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

Consolidated Financial Statements and Independent Auditor's Report

December 31, 2022

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

Index

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of The Massachusetts Institute for a New Commonwealth, Inc. and Subsidiary, which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Massachusetts Institute for a New Commonwealth, Inc. and Subsidiary as of December 31, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 The Massachusetts Institute for a New Commonwealth, Inc. and Subsidiary, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Massachusetts Institute for a New Commonwealth, Inc. and Subsidiary's ability to continue as a going concern for one year after the date that the consolidated 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 consolidated 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 consolidated financial statements.

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

CohnReznick LLP

Braintree, Massachusetts
December 5, 2023

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

Consolidated Statement of Financial Position
December 31, 2022

Assets

Current assets		
Cash and cash equivalents	$	956,358
Accounts receivable		14,741
Contributions receivable		500,000
Prepaid expenses		12,430
Total current assets		1,483,529
Other assets		
Restricted cash		50,781
Property and equipment, net		30,230
Operating lease right-of-use asset, net		971,663
Total other assets		1,052,674
Total assets	$	2,536,203

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

Consolidated Statement of Financial Position - continued
December 31, 2022

Liabilities and Net Assets

Current liabilities	
Line of credit	$ 842
Accounts payable and accrued expenses	159,996
Operating lease liability - current	231,823
Refundable advances	213,667
Total current liabilities	606,328
Long-term liabilities	
Deferred tax liability	8,287
Operating lease liability - net of current portion	911,973
Total long-term liabilities	920,260
Total liabilities	1,526,588
Net assets	
Without donor restrictions	
Undesignated - available for general activities	(354,025)
Noncontrolling interest in net assets	102,785
	(251,240)
Net assets with donor restrictions	1,260,855
Total net assets	1,009,615
Total liabilities and net assets	$ 2,536,203

See Notes to Consolidated Financial Statements.

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

Consolidated Statement of Activities
Year Ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
Operating activities			
Revenue and other support			
Grants and contributions	$ 1,445,676	$ 739,999	$ 2,185,675
Polling income	601,916	-	601,916
Advertising	24,290	-	24,290
Net assets released from restriction	1,168,714	(1,168,714)	-
Total revenue and other support	3,240,596	(428,715)	2,811,881
Operating expenses			
Program services			
Polling	1,022,138	-	1,022,138
Magazine	813,119	-	813,119
Policy	724,005	-	724,005
Total program services	2,559,262	-	2,559,262
General and administrative	328,263	-	328,263
Fundraising	216,134	-	216,134
Total operating expenses	3,103,659	-	3,103,659
Increase (decrease) in net assets before benefit for income taxes	136,937	(428,715)	(291,778)
Benefit for income taxes	5,144	-	5,144
Total change in net assets	142,081	(428,715)	(286,634)
Noncontrolling interest in change in net assets	(8,484)	-	(8,484)
Controlling interest change in net assets	$ 150,565	$ (428,715)	$ (278,150)

See Notes to Consolidated Financial Statements.

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

Consolidated Statement of Changes in Net Assets
Year Ended December 31, 2022

	MassINC				
	Without donor restrictions	With donor restrictions	Total	Noncontrolling interest of Polling Group	Consolidated total
Net assets (deficit) as of December 31, 2021	$ (504,590)	$ 1,689,570	$ 1,184,980	$ 111,269	$ 1,296,249
Increase (decrease) in net assets	150,565	(428,715)	(278,150)	(8,484)	(286,634)
Net assets (deficit) as of December 31, 2022	$ (354,025)	$ 1,260,855	$ 906,830	$ 102,785	$ 1,009,615

See Notes to Consolidated Financial Statements.

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

Consolidated Statement of Functional Expenses
Year Ended December 31, 2022

	Program services						
	Polling	Magazine	Policy	Total program services	General and administrative	Fundraising	Total
Personnel	$ 481,749	$ 398,592	$ 355,971	$ 1,236,312	$ 124,982	$ 134,992	$ 1,496,286
Professional and consulting fees	10,782	193,272	163,567	367,621	104,237	6,209	478,067
Polling expenses - consultants	401,579	-	-	401,579	-	-	401,579
Occupancy	6,720	70,024	62,536	139,280	29,585	23,715	192,580
Payroll taxes	35,408	29,503	26,348	91,259	9,251	9,992	110,502
Office expenses	11,399	29,719	26,542	67,660	9,319	10,065	87,044
Employee benefits	66,471	70,057	62,566	199,094	44,007	23,727	266,828
Insurance	-	7,171	6,404	13,575	2,248	2,428	18,251
Telephone	1,883	4,393	3,923	10,199	1,377	1,488	13,064
Depreciation and amortization	-	3,182	2,842	6,024	998	1,078	8,100
Printing and publication costs	-	-	6,870	6,870	-	-	6,870
Postage	-	1,610	1,438	3,048	505	545	4,098
Special event costs	-	3,679	3,286	6,965	1,154	1,246	9,365
Interest expense	45	1,035	924	2,004	324	350	2,678
Travel	5,959	731	653	7,343	229	248	7,820
Advertising	143	151	135	429	47	51	527
Total functional expenses	$ 1,022,138	$ 813,119	$ 724,005	$ 2,559,262	$ 328,263	$ 216,134	$ 3,103,659

See Notes to Consolidated Financial Statements.

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

Consolidated Statement of Cash Flows
Year Ended December 31, 2022

Cash flows from operating activities		
Change in net assets	$	(286,634)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization		8,100
Operating right-of-use asset amortization		192,580
Decrease (increase) in assets		
Accounts receivable		32,759
Contributions receivable		300,000
Prepaid expenses		(11,797)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses		47,349
Refundable advances		213,667
Operating lease liability		(230,790)
Deferred tax liability		(57,713)
Net cash provided by operating activities		207,521
Cash flows from financing activities		
Borrowings under line of credit		125,796
Repayments on line of credit		(146,013)
Net cash used in financing activities		(20,217)
Net increase in cash, cash equivalents and restricted cash		187,304
Cash, cash equivalents and restricted cash, beginning		819,835
Cash, cash equivalents and restricted cash, end	$	1,007,139
Cash and cash equivalents	$	956,358
Restricted cash		50,781
Cash, cash equivalents and restricted cash, end	$	1,007,139
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$	2,678
Cash paid during the year for income taxes	$	82,000
Supplemental data for noncash investing and financing activities		
Initial operating right-of-use asset	$	1,164,243
Initial operating right-of-use liability	$	(1,356,823)

See Notes to Consolidated Financial Statements.

Note 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

Founded in 1996, MassINC's mission is to make Massachusetts a place of civic vitality and inclusive economic opportunity by providing residents with the nonpartisan research, reporting, analysis, and civic engagement necessary to understand policy choices, inform decision making, and hold the government accountable.

MassINC has the following programs:

- CommonWealth is a digital civic news organization providing nonpartisan, independent coverage of state government, policy and politics. It produces original reporting on a daily basis and publishes opinion pieces by diverse contributors. It sends a daily email newsletter to thousands of readers.
- Mass INC's Policy Center conducts, sponsors and distributes nonpartisan analysis and reports, and presents discussion groups, forums, panels, lectures and other similar programs. The Policy Center also includes the Gateway Cities Innovation Institute, which convenes Gateway City leaders to mutual learning and action while conducting research on issues impacting residents of these critical cities.

The MassINC 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. MassINC owns an 80% share of MPG.

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, 2022, the noncontrolling interest included in the accompanying consolidated statement of financial position reflects the noncontrolling party's equity interest in the Polling Group. Noncontrolling interest in the consolidated statement of activities represents the results of operations attributable to the noncontrolling party's interest in the operations of the Polling Group.

Revenue recognition
The Organization earns revenue as follows:

Contributions - Contributions, including unconditional promises from donors, are nonreciprocal, unconditional transfers of assets and are initially recognized at fair value. Contributions received without donor-imposed restrictions are reported as increases in net assets without donor restrictions. Contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as services are performed and costs are incurred pro-rata over the period covered by the grant or contribution as time restrictions lapse.

The Organization must determine whether a contribution 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.

Grants - The Organization receives grants from various grantors for direct and indirect program costs associated with specific programs and projects. Various grants are subject to certain restrictions, which are met by incurring qualifying expenses for the particular program or project that is funded by the grant. Revenue from such grants is recognized when the funds have been expended on activities stipulated in the grant agreement. For unconditional grants with donor restrictions, revenue is recognized as contribution revenue that increases net assets with donor restrictions at the time the grant is received or pledged, and the funds are released from restriction when the qualifying expenses have been incurred.

For grant arrangements that are reciprocal, revenue is recognized as services are provided, which is generally allowable expenditures are incurred. During the year ended December 31, 2022, approximately 15% of grant arrangements are considered reciprocal transactions and approximately 85% of grant arrangements are considered nonreciprocal transactions.

Advertising - MassINC derives revenue from advertising. Advertising income is recognized at the time in which the advertisement appears online.

Polling income - 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.

Refundable advances represents conditional grants received prior to year-end. These amounts are deferred and recognized over the periods to which the conditions are met.

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. All revenue is recorded at the estimated net realizable amounts.

For the year ended December 31, 2022, contributions from individually significant contributors, which represent contributors donating $25,000 or more, amounted to approximately 87% of total grants and contributions.

For the year ended December 31, 2022, the Polling Group received approximately 15% of its revenue from one governmental agency and 43% from three individuals and corporations.

Accounts and contributions receivable

Accounts and contributions 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 customer or donor collection matters. Bad debts are written off against the allowance when identified. As of December 31, 2022, management believes no allowance for uncollectible accounts receivable is necessary.

As of December 31, 2022, 80% of the Organization's contributions receivable is due from one corporation and 20% is from one individual.

As of December 31, 2022 and 2021, the Organization’s accounts receivable related to contracts with customers amounted to $14,741 and $47,500, respectively.

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.

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.

Property and equipment

Property and equipment are recorded at cost or if donated, fair value on the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the consolidated statement of activities.

The Organization computes depreciation using the straight-line method over the following estimated lives:

Leasehold improvements	Shorter of useful life or term of lease
Office furniture and equipment	5 years
Computer equipment	3 years
Telephone equipment	5 years

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real state exceeds the fair value of such property. There was no impairment loss recognized during the year ended December 31, 2022.

Advertising costs

The Organization expenses advertising costs as incurred. During the year ended December 31, 2022, the Organization incurred advertising expense in the amounts of $527.

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 statement of activities and in the consolidated statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

During the year ended December 31, 2022, the Polling Group incurred administrative expenses passed through MassINC in the amount of $204,224. Such amounts are presented within total general and administrative expenses on the accompanying statement of financial position.

The expenses that are allocated include the following:

Expense	Method of allocation
Personnel	Time and effort
Occupancy	Time and effort
Payroll taxes	Time and effort
Office supplies	Time and effort
Employee benefits	Time and effort
Insurance	Time and effort
Telephone	Time and effort
Depreciation and amortization	Time and effort
Postage	Time and effort
Interest expense	Time and effort
Travel	Time and effort
Advertising	Time and effort

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, 2022, 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 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 statement of activities.

The Organization has not recognized any liabilities for uncertain tax positions or unrecognized benefits as of December 31, 2022. The Organization does not expect any material change in uncertain tax benefits within the next 12 months.

Generally, the Organization's information/tax returns remain open for possible federal income tax examination for three years after the filing date. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2019 remain open.

Use of estimates
In preparing the Organization's financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at 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.

New accounting pronouncement
The Organization adopted ASU 2016-02 (as amended), *Leases* ("Topic 842") on January 1, 2022 ("Adoption Date"). Topic 842 requires lessees to recognize a right-of-use asset and corresponding lease liability for virtually all leases. Additionally, the Organization elected and applied the following practical expedients on the Adoption Date:

- The package of practical expedients permitting the Organization to not reassess (i) the lease classification of existing leases; (ii) whether existing and expired contracts are or contain leases; and (iii) initial direct costs for existing leases.

- The election to use an appropriate risk-free discount rate to measure the operating lease liability for the property and equipment leases.

The Organization made the following adjustments to its statement of financial position as of the Adoption Date in connection with transition to Topic 842:

	Increase (decrease)
Right-of-use asset - operating lease	$ 1,164,243
Lease liability - operating lease	1,356,823
Deferred rent	(218,977)

The Organization accounted for its existing property and equipment leases as operating leases. The Adoption of Topic 842 did not have a material impact on the Organization's change in net assets for the year ended December 31, 2022.

The Organization includes its right-of-use assets for operating leases within other assets and the corresponding lease liabilities within current and long-term liabilities on the accompanying consolidated statement of financial position. See Note 8 regarding the Organization's lease liabilities.

Finally, the Organization has elected and applied the practical expedient to combine nonlease components with their related lease components and account for them as a single combined lease.

Note 2 - Availability and liquidity

The following reflects the Organization's financial assets as of December 31, 2022:

Financial assets at end of year	
Cash and cash equivalents	$ 956,358
Accounts receivable	14,741
Restricted cash	50,781
Contributions receivable	500,000
Total financial assets at end of year	1,521,880
Less amounts unavailable for general expenditures within one year	
Due to contractual or donor-imposed restriction	
Subject to appropriation and satisfaction of donor restrictions	860,855
Restricted cash	50,781
	911,636
Financial assets available to meet cash needs for general expenditures over the next 12 months	$ 610,244

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, 2022, the Organization has a deficit in net assets without donor restrictions in the amount of $251,240.

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 $174,923 available under its line of credit agreements and reduce costs to meet its obligations.

Note 3 - Property and equipment

Property and equipment as of December 31, 2022 consist of the following:

Office furniture and equipment	$ 44,547
Leasehold improvements	44,272
Computer equipment	20,170
Telephone equipment	2,094
	111,083
Less accumulated depreciation	(80,853)
	$ 30,230

Depreciation expense for the year ended December 31, 2022 amounted to $8,100.

Note 4 - 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% (9.25% at December 31, 2022), 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. During the year ended December 31, 2022, interest expense amount to $2,678. As of December 31, 2022, the outstanding balance under the line of credit amounted to $842.

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% (7.5% at December 31, 2022), 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, 2022, the Organization made no draws and had no amounts outstanding under the Second Line of Credit.

Note 5 - Common stock

As of December 31, 2022, the Polling Group has 275,000 authorized shares of $0.001 par value common stock.

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.

Note 6 - Net assets with donor restrictions

Net assets with donor restrictions as of December 31, 2022 consists of the following:

Subject to expenditure for specified purpose	
Policy	
Commonwealth Beacon	$ 730,299
Education	80,556
Transitional support	50,000
Total purpose restrictions	860,855
Subject to passage of time	
Contributions	400,000
Total net assets with donor restrictions	$ 1,260,855

Note 7 - 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 year ended December 31, 2022 consists of the following:

Released from purpose restriction	
Education	$ 123,401
Transportation	56,561
Commonwealth Beacon	323,752
Economic development	175,000
Transitional support	90,000
	768,714
Released from time restriction	
Contributions	400,000
Total net assets released from donor restrictions	$ 1,168,714

Note 8 - 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 statement of financial position, along with earned interest.

The Organization leases office space for use in its operations. All contracts that implicitly or explicitly involve property, plant and equipment are evaluated to determine whether they contain a lease.

At lease commencement, the Organization recognizes a lease liability, which is measured at the present value of future minimum lease payments, and a corresponding right-of-use asset equal to the lease liability, adjusted for any prepaid lease costs, initial direct costs and lease incentives. The Organization has elected and applies the practical expedient to combine non-lease components with their related lease components and account for them as a single combined lease component for all its leases. The Organization remeasures lease liabilities and related right-of-use assets whenever there is a change to the lease term and/or there is a change in the amount of future lease payments, but only when such changes do not qualify to be accounted for as a separate contract.

The Organization determines an appropriate discount rate to apply when determining the present value of the remaining lease payments for purposes of measuring or remeasuring lease liabilities. As the rate implicit in the lease is generally not readily determinable, the Organization estimates the risk-free rate as the discount rate. The Organization's risk-free rate, which is determined at either lease commencement or when a lease liability is remeasured, is the rate on U.S. government securities over a period commensurate with the lease term.

For accounting purposes, the Organization leases commence on the earlier of (i) the date upon which the Organization obtains control of the underlying asset and (ii) the contractual effective date of a lease. Lease commencement for most of the Organization's leases coincides with the contractual effective date. The Organization's leases generally have minimum base terms with renewal options or fixed terms with early termination options. Such renewal and early termination options are exercisable at the option of the Organization and, when exercised, usually provide for rental payments during the extension period at then current market rates or at pre-determined rental amounts. Unless the Organization determines that it is reasonably certain that the term of a lease will be extended, such as through the exercise of a renewal option or non-exercise of an early termination option, the term of a lease begins at lease commencement and spans for the duration of the minimum non-cancellable contractual term. When the exercise of a renewal option or nonexercise of an early termination option is reasonably certain, the lease term is measured as ending at the end of the renewal period or on the date an early termination may be exercised.

The lease expires in September 2027, has an escalation clause and is accounted for as an operating lease. For the year ended December 31, 2022, rent expense totaled $184,951.

Lease payments
For the year ended December 31, 2022, cash paid for amounts included in the measurement of the operating lease liability totaled $230,790.

The Organization's operating lease had monthly payment terms ranging between $19,135 and $19,525 for the year ended December 31, 2022.

Lease liability
The operating lease liability at December 31, 2022 was $1,143,796, and is calculated as the present value of remaining lease payments discounted using the Organization's risk-free discount rate of 1.55%. Future remaining scheduled lease payments during the lease term are shown in the table below, and are presented on an undiscounted basis along with a reconciliation to the Organization's operating lease liability as of December 31, 2022. The operating lease terms remaining as of December 31, 2022 was 58 months for a weighted average of 4.8 years.

Year	
2023	$ 235,473
2024	240,162
2025	244,845
2026	251,694
2027	216,620
	1,188,794
Less interest on lease liability	(44,998)
Total lease liability	$ 1,143,796

Note 9 - Income taxes

The benefit for income taxes for the Polling Group during the year ended December 31, 2022 consists of the following:

Current		
Federal	$	36,851
State		15,718
		52,569
Deferred		
Federal		(44,233)
State		(13,480)
		(57,713)
	$	(5,144)

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, 2022, are as follows:

Deferred tax liability		
Cash to accrual difference	$	8,287

Note 10 - 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 year ended December 31, 2022, the Organization made matching contributions to the plan of $98,535, which is included in employee benefits on the accompanying statement of functional expenses.

Note 11 - Related party transactions

During the year ended December 31, 2022, the Organization has received approximately $200,000 of contributions from one board member.

Subsequent to December 31, 2022, the Organization entered into a promissory note in the amount of $250,000 with the Chairman of the Board of Directors, see Note 13.

Note 12 - 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, 2022, no amounts have been accrued related to such indemnification provisions.

Note 13 - Subsequent events

The Organization has performed an evaluation of subsequent events through December 5, 2023, which is the date the Organization's financial statements were available to be issued. No material subsequent events, except for as disclosed below, have occurred since December 31, 2022 that required recognition or disclosure in these financial statements.

During March 2023, the Organization entered into a promissory note with the Chairman of the Board of Directors in the amount of $250,000, as approved by the Board of Directors. The promissory note shall bear no interest per annum and shall be due and payable in full on March 37, 2032. If the promissory note is not repaid by the maturity date, it shall bear 6% interest per annum.