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

Consolidated Financial Statements and Independent Auditor's Report

December 31, 2023

CohnReznick
ADVISORY • ASSURANCE • TAX

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

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Independent Auditor's Report

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

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, 2023, 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, 2023, 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
September 10, 2024

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

Consolidated Statement of Financial Position
December 31, 2023

Assets

Current assets		
Cash and cash equivalents	$	1,827,561
Accounts receivable		89,907
Contributions receivable, current portion		268,801
Prepaid expenses		22,828
Total current assets		2,209,097
Other assets		
Restricted cash		50,786
Contributions receivable, net of current portion and discount		71,770
Property and equipment, net		40,086
Deferred tax asset		8,525
Operating lease right-of-use asset, net		777,502
Total other assets		948,669
Total assets	$	3,157,766

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

Consolidated Statement of Financial Position
December 31, 2023

Liabilities and Net Assets

Current liabilities	
Accounts payable and accrued expenses	$ 109,034
Operating lease liability - current	236,439
Refundable advances	226,167
Total current liabilities	571,640
Long-term liabilities	
Note payable, net of current portion and discount	183,807
Operating lease liability, net of current portion	688,066
Total long-term liabilities	871,873
Total liabilities	1,443,513
Net assets	
Without donor restrictions	
Undesignated - available for general activities	(74,957)
Noncontrolling interest in net assets	105,107
	30,150
Net assets with donor restrictions	1,684,103
Total net assets	1,714,253
Total liabilities and net assets	$ 3,157,766

See Notes to Consolidated Financial Statements.

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

Consolidated Statement of Activities
Year Ended December 31, 2023

	Without donor restrictions	With donor restrictions	Total
Operating activities			
Revenue and other support			
Grants and contributions	$ 1,108,360	$ 1,481,769	$ 2,590,129
Service income	2,029,126	-	2,029,126
Advertising	82,552	-	82,552
Interest income	21,870	-	21,870
Miscellaneous income	4,680	-	4,680
In-kind contributions	49,568	-	49,568
Net assets released from restriction	1,058,521	(1,058,521)	-
Total revenue and other support	4,354,677	423,248	4,777,925
Operating expenses			
Program services			
Polling	1,673,775	-	1,673,775
CommonWealth Beacon	1,040,682	-	1,040,682
Policy	938,204	-	938,204
Total program services	3,652,661	-	3,652,661
General and administrative	234,945	-	234,945
Fundraising	169,073	-	169,073
Total operating expenses	4,056,679	-	4,056,679
Increase in net assets before provision for income taxes and nonoperating revenue (expenses)	297,998	423,248	721,246
Nonoperating revenue (expenses)			
Discount on note payable	72,211	-	72,211
Accretion of discount on note payable	(6,018)	-	(6,018)
Total nonoperating revenue (expenses)	66,193	-	66,193
Provision for income taxes	(57,801)	-	(57,801)
Total change in net assets	306,390	423,248	729,638
Noncontrolling interest in change in net assets	27,322	-	27,322
Controlling interest change in net assets	$ 279,068	$ 423,248	$ 702,316

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, 2023

	MassINC				
	Without donor restrictions	With donor restrictions	Total	Noncontrolling interest of Polling Group	Consolidated total
Net assets (deficit) as of December 31, 2022	$ (354,025)	$ 1,260,855	$ 906,830	$ 102,785	$ 1,009,615
Dividend to stockholders	-	-	-	(25,000)	(25,000)
Increase in net assets	279,068	423,248	702,316	27,322	729,638
Net assets (deficit) as of December 31, 2023	$ (74,957)	$ 1,684,103	$ 1,609,146	$ 105,107	$ 1,714,253

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, 2023

	Program services						
	Polling	CommonWealth Beacon	Policy	Total program services	General and administrative	Fundraising	Total
Personnel	$ 635,998	$ 491,464	$ 405,317	$ 1,532,779	$ 115,152	$ 105,653	$ 1,753,584
Professional and consulting fees	40,026	283,401	336,503	659,930	17,198	15,779	692,907
Polling expenses - consultants	796,905	-	-	796,905	-	-	796,905
Occupancy	-	98,352	81,112	179,464	23,045	21,143	223,652
Payroll taxes	51,813	37,388	30,834	120,035	8,760	8,037	136,832
Office expenses	33,519	63,174	15,951	112,644	4,445	4,078	121,167
Employee benefits	101,356	45,735	37,718	184,809	10,716	9,832	205,357
In-kind expense	-	-	-	-	49,568	-	49,568
Insurance	2,683	1,777	1,466	5,926	416	382	6,724
Telephone	3,691	2,294	1,892	7,877	537	493	8,907
Depreciation	1,297	5,963	4,917	12,177	1,397	1,282	14,856
Printing and publication expense	-	-	4,681	4,681	-	-	4,681
Postage	-	301	248	549	75	65	689
Special event expense	-	7,484	14,804	22,288	1,753	1,609	25,650
Interest expense	-	697	574	1,271	163	150	1,584
Travel	3,987	2,652	2,187	8,826	621	570	10,017
Advertising	-	-	-	-	1,099	-	1,099
Bad debt	2,500	-	-	2,500	-	-	2,500
Total functional expenses	$ 1,673,775	$ 1,040,682	$ 938,204	$ 3,652,661	$ 234,945	$ 169,073	$ 4,056,679

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, 2023

Cash flows from operating activities		
Change in net assets	$	729,638
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation		14,856
Accretion of discount on note payable		6,018
Discount on note payable		(72,211)
Discount on contributions receivable, included in grants and contributions revenue		3,230
Operating lease right-of-use asset amortization		194,161
Decrease (increase) in assets		
Accounts receivable		(75,166)
Contributions receivable		156,199
Prepaid expenses		(10,398)
Deferred tax asset		(8,525)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses		(50,962)
Refundable advances		12,500
Operating lease liability		(219,291)
Deferred tax liability		(8,287)
Net cash provided by operating activities		671,762
Cash flows from investing activities		
Purchase of property and equipment		(24,712)
Net cash used in investing activities		(24,712)
Cash flows from financing activities		
Borrowings under line of credit		123,000
Repayments on line of credit		(123,842)
Dividends paid		(25,000)
Proceeds from note payable		250,000
Net cash provided by financing activities		224,158
Net increase in cash, cash equivalents and restricted cash		871,208
Cash, cash equivalents and restricted cash, beginning		1,007,139
Cash, cash equivalents and restricted cash, end	$	1,878,347
Cash and cash equivalents	$	1,827,561
Restricted cash		50,786
Cash, cash equivalents and restricted cash, end	$	1,878,347
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$	1,584
Cash paid during the year for income taxes	$	33,500

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 Beacon is a digital civic news organization that provides 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 analyses 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, Inc., a Massachusetts for-profit corporation incorporated on October 5, 2010, is an independent, nonpartisan organization that provides public opinion research, analysis, and strategic communication services. MassINC owns an 80% share of Polling Group.

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 consolidated statement of 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 Organization's primary objectives. 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 the

Organization's actions or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Nonoperating revenue and expenses consist of the accretion of the discount on the Organization’s note payable and the discount on the Organization’s note payable.

Noncontrolling interest
As of December 31, 2023, 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 a contribution. A contribution is considered conditional 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 barriers or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations related to the purpose of the agreement. The Organization cannot consider the 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 program or project 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.

Advertising - MassINC derives revenue from advertising. Advertising income is recognized when the advertisement appears online.

Service income - MassINC and Polling Group derives revenue from providing polling, research and consulting services which is recognized as the services are provided. The Organization typically invoices its customers as services are provided. Typical payment terms allow customers to pay upon receipt of the invoice.

In-kind contributions - In-kind contributions can consist of donated goods or services. The contributions are recorded at fair market value at the date of the donation. Donated services are recognized in the consolidated financial statements at their fair value if the following criteria are met:

- The services require specialized skills and the services are provided by individuals possessing those skills, and the services would typically need to be purchased if not donated; or

- The services enhance or create an asset.

Refundable advances represent 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, 2023, contributions from individually significant contributors, which represent contributors donating $25,000 or more, amounted to approximately 81% of total grants and contributions.

For the year ended December 31, 2023, the Polling Group received approximately 33% of its revenue from two governmental agencies and 35% from two organizations.

Accounts receivable
Accounts and contracts receivable are stated as unpaid balances at amounts which are expected to be collected. Accounts and contracts receivables reflect the outstanding amount of consideration to which the Organization expects to be entitled to in exchange for providing services. These amounts are due from other organizations and local governments. The Organization has tracked historical loss information for its accounts and contracts receivables and compiled historical credit loss percentages for different aging categories (current, 1–30 days past due, 31–60 days past due, 61–90 days past due, and more than 90 days past due). The Organization's allowance for doubtful accounts represents its estimate of expected credit losses related to its accounts and contracts receivables. To estimate its allowance for doubtful accounts, the Organization leverages information on historical losses, asset-specific risk characteristics, current conditions, and reasonable and supportable forecasts of future conditions. As of December 31, 2023, management believes no allowance for doubtful accounts is necessary.

As of December 31, 2023 and 2022, the Organization's accounts receivable related to contracts with customers amounted to $89,907 and $14,741, respectively.

As of December 31, 2023, 81% of the Organization's accounts receivable are due from two organizations.

Contributions receivable
The Organization records unconditional contributions receivable that are expected to be collected within one year at net realizable value. Unconditional contributions receivable expected to be collected in the future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in the contribution revenue in the consolidated statement of activities. Allowance for uncollectable

contributions receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivables are written off when deemed uncollectable. As of December 31, 2023, management believes no valuation allowance is necessary.

As of December 31, 2023, 92% of the Organization's contributions receivable are due from three organizations.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, cash on deposit, and money market accounts. 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 maintains its cash balances at several financial institutions. The cash balances at U.S. commercial banks and savings institutions are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to $250,000. As of December 31, 2023, cash and deposit balances maintained with Citizens Bank exceeded the $250,000 limit and amounted to $1,615,172.

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 the 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 on management's judgment of potential defaults. Management identifies troubled receivables balances by assessing the donor's or customer's creditworthiness. 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, at fair value on the date of receipt. Depreciation is provided 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 comparing 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 estate exceeds the fair value of such property. There was no impairment loss recognized during the year ended December 31, 2023.

Advertising costs
The Organization expenses advertising costs as incurred. During the year ended December 31, 2023, the Organization incurred advertising expenses in the amounts of $1,099.

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.

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 expense	Time and effort
Employee benefits	Time and effort
Insurance	Time and effort
Telephone	Time and effort
Depreciation	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, 2023, management believes that MassINC is not subject to unrelated business income tax due to costs that exceed related revenues.

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, 2023. 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 2020 remain open.

Use of estimates

In preparing the Organization's consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New accounting pronouncement

In June 2016, the FASB issued Accounting Standards Update No. 2016-13, *Financial Instruments-Credit Losses* (“ASC 326”), which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the current and expected loss model. Under the standard, disclosures are required to provide users of the consolidated financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in ASC 326 were trade accounts receivable. The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements and resulted in enhanced disclosures only.

Note 2 - Contributions receivable

Unconditional contributions receivable is presented in the accompanying consolidated statement of financial position at net present value based on an appropriate discount rate commensurate with the risk involved for the pledged payments to be received after one year. As of December 31, 2023, unconditional contributions receivable are summarized as follows:

Amount of unconditional contributions receivable		
Within less than one year	$	268,801
One to five years		75,000
		343,801
Less discount to net present value at 4.5%		(3,230)
Contributions receivable, net	$	340,571

Note 3 - Availability and liquidity

The following reflects the Organization's financial assets as of December 31, 2023:

Financial assets at end of year		
Cash and cash equivalents	$	1,827,561
Accounts receivable		89,907
Restricted cash		50,786
Contributions receivable		340,571
Total financial assets at end of year		2,308,825
Less amounts unavailable for general expenditures within one year		
Due to contractual or donor-imposed restriction		
Subject to appropriation and satisfaction of donor restrictions		1,447,333
Contributions receivable - long-term		71,770
Restricted cash		50,786
		1,569,889
Financial assets available to meet cash needs for general expenditures over the next 12 months	$	738,936

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

As of December 31, 2023, the Organization has a deficit in net assets without donor restrictions in the amount of $74,957.

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 $175,765 available under its line of credit agreements and reduce costs to meet its obligations.

Note 4 - Property and equipment

Property and equipment as of December 31, 2023 consist of the following:

Computer equipment	$	44,547
Leasehold improvements		44,272
Computer equipment		40,212
Telephone equipment		6,764
		135,795
Less accumulated depreciation		(95,709)
	$	40,086

Depreciation expense for the year ended December 31, 2023 amounted to $14,856.

Note 5 - 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% (10.25% at December 31, 2023), 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, 2023, interest expense amounted to $1,584. During the year ended December 31, 2023, the Organization drew $123,000 and made repayments in the amount of $123,842. As of December 31, 2023, the Line of Credit has no amounts outstanding.

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% (11.5% at December 31, 2023), 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, 2023, the Organization made no draws and had no amounts outstanding under the Second Line of Credit.

Note 6 - Note payable

The Organization entered into a note payable agreement in the original amount of $250,000 with a board member, effective March 27, 2023. The note payable was given in support of the Organization’s charitable purposes and for no other purposes. The principal balance under this note does not bear interest per annum from the date first set forth above until paid in full. The note is due and payable in full on the earlier of March 27, 2032, or the occurrence of an event of default. The note payable shall bear 6% interest per annum if not paid in full at maturity. As of December 31, 2023, the outstanding balance on the note payable amounted to $250,000.

In accordance with U.S. GAAP, a discount is required to be calculated on the noninterest-bearing note payable for imputed interest. This discount was calculated in accordance with a risk-free rate of return, determined by management to be the U.S. Treasury's Daily Long-Term rate as of the effective date, March 27, 2023, which was 3.86%. As of December 31, 2023, this discount was determined to be $66,193, which is netted against the corresponding note payable in the accompanying consolidated statement of financial position. This discount will decline annually. A corresponding interest expense is recorded in relation to the discount and is included as a nonoperating expense on the accompanying consolidated statement of activities as an accretion of discount. During the year ended December 31, 2023, the accretion of discount amounted to $6,018.

Note 7 - Common stock

As of December 31, 2023, 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 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 8 - Net assets with donor restrictions

Net assets with donor restrictions as of December 31, 2023 consists of the following:

Subject to expenditure for specified purpose	
Commonwealth Beacon	$ 819,041
Education	116,292
Housing	60,000
Economic development	420,000
Greg Torres Opportunity Fund	32,000
Total purpose restrictions	1,447,333
Subject to passage of time	236,770
Total net assets with donor restrictions	$ 1,684,103

Note 9 - 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, 2023 consists of the following:

Released from purpose restriction	
Criminal justice	$ 25,000
Education	234,764
Commonwealth Beacon	348,757
Transitional support	50,000
	658,521
Released from time restriction	400,000
Total net assets released from donor restrictions	$ 1,058,521

Note 10 - Operating leases

MassINC is a 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 are or contain a lease.

At lease commencement, the Organization recognizes a lease liability, 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 available to lessees to combine nonlease 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’s 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 nonexercise of an early termination option, the term of a lease begins at lease commencement and spans for the duration of the minimum noncancellable 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, 2023, rent expense totaled $223,652.

Lease payments
For the year ended December 31, 2023, cash paid for amounts included in the measurement of the operating lease liability totaled $219,291.

The Organization's operating lease had monthly payment terms ranging between $19,525 and $19,916 for the year ended December 31, 2023.

Lease liability
The operating lease liability at December 31, 2023 was $924,505, 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, 2023. The operating lease terms remaining as of December 31, 2023 was 46 months for a weighted average of 3.8 years.

Years	Operating lease payment
2024	$ 240,162
2025	244,845
2026	251,694
2027	216,619
Thereafter	-
	953,320
Less interest on lease liability	(28,815)
Total lease liability	$ 924,505

Note 11 - Income taxes

The provision (benefit) for income taxes for the Polling Group during the year ended December 31, 2023 consists of the following:

Current		
Federal	$	53,166
State		21,447
		74,613
Deferred		
Federal		(12,774)
State		(4,038)
		(16,812)
	$	57,801

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, 2023, are as follows:

Deferred tax asset		
Accrual to cash difference	$	8,525

Note 12 - 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, 2023, the Organization made matching contributions to the plan of $62,171, which is included in employee benefits on the accompanying consolidated statement of functional expenses.

Note 13 - Related party transactions

During the year ended December 31, 2023, the Organization has received approximately $100,000 of contributions from one board member.

During the year ended December 31, 2023, the Organization entered into a note payable in the amount of $250,000 with a board member, see Note 6.

Note 14 - 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, 2023, no amounts have been accrued related to such indemnification provisions.

Note 15 - Contributed nonfinancial assets

For the year ended December 31, 2023, contributed nonfinancial assets recognized within the consolidated statement of activities included:

	Revenue recognized	Utilization in program/activities	Donor restrictions	Valuation techniques and inputs
Donated professional services	$ 49,568	General and administrative activities	None	Fair market value of the services at the date of service based on current rates for similar legal services.

Note 16 - Subsequent events

The Organization has performed an evaluation of subsequent events through September 10, 2024, 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, 2023 that required recognition or disclosure in these financial statements.

The Organization is involved in legal actions arising in the normal course of business subsequent to December 31, 2023. In the opinion of management, such matters will not have a material effect upon the consolidated financial position of the Organization.

CohnReznick
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