payments of principal plus accrued interest in an amount sufficient to have repaid the remaining Second PPP Loan balance by the maturity date. On September 17, 2021, MassINC obtained from the SBA notification of forgiveness of the entire Second PPP loan balance in the amount of $227,400, which was recorded to nonoperating activities as a gain on extinguishment of long-term debt - paycheck protection program in the accompanying consolidated statements of activities. Accrued interest on the Second PPP Loan was determined by management to be immaterial to the consolidated financial statements.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

8. Common Stock:

As of December 31, 2021 and 2020, the Polling Group has 275,000 authorized shares of $0.001 par value common stock.

8. Common Stock (Continued):

During the year ended December 31, 2010, the Polling Group issued 27,500 shares of restricted common stock and 27,500 shares of unrestricted common stock to a certain employee in exchange for cash in the amount of $0.001 per share. Restrictions lapse upon the achievement of certain performance targets and are subject to repurchase at par upon the earlier of a termination of employment or the nonachievement of the targets by October 29, 2014.

On March 17, 2017, the remaining 13,750 shares of Polling Group restricted common stock granted to a certain employee became vested. The Board approved the vesting of the shares upon the Polling Group reaching an operating profit of 20%, in accordance with terms as defined. As of December 31, 2019, all 27,500 shares were vested.

9. Net Assets without Donor Restrictions:

Net assets without donor restrictions as of December 31, 2021 and 2020 consists of the following:

	2021	2020
MassINC	$ (504,590)	$ (1,054,186)
Noncontrolling Interest of Polling Group	111,269	99,146
	$ (393,321)	$ (955,040)

10. Net Assets with Donor Restrictions:

MassINC has the following programs:

Magazine: A magazine published quarterly that focuses on the politics, ideas and civil life in Massachusetts.

Policy: Conducts, sponsors and distributes nonpartisan analysis and reports, and presents discussion groups, forums, panels, lectures and other similar programs.

Marketing and Outreach: Educating the general public on the activities of MassINC, as well as increasing participation by elected officials, opinion leaders, business leaders and other individuals in the programs of MassINC.

10. Net Assets with Donor Restrictions (Continued):

Net assets with donor restrictions as of December 31, 2021 and 2020 consists of the following:

	2021	2020
Subject to Expenditure for Specified Purpose:		
Policy:		
Commonwealth Beacon	$ 579,052	$ -
Economic Development	175,000	-
Education	78,957	-
Transportation	56,561	95,369
Criminal Justice	-	721,253
Total Purpose Restrictions	889,570	816,622
Subject to Passage of Time		
Contributions	800,000	-
Total Net Assets with Donor Restrictions	$ 1,689,570	$ 816,622

11. Net Assets Released from Restriction:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors or by the passage of time. Net assets released from restriction during the years ended December 31, 2021 and 2020 consists of the following:

	2021	2020
Policy:		
Criminal Justice	$ 721,253	$ -
Education	492,384	230,051
Transportation	363,808	683,873
	$ 1,577,445	$ 913,924

12. Operating Leases:

MassINC is party to a noncancelable lease agreement expiring in September 2027, as amended, which requires monthly minimum lease payments plus certain expenses and provides for escalating payments. In accordance with the noncancelable lease agreement, MassINC is also required to maintain a letter of credit in the original amount of $50,000, which is included in restricted cash within the accompanying consolidated statements of financial position.

The lease agreement, as amended, allowed for partial rent forgiveness during the year ended December 31, 2020.

During the years ended December 31, 2021 and 2020, rent expense incurred under this agreement amounted to $158,584 and $195,177, respectively.

12. Operating Leases (Continued):

Future minimum lease payments due under this noncancelable lease agreement as of December 31, 2021 are as follows:

Year Ending December 31,	
2022	$ 230,786
2023	235,472
2024	240,158
2025	244,844
2026	249,530
Thereafter	189,783
	$ 1,390,573

13. Income Taxes:

The provision for income taxes for the Polling Group during the years ended December 31, 2021 and 2020 consists of the following:

	2021	2020
Current:		
Federal	$ 63,000	$ 71,000
State	22,000	26,000
	85,000	97,000
Deferred:		
Federal	(12,000)	28,000
State	(5,000)	12,000
	(17,000)	40,000
	$ 68,000	$ 137,000

Deferred income taxes reflect the impact of carryforwards and temporary differences between the amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. The carryforwards and temporary differences, which give rise to a significant portion of the Polling Group's deferred tax asset (liability) as of December 31, 2021 and 2020, are as follows:

	2021	2020
Deferred Tax Liability:		
Cash to Accrual Difference	$ (66,000)	$ (83,000)

The CARES Act lifts certain deduction limitations originally imposed by the Tax Cuts and Jobs Act of 2017 (the Tax Act). Under the Tax Act, federal net operating losses generated after 2017 could not be carried back and utilization was limited to 80% of taxable income. The CARES Act allows for a five-year carryback of federal net operating losses generated in 2018 through 2020 and eliminates the 80% taxable income limitation by allowing entities to fully utilize net operating loss carryforwards to offset taxable income in 2018 through 2020. In addition, the CARES Act generally allows taxpayers to deduct interest up to 50% of adjusted taxable income (30% limit under the Tax Act) for tax years 2019 and 2020. The CARES Act also allows taxpayers with prior year alternative minimum tax credits (repealed by the Tax Act) to accelerate refund claims to tax years beginning in 2018 and 2019 instead of recovering the credits over a period of years, as originally enacted by the Tax Act.

13. Income Taxes (Continued):

Additionally, the CARES Act raises the corporate charitable deduction limit to 25% of taxable income and provides a technical correction to the Tax Act to generally provide qualified improvement property a 15-year cost-recovery period and allow 100% bonus depreciation.

The enactment of the CARES Act did not result in any material adjustments to the Polling Groups income tax provision for the year ended December 31, 2021, or to its deferred taxes as of December 31, 2021.

The Polling Group has not recognized any liabilities for uncertain tax positions or unrecognized benefits as of December 31, 2021 and 2020. The Polling Group does not expect any material change in uncertain tax benefits within the next 12 months.

14. Retirement Plan:

The Organization sponsors a defined contribution profit sharing plan under Internal Revenue Code Section 401(k) and substantially all eligible employees of the Organization may participate in this plan. The Organization provides a maximum matching contribution of 100% of the first 6% of salary invested in the plan by a participant. During the years ended December 31, 2021 and 2020, the Organization made matching contributions to the plan of approximately $30,000 and $57,000, respectively.

15. Economic Dependency:

For each of the years ended December 31, 2021 and 2020, contributions from individually significant contributors, which represent contributors donating $25,000 or more, amounted to approximately 54% of total grants and contributions.

As of December 31, 2021 and 2020, 100% of contributions receivable are due from one donor.

During the years ended December 31, 2021 and 2020, the Polling Group received approximately 46% and 28% of its revenue from three customers, each respectively.

16. Indemnifications:

In the ordinary course of business, the Organization enters into various agreements containing standard indemnification provisions. The Organization's indemnification obligations under such provisions are typically in effect from the date of execution of the applicable agreement through the end of the applicable statute of limitations. The aggregate maximum potential future liability of the Organization under such indemnification provisions is uncertain. As of December 31, 2021 and 2020, no amounts have been accrued related to such indemnification provisions.