



PHILANTHROPY
MASSACHUSETTS

FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

PHILANTHROPY MASSACHUSETTS, INC.

Contents
December 31, 2020 and 2019

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Independent Auditor's Report

To the Board of Directors of
Philanthropy Massachusetts, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Philanthropy Massachusetts, Inc. (a Massachusetts corporation, not for profit) which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Philanthropy Massachusetts, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 5, during 2020, management re-evaluated its fiscal sponsor relationships. Our opinion is not modified with respect to this matter.

AAFCPA, Inc.

Westborough, Massachusetts
June 16, 2021

PHILANTHROPY MASSACHUSETTS, INC.

Statements of Financial Position
December 31, 2020 and 2019

| | 2020 | | | 2019 (As Restated) | | |
|---|----------------------------|-------------------------|---------------------|----------------------------|-------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Assets | | | | | | |
| Current Assets: | | | | | | |
| Cash | \$ 1,247,840 | \$ 2,158,959 | \$ 3,406,799 | \$ 1,037,992 | \$ 1,626,783 | \$ 2,664,775 |
| Membership support and pledges receivable | - | 141,200 | 141,200 | - | 420,000 | 420,000 |
| Prepaid expenses | 11,053 | - | 11,053 | 9,754 | - | 9,754 |
| Total current assets | <u>1,258,893</u> | <u>2,300,159</u> | <u>3,559,052</u> | <u>1,047,746</u> | <u>2,046,783</u> | <u>3,094,529</u> |
| Other Assets: | | | | | | |
| Leasehold improvements, equipment and technology, net | 5,421 | - | 5,421 | 13,553 | - | 13,553 |
| Security deposit | 27,833 | - | 27,833 | 27,833 | - | 27,833 |
| Total other assets | <u>33,254</u> | <u>-</u> | <u>33,254</u> | <u>41,386</u> | <u>-</u> | <u>41,386</u> |
| Total assets | <u>\$ 1,292,147</u> | <u>\$ 2,300,159</u> | <u>\$ 3,592,306</u> | <u>\$ 1,089,132</u> | <u>\$ 2,046,783</u> | <u>\$ 3,135,915</u> |
| Liabilities and Net Assets | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts payable | \$ 3,223 | \$ - | \$ 3,223 | \$ 12,690 | \$ - | \$ 12,690 |
| Accrued expenses | 38,230 | - | 38,230 | 16,224 | - | 16,224 |
| Total current liabilities | <u>41,453</u> | <u>-</u> | <u>41,453</u> | <u>28,914</u> | <u>-</u> | <u>28,914</u> |
| Deferred Rent Payable | 41,559 | - | 41,559 | 33,409 | - | 33,409 |
| Total liabilities | <u>83,012</u> | <u>-</u> | <u>83,012</u> | <u>62,323</u> | <u>-</u> | <u>62,323</u> |
| Net Assets: | | | | | | |
| Without donor restrictions: | | | | | | |
| Operating | 1,203,714 | - | 1,203,714 | 1,013,256 | - | 1,013,256 |
| Leasehold improvements, equipment and technology | 5,421 | - | 5,421 | 13,553 | - | 13,553 |
| With donor restrictions: | | | | | | |
| Program activities | - | 2,149,209 | 2,149,209 | - | 1,821,037 | 1,821,037 |
| Time | - | 150,950 | 150,950 | - | 225,746 | 225,746 |
| Total net assets | <u>1,209,135</u> | <u>2,300,159</u> | <u>3,509,294</u> | <u>1,026,809</u> | <u>2,046,783</u> | <u>3,073,592</u> |
| Total liabilities and net assets | <u>\$ 1,292,147</u> | <u>\$ 2,300,159</u> | <u>\$ 3,592,306</u> | <u>\$ 1,089,132</u> | <u>\$ 2,046,783</u> | <u>\$ 3,135,915</u> |

The accompanying notes are an integral part of these statements.

PHILANTHROPY MASSACHUSETTS, INC.

Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2020 and 2019

| | 2020 | | | 2019 (As Restated) | | |
|--|----------------------------|-------------------------|---------------------|----------------------------|-------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Operating Support and Revenues: | | | | | | |
| Designated contributions: | | | | | | |
| Fiscal sponsorships | \$ 1,784,989 | \$ 483,695 | \$ 2,268,684 | \$ 2,201,666 | \$ 80,324 | \$ 2,281,990 |
| Summer Fund | 894,181 | 42,750 | 936,931 | 1,130,123 | 411,744 | 1,541,867 |
| Other | 238,171 | 25,425 | 263,596 | 271,984 | 25,003 | 296,987 |
| General operations for a future period | - | 42,500 | 42,500 | - | 100,000 | 100,000 |
| Membership support and contributions | 366,269 | 108,450 | 474,719 | 443,755 | 75,750 | 519,505 |
| Program fees | 164,388 | - | 164,388 | 181,948 | - | 181,948 |
| Interest and dividends | 8,430 | - | 8,430 | 17,504 | - | 17,504 |
| Net assets released from restrictions: | | | | | | |
| Satisfaction of time restrictions | 225,746 | (225,746) | - | 104,069 | (104,069) | - |
| Satisfaction of purpose restrictions: | | | | | | |
| Summer Fund | 133,100 | (133,100) | - | - | - | - |
| Fiscal sponsorships | 54,940 | (54,940) | - | 371,650 | (371,650) | - |
| Other | 35,658 | (35,658) | - | 19,240 | (19,240) | - |
| Total operating support and revenues | <u>3,905,872</u> | <u>253,376</u> | <u>4,159,248</u> | <u>4,741,939</u> | <u>197,862</u> | <u>4,939,801</u> |
| Operating Expenses: | | | | | | |
| Summer Fund | 1,027,281 | - | 1,027,281 | 1,130,123 | - | 1,130,123 |
| Fiscal sponsorships | 1,839,929 | - | 1,839,929 | 2,573,316 | - | 2,573,316 |
| Member and grantmaker services | 616,219 | - | 616,219 | 588,146 | - | 588,146 |
| Nonprofit partner services | 240,117 | - | 240,117 | 220,018 | - | 220,018 |
| Total operating expenses | <u>3,723,546</u> | <u>-</u> | <u>3,723,546</u> | <u>4,511,603</u> | <u>-</u> | <u>4,511,603</u> |
| Changes in net assets | 182,326 | 253,376 | 435,702 | 230,336 | 197,862 | 428,198 |
| Net Assets: | | | | | | |
| Beginning of year | <u>1,026,809</u> | <u>2,046,783</u> | <u>3,073,592</u> | <u>796,473</u> | <u>1,848,921</u> | <u>2,645,394</u> |
| End of year | <u>\$ 1,209,135</u> | <u>\$ 2,300,159</u> | <u>\$ 3,509,294</u> | <u>\$ 1,026,809</u> | <u>\$ 2,046,783</u> | <u>\$ 3,073,592</u> |

The accompanying notes are an integral part of these statements.

PHILANTHROPY MASSACHUSETTS, INC.

Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

| | <u>2020</u> | <u>2019</u> <u>(As Restated)</u> |
|--|----------------------------|-------------------------------------|
| Cash Flows from Operating Activities: | | |
| Changes in net assets | \$ 435,702 | \$ 428,198 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | | |
| Depreciation | 8,132 | 8,132 |
| Changes in operating assets and liabilities: | | |
| Membership support and pledges receivable | 278,800 | (44,750) |
| Prepaid expenses | (1,299) | 6,640 |
| Security deposit | - | 3,500 |
| Accounts payable | (9,467) | 9,565 |
| Accrued expenses | 22,006 | 2,597 |
| Deferred rent payable | 8,150 | 20,439 |
| | <u>742,024</u> | <u>434,321</u> |
| Net cash provided by operating activities | 742,024 | 434,321 |
| Cash: | | |
| Beginning of year | <u>2,664,775</u> | <u>2,230,454</u> |
| End of year | <u><u>\$ 3,406,799</u></u> | <u><u>\$ 2,664,775</u></u> |

PHILANTHROPY MASSACHUSETTS, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2020

(With Summarized Comparative Totals for the Year Ended December 31, 2019)

| | 2020 | | | | | | | | 2019 | | |
|---|--------------|---------------------|---------------------------------|----------------------------|---------------|----------------------------|-----------|--------------------|-----------------------|--------------|--------------|
| | Summer Fund | Fiscal Sponsorships | Program and Grantmaker Services | Nonprofit Partner Services | Total Program | General and Administration | Marketing | Member Development | Total Program Support | Total | Total |
| Grants Awarded | \$ 812,975 | \$ 1,068,575 | \$ - | \$ - | \$ 1,881,550 | \$ - | \$ - | \$ - | \$ - | \$ 1,881,550 | \$ 2,814,657 |
| Payroll and Related: | | | | | | | | | | | |
| Salaries | 130,659 | - | 188,710 | 98,161 | 417,530 | 80,990 | 49,113 | 84,632 | 214,735 | 632,265 | 564,880 |
| Fringe benefits | 18,942 | - | 21,518 | 14,112 | 54,572 | 9,241 | 7,866 | 10,252 | 27,359 | 81,931 | 63,148 |
| Payroll taxes | 9,983 | - | 18,697 | 8,949 | 37,629 | 7,089 | 3,929 | 8,047 | 19,065 | 56,694 | 56,948 |
| Total payroll and related | 159,584 | - | 228,925 | 121,222 | 509,731 | 97,320 | 60,908 | 102,931 | 261,159 | 770,890 | 684,976 |
| Other: | | | | | | | | | | | |
| Outside services | 456 | 411,231 | 30,361 | - | 442,048 | 24,506 | 6,550 | - | 31,056 | 473,104 | 365,868 |
| Meetings, conferences and events | 23 | 302,231 | 45,069 | 14,797 | 362,120 | 374 | - | 77 | 451 | 362,571 | 302,052 |
| Rent | 38,148 | - | 29,011 | 23,152 | 90,311 | 13,007 | 8,341 | 11,876 | 33,224 | 123,535 | 122,745 |
| Supplies | 3,011 | - | 6,962 | 3,537 | 13,510 | 10,839 | 1,400 | 313 | 12,552 | 26,062 | 21,199 |
| Website and database | - | - | - | - | - | 18,742 | - | - | 18,742 | 18,742 | 32,353 |
| Telephone | 2,727 | - | 3,832 | 3,058 | 9,617 | 1,719 | 1,102 | 1,569 | 4,390 | 14,007 | 14,275 |
| Professional fees | 1,675 | - | - | - | 1,675 | 7,550 | - | - | 7,550 | 9,225 | 48,621 |
| Registration fees, dues and subscriptions | 1,174 | - | 7,977 | - | 9,151 | - | - | - | - | 9,151 | 10,107 |
| Miscellaneous | 12 | - | 18 | - | 30 | 8,551 | - | - | 8,551 | 8,581 | 11,568 |
| Utilities and insurance | 1,684 | - | 1,299 | 1,007 | 3,990 | 3,619 | 374 | 562 | 4,555 | 8,545 | 8,922 |
| Depreciation | - | - | 3,252 | 1,528 | 4,780 | 1,550 | 727 | 1,075 | 3,352 | 8,132 | 8,132 |
| Equipment rental and repair | 4,342 | - | - | - | 4,342 | - | - | - | - | 4,342 | 8,022 |
| Food and travel | 1,300 | - | 1,361 | - | 2,661 | 714 | 349 | - | 1,063 | 3,724 | 13,555 |
| Postage and delivery | 170 | - | - | - | 170 | 904 | - | - | 904 | 1,074 | 1,521 |
| Printing and graphics | - | - | - | - | - | - | 311 | - | 311 | 311 | 4,809 |
| Leadership training | - | - | - | - | - | - | - | - | - | - | 38,221 |
| Total other | 54,722 | 713,462 | 129,142 | 47,079 | 944,405 | 92,075 | 19,154 | 15,472 | 126,701 | 1,071,106 | 1,011,970 |
| Total expenses before allocation of program support | 1,027,281 | 1,782,037 | 358,067 | 168,301 | 3,335,686 | 189,395 | 80,062 | 118,403 | 387,860 | 3,723,546 | 4,511,603 |
| Allocation of Program Support | - | 57,892 | 258,152 | 71,816 | 387,860 | (189,395) | (80,062) | (118,403) | (387,860) | - | - |
| Total expenses | \$ 1,027,281 | \$ 1,839,929 | \$ 616,219 | \$ 240,117 | \$ 3,723,546 | \$ - | \$ - | \$ - | \$ - | \$ 3,723,546 | \$ 4,511,603 |

The accompanying notes are an integral part of these statements.

PHILANTHROPY MASSACHUSETTS, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2019 (As Restated)

| | Program | | | | Program Support | | | | | Total |
|---|--------------|---------------------|--------------------------------|----------------------------|-----------------|----------------------------|-----------|--------------------|-----------------------|--------------|
| | Summer Fund | Fiscal Sponsorships | Member and Grantmaker Services | Nonprofit Partner Services | Total Program | General and Administration | Marketing | Member Development | Total Program Support | |
| Grants Awarded | \$ 917,972 | \$ 1,896,685 | \$ - | \$ - | \$ 2,814,657 | \$ - | \$ - | \$ - | \$ - | \$ 2,814,657 |
| Payroll and Related: | | | | | | | | | | |
| Salaries | 101,056 | - | 189,559 | 86,625 | 377,240 | 62,783 | 45,288 | 79,569 | 187,640 | 564,880 |
| Fringe benefits | 10,460 | - | 18,281 | 12,258 | 40,999 | 6,800 | 5,894 | 9,455 | 22,149 | 63,148 |
| Payroll taxes | 10,142 | - | 18,297 | 8,837 | 37,276 | 7,192 | 4,630 | 7,850 | 19,672 | 56,948 |
| Total payroll and related | 121,658 | - | 226,137 | 107,720 | 455,515 | 76,775 | 55,812 | 96,874 | 229,461 | 684,976 |
| Other | | | | | | | | | | |
| Outside services | - | 327,817 | 22,789 | - | 350,606 | 5,350 | 9,912 | - | 15,262 | 365,868 |
| Meetings, conferences and events | 513 | 229,370 | 52,767 | 18,600 | 301,250 | 121 | - | 681 | 802 | 302,052 |
| Rent | 24,713 | - | 33,583 | 25,989 | 84,285 | 14,238 | 9,656 | 14,566 | 38,460 | 122,745 |
| Supplies | 2,380 | - | 6,248 | 4,097 | 12,725 | 5,950 | 1,979 | 545 | 8,474 | 21,199 |
| Website and database | - | - | - | - | - | 32,353 | - | - | 32,353 | 32,353 |
| Telephone | 2,902 | - | 3,897 | 3,071 | 9,870 | 1,674 | 1,105 | 1,626 | 4,405 | 14,275 |
| Professional fees | 9,949 | - | - | - | 9,949 | 38,672 | - | - | 38,672 | 48,621 |
| Registration fees, dues and subscriptions | 1,130 | - | 8,577 | 400 | 10,107 | - | - | - | - | 10,107 |
| Miscellaneous | - | - | - | 2,899 | 2,899 | 8,669 | - | - | 8,669 | 11,568 |
| Utilities and insurance | 1,864 | - | 1,370 | 1,064 | 4,298 | 3,641 | 393 | 590 | 4,624 | 8,922 |
| Depreciation | - | - | 3,307 | 1,505 | 4,812 | 1,494 | 773 | 1,053 | 3,320 | 8,132 |
| Equipment rental and repair | 7,505 | - | - | - | 7,505 | 517 | - | - | 517 | 8,022 |
| Food and travel | - | - | 5,234 | 134 | 5,368 | 6,303 | 1,884 | - | 8,187 | 13,555 |
| Postage and delivery | 78 | - | 126 | 178 | 382 | 1,046 | 5 | 88 | 1,139 | 1,521 |
| Printing and graphics | 1,238 | - | - | - | 1,238 | - | 3,571 | - | 3,571 | 4,809 |
| Leadership training | 38,221 | - | - | - | 38,221 | - | - | - | - | 38,221 |
| Total other | 90,493 | 557,187 | 137,898 | 57,937 | 843,515 | 120,028 | 29,278 | 19,149 | 168,455 | 1,011,970 |
| Total expenses before allocation of program support | 1,130,123 | 2,453,872 | 364,035 | 165,657 | 4,113,687 | 196,803 | 85,090 | 116,023 | 397,916 | 4,511,603 |
| Allocation of Program Support | - | 119,444 | 224,111 | 54,361 | 397,916 | (196,803) | (85,090) | (116,023) | (397,916) | - |
| Total expenses | \$ 1,130,123 | \$ 2,573,316 | \$ 588,146 | \$ 220,018 | \$ 4,511,603 | \$ - | \$ - | \$ - | \$ - | \$ 4,511,603 |

The accompanying notes are an integral part of these statements.

PHILANTHROPY MASSACHUSETTS, INC.

Notes to Financial Statements
December 31, 2020 and 2019

1. OPERATIONS AND NONPROFIT STATUS

Operations

Philanthropy Massachusetts, Inc. (PMA) is a regional professional association of leading grantmakers and their partners in the nonprofit community, primarily servicing Massachusetts and surrounding areas. PMA was incorporated in Massachusetts in 1969 to support the practice and expansion of philanthropic giving. PMA also acts as fiscal sponsor for and collaborates with several other organizations and programs (see Note 5).

Nonprofit Status

PMA is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). PMA is also exempt from state income taxes. Donors may deduct contributions made to PMA within the requirements of the IRC and applicable regulations.

2. SIGNIFICANT ACCOUNTING POLICIES

PMA's financial statements have been prepared in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Revenue Recognition

PMA recognizes designated contributions as revenue and net assets with donor restrictions when received or unconditionally committed by the donor. Contributions without donor restrictions are recognized as revenue when received or unconditionally pledged. Net assets released from donor restrictions represent transfers to net assets without donor restrictions as costs are incurred, time restrictions have lapsed, or services are provided satisfying the restricted purposes specified by donors. Donor restricted grants and contributions received and satisfied in the same period are included in net assets without donor restrictions. Membership support is recognized as support and revenue and net assets without donor restrictions during the membership period. Membership support received or committed in advance of the membership period is recognized as revenue and net assets with donor restrictions (see page 10).

Program fees consist of registration fees for workshops and networking events, and are recognized at a point in time upon completion of the workshop or event. Each contract with participants contains a single performance obligation to conduct the workshop or event.

Interest and dividends are recognized as earned.

PHILANTHROPY MASSACHUSETTS, INC.

Notes to Financial Statements
December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recognition of Grants Awarded

PMA generally pays grants at the time of the awards. When PMA awards unconditional grants for a multiple-year period or for a future year, the entire obligation is recognized in the year the grants are awarded. There were no such multi-year grants awarded in 2020 or 2019.

Leasehold Improvements, Equipment and Technology and Depreciation

Purchases of leasehold improvements, equipment and technology in excess of \$2,500 are recorded at cost or fair value at the date of purchase or donation. Renewals and betterments are recorded as additions to the related asset accounts, while repairs and maintenance costs are expensed as incurred. Depreciation is computed using the straight-line method over estimated useful lives of three to five years.

Fair Value Measurements

PMA follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that PMA would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

PMA uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of PMA. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All assets and liabilities are considered Level 1 within the fair value hierarchy.

PHILANTHROPY MASSACHUSETTS, INC.

Notes to Financial Statements
December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Subsequent events have been evaluated through June 16, 2021, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

Income Taxes

PMA accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. PMA has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at December 31, 2020 and 2019. PMA's information returns are subject to examination by the Federal and state jurisdictions.

Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated to programs based upon management's estimate of the percentage attributable to each function.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are payroll and related, which are allocated on the basis of estimates of time and effort; occupancy costs and depreciation, which are allocated on a square footage basis; and supplies, website and database, and telephone costs, which are allocated based on usage studies conducted annually.

Net Assets

Without Donor Restrictions

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by PMA. PMA has grouped its net assets without donor restrictions into the following categories:

- *Operating* - Funds available for PMA's operations.
- *Leasehold improvements, equipment and technology* - Net book value of leasehold improvements, equipment and technology used in carrying out PMA's services.

With Donor Restrictions

Net assets with donor restrictions represent amounts received or committed with donor restrictions which have not yet been expended for their designated purpose (purpose restricted) and amounts for operating use in future periods (time restricted). These funds include amounts PMA holds in connection with program collaborations (see Note 5). Also included is membership support received or committed in advance for the following program year.

PHILANTHROPY MASSACHUSETTS, INC.

Notes to Financial Statements
December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

With Donor Restrictions (Continued)

Net assets with donor restrictions consist of the following at December 31:

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Subject to expenditure for specified purpose: | | |
| Fiscal sponsorship programs (see Note 5) | \$ 1,281,431 | \$ 852,676 |
| Summer Fund (see Note 5) | 809,257 | 899,607 |
| Other programs | <u>58,521</u> | <u>68,754</u> |
| | <u>2,149,209</u> | <u>1,821,037</u> |
| Subject to the passage of time: | | |
| Membership support (see page 7) | 108,450 | 75,750 |
| Other operating support | <u>42,500</u> | <u>149,996</u> |
| | <u>150,950</u> | <u>225,746</u> |
| | <u>\$ 2,300,159</u> | <u>\$ 2,046,783</u> |

Membership Support and Pledges Receivable and Allowance for Doubtful Accounts

Membership support and pledges receivable at December 31, 2020 and 2019, consist of membership support, contributions and other unconditionally pledged support. As of December 31, 2020 and 2019, all amounts were deemed collectible and there was no allowance for doubtful accounts.

3. LEASE AGREEMENTS

PMA leases office space under an agreement that expires in November 2028. Rent was payable in equal monthly installments ranging from approximately \$9,500 to \$9,800 during 2020, and from approximately \$9,300 to \$9,500 during 2019. The monthly lease payments increase annually each December, as defined in the lease agreement. PMA must maintain certain insurance coverage and pay for its proportionate share of common area maintenance costs. PMA records rent on a straight-line basis over the term of the lease. The difference between the cash lease payments and the related expense for a given year is recorded as deferred rent. Deferred rent payable was \$41,559 and \$33,409 at December 31, 2020 and 2019, respectively. Total rent expense was \$123,535 and \$122,745 for 2020 and 2019, respectively. PMA has a lease for office equipment with monthly payments of \$245 through August 2023, which is included in equipment rental and repair in the accompanying statements of functional expenses.

Future minimum payments under the agreements are as follows:

| | <u>Facility</u> | <u>Equipment</u> |
|------------|---------------------|------------------|
| 2021 | \$ 117,599 | \$ 2,940 |
| 2022 | 120,611 | 2,940 |
| 2023 | 123,623 | 2,205 |
| 2024 | 126,634 | - |
| 2025 | 129,635 | - |
| Thereafter | <u>395,191</u> | <u>-</u> |
| Total | <u>\$ 1,013,293</u> | <u>\$ 8,085</u> |

PHILANTHROPY MASSACHUSETTS, INC.

Notes to Financial Statements
December 31, 2020 and 2019

4. RETIREMENT PLAN

PMA offers an elective deferred retirement plan pursuant to IRC Section 401(k) which covers all eligible employees. Employees may elect to defer their salary within IRC limits. The Board of Directors approved an employer contribution of 6% of eligible employees' salaries. PMA's contributions vest after ninety days of service. PMA contributed \$36,050 and \$29,986 to the plan in 2020 and 2019, respectively, which is included in fringe benefits in the accompanying statements of functional expenses.

5. COLLABORATIVE PROGRAM AND FISCAL SPONSORSHIPS

Collaborative Program

The Summer Fund (the Fund) is an unincorporated collaborative of private funders in Greater Boston. The Fund generates resources to support and strengthen summer camps serving the low-income neighborhoods of Boston, Cambridge, Chelsea, and Somerville, Massachusetts. The Fund contributes to summer camps that provide youth with opportunities for skill development, personal growth and new experiences. The Fund raises funds from corporations, foundations and individuals to provide operational support to summer camps. The Fund directly raised and granted funds to various summer programs of \$812,975 and \$917,972 in 2020 and 2019, respectively.

Activity in the Fund is as follows:

| | |
|--------------------------------------|--------------------|
| Net Assets, December 31, 2018 | \$ 487,863 |
| Contributions | 1,541,867 |
| Expenditures | <u>(1,130,123)</u> |
| Net Assets, December 31, 2019 | 899,607 |
| Contributions | 936,931 |
| Expenditures | <u>(1,027,281)</u> |
| Net Assets, December 31, 2020 | <u>\$ 809,257</u> |

Fiscal Sponsorships

PMA has been designated as a fiscal sponsor for various other programs, and has variance power over the funds. Activity of the fiscal sponsorships are as follows:

| | |
|--------------------------------------|---------------------|
| Net Assets, December 31, 2018 | \$ 1,144,002 |
| Contributions | 2,281,990 |
| Expenditures | <u>(2,573,316)</u> |
| Net Assets, December 31, 2019 | 852,676 |
| Contributions | 2,268,684 |
| Expenditures | <u>(1,839,929)</u> |
| Net Assets, December 31, 2020 | <u>\$ 1,281,431</u> |

PHILANTHROPY MASSACHUSETTS, INC.Notes to Financial Statements
December 31, 2020 and 2019**5. COLLABORATIVE PROGRAM AND FISCAL SPONSORSHIPS (Continued)****Fiscal Sponsorships (Continued)**

During 2020, management determined that the prior fiscal agent arrangements should be treated and presented as fiscal sponsorships. The change in presentation of the fiscal sponsorships was applied retrospectively, and resulted in the changes below.

Net assets as of December 31, 2018, have been restated as follows:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---|--|---------------------|
| Net assets, December 31, 2018, as previously stated | \$ 796,473 | \$ 704,919 | \$ 1,501,392 |
| To record fiscal sponsorship activity, net, previously not recorded | <u>-</u> | <u>1,144,002</u> | <u>1,144,002</u> |
| Net assets, December 31, 2018, as restated | <u>\$ 796,473</u> | <u>\$ 1,848,921</u> | <u>\$ 2,645,394</u> |

Changes in net assets for the year ended December 31, 2019, have been restated as follows:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---|--|-------------------|
| Changes in net assets, December 31, 2019, as previously stated | \$ 230,336 | \$ 489,188 | \$ 719,524 |
| To record fiscal sponsorship activity, net, previously not recorded | <u>-</u> | <u>(291,326)</u> | <u>(291,326)</u> |
| Changes in net assets, December 31, 2019, as restated | <u>\$ 230,336</u> | <u>\$ 197,862</u> | <u>\$ 428,198</u> |

Cash - fiscal agent and Fiscal Agent Payable as of December 31, 2019, have been restated as follows:

| | |
|--|------------------|
| Cash - fiscal agent and fiscal agent payable, December 31, 2019, as previously stated | \$ 852,676 |
| Adjustment to reflect fiscal sponsorship activity on the statement of activities and changes in net assets | <u>(852,676)</u> |
| Cash - fiscal agent and fiscal agent payable, December 31, 2019, as restated | <u>\$ -</u> |

PHILANTHROPY MASSACHUSETTS, INC.Notes to Financial Statements
December 31, 2020 and 2019**6. LEASEHOLD IMPROVEMENTS, EQUIPMENT AND TECHNOLOGY**

Leasehold improvements, equipment and technology consist of the following as of December 31:

| | <u>2020</u> | <u>2019</u> |
|---------------------------------|-----------------|------------------|
| Technology | \$ 40,660 | \$ 40,660 |
| Leasehold improvements | 29,385 | 39,785 |
| Equipment | <u>1,089</u> | <u>1,089</u> |
| | 71,134 | 81,534 |
| Less - accumulated depreciation | <u>65,713</u> | <u>67,981</u> |
| | <u>\$ 5,421</u> | <u>\$ 13,553</u> |

7. CONCENTRATIONS

PMA maintains its cash balances in one bank in Massachusetts. Cash balances maintained in the bank are insured within the limits of the Federal Deposit Insurance Corporation (FDIC). At certain times during the year, cash balances exceeded the insured amounts. Cash balances maintained in the brokerage firm are not insured. PMA has not experienced any losses in these accounts. PMA believes it is not exposed to any significant credit risk on cash.

At December 31, 2020, 81% of the outstanding membership support and pledges receivable were from three donors. At December 31, 2019, 93% of the outstanding membership support and pledges receivable were from three donors.

8. LINE OF CREDIT

PMA has a \$100,000 working capital line of credit agreement with a bank. Borrowings are due on demand and interest is payable monthly at the bank's index rate of 3.25% and 4.75% at December 31, 2020 and 2019, respectively, plus 1%; subject to a minimum interest rate of 4.5%. All borrowings are secured by PMA's business property. The agreement expires in June 2021. There are no amounts outstanding as of December 31, 2020 and 2019.

9. PLEDGES RECEIVABLE

PMA receives pledges from various donors. As of December 31, 2020 and 2019, all pledges are due in less than one year.

10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The financial assets available for use by PMA within one year from the statements of financial position date are as follows as of December 31:

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Cash | \$ 3,406,799 | \$ 2,664,775 |
| Membership support and pledges receivable | <u>141,200</u> | <u>420,000</u> |
| | 3,547,999 | 3,084,775 |
| Less - financial assets with purpose restrictions | <u>2,149,209</u> | <u>1,821,037</u> |
| Total financial assets available for use | <u>\$ 1,398,790</u> | <u>\$ 1,263,738</u> |

PMA's financial assets are available for use to cover its obligations as they become due. Should the need arise, PMA also has a \$100,000 line of credit available for short-term liquidity needs (see Note 8).

PHILANTHROPY MASSACHUSETTS, INC.

Notes to Financial Statements
December 31, 2020 and 2019

11. CONDITIONAL GRANTS

During 2020, PMA was awarded two conditional grants totaling \$175,000 from a donor, of which \$65,000 was recorded during 2020. The portion of the grants that was earned during 2020 is included in designated contributions in the 2020 accompanying statement of activities and changes in net assets. The remaining balance of the grant awards of \$110,000 at December 31, 2020, is conditional upon PMA incurring and reporting qualifying expenditures as required by the grant agreements and, accordingly, is not reflected in the accompanying financial statements, as these conditions were not met as of December 31, 2020. The awards will be recorded as designated contribution revenue as the conditions are met.

12. CONTINGENCY

In March 2020, the COVID-19 coronavirus (COVID-19) pandemic emerged in the United States triggering widespread government mandated and voluntary business closures, which in turn have led to substantial interruptions in financial markets, employment and the economy as a whole. Though the potential financial effects cannot be reasonably estimated at this time, these circumstances may have adverse effects on PMA, its operations and future financial statements.

Management of PMA is monitoring these events closely to assess the financial impact of the situation and determine appropriate courses of action. As of the date of this report, PMA is unable to accurately predict how COVID-19 will affect the results of its operations because the disease's severity and the duration of the outbreak are uncertain.

13. RECLASSIFICATIONS

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentation.