

THE MASS MENTORING PARTNERSHIP, INC.

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021)**

THE MASS MENTORING PARTNERSHIP, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Mass Mentoring Partnership, Inc.

Opinion

We have audited the financial statements of The Mass Mentoring Partnership, Inc., which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Mass Mentoring Partnership, Inc. as of December 31, 2022, and the changes in its net assets and its 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Mass Mentoring Partnership, Inc. 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Mass Mentoring Partnership, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Mass Mentoring Partnership, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Other Matter

Report on Summarized Comparative Information

We have previously audited The Mass Mentoring Partnership, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 23, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Boston, MA
June 13, 2023

THE MASS MENTORING PARTNERSHIP, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)

	2022	2021
Assets		
Cash and cash equivalents	\$ 2,715,936	\$ 2,574,340
Grants, contributions and accounts receivable	1,364,735	1,302,852
Prepaid expenses and other assets	14,293	11,881
Security deposits	12,771	12,771
Operating right-of-use asset	194,866	--
Website development costs, net	17,370	--
Equipment and improvements, net	<u>1,665</u>	<u>7,011</u>
Total Assets	<u><u>\$ 4,321,636</u></u>	<u><u>\$ 3,908,855</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 146,454	\$ 113,372
Grants payable	1,245,307	1,116,500
Operating lease liability	171,827	--
Deferred revenue	<u>90,000</u>	<u>72,000</u>
Total Liabilities	<u>1,653,588</u>	<u>1,301,872</u>
Net Assets		
Net assets without donor restrictions:		
Undesignated	1,556,469	1,172,503
Board designated		
Board designated - James Connolly Tribute Fund	--	38,185
Board designated - other	<u>499,571</u>	<u>504,159</u>
Net assets without donor restrictions	2,056,040	1,714,847
Net assets with donor restrictions	<u>612,008</u>	<u>892,136</u>
Total Net Assets	<u>2,668,048</u>	<u>2,606,983</u>
Total Liabilities and Net Assets	<u><u>\$ 4,321,636</u></u>	<u><u>\$ 3,908,855</u></u>

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

THE MASS MENTORING PARTNERSHIP, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2022 (WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)

	2022						2021
	Undesignated	Board Designated James G. Connolly Tribute Fund	Board Designated Other	Total Net Assets Without Donor Restrictions	Net Assets with Donor Restrictions	Total	Total
Support and Revenue							
Contributions - Individuals	\$ 32,593	\$ --	\$ --	\$ 32,593	\$ --	\$ 32,593	\$ 37,658
Contributions - Corporations and Foundations	367,215	--	--	367,215	209,415	576,630	817,439
Contribution - Rodman Ride Event	265,246	--	--	265,246	--	265,246	203,210
Government grants - AmeriCorps	355,709	--	--	355,709	--	355,709	328,571
Government grants - State Mentoring							
Matching Grants	1,522,847	--	--	1,522,847	--	1,522,847	1,214,747
PPP loan grant income	--	--	--	--	--	--	519,310
Consulting services and fees	188,070	--	--	188,070	--	188,070	244,846
AmeriCorps Host Site Match	80,926	--	--	80,926	--	80,926	187,750
Special events (net of special events expense of \$153,558 and \$18,235 respectively)	226,124	--	--	226,124	--	226,124	179,411
Other income	8,624	--	--	8,624	--	8,624	3,978
Interest income	974	17	435	1,426	--	1,426	535
Donated facilities, goods and services	36,697	--	--	36,697	--	36,697	347,579
James G. Connolly Tribute Fund	--	--	--	-	--	--	--
Net assets released from restrictions	489,543	--	--	489,543	(489,543)	--	--
Total Support and Revenue	<u>3,574,568</u>	<u>17</u>	<u>435</u>	<u>3,575,020</u>	<u>(280,128)</u>	<u>3,294,892</u>	<u>4,085,034</u>
Expenses							
Program services	2,781,624	38,202	5,023	2,824,849	--	2,824,849	3,015,328
Administrative	152,960	--	--	152,960	--	152,960	129,116
Fundraising	256,018	--	--	256,018	--	256,018	315,744
Total Expenses	<u>3,190,602</u>	<u>38,202</u>	<u>5,023</u>	<u>3,233,827</u>	<u>--</u>	<u>3,233,827</u>	<u>3,460,189</u>
Change in Net Assets	<u>383,966</u>	<u>(38,185)</u>	<u>(4,588)</u>	<u>341,193</u>	<u>(280,128)</u>	<u>61,065</u>	<u>624,845</u>
Net Assets, Beginning of Year	<u>1,172,503</u>	<u>38,185</u>	<u>504,159</u>	<u>1,714,847</u>	<u>892,136</u>	<u>2,606,983</u>	<u>1,982,138</u>
Net Assets, End of Year	<u>\$ 1,556,469</u>	<u>\$ --</u>	<u>\$ 499,571</u>	<u>\$ 2,056,040</u>	<u>\$ 612,008</u>	<u>\$ 2,668,048</u>	<u>\$ 2,606,983</u>

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

THE MASS MENTORING PARTNERSHIP, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)

	2022								2021
	Program Services								Total Expenses
	AmeriCorps Program	Advocacy for Field Resources	Training & Strategic Services	Public Awareness & Marketing	Total Program Services	Administrative	Fundraising	Total Expenses	Total Expenses
Salaries, payroll taxes and benefits	\$ 169,701	\$ 104,805	\$ 449,279	\$ 217,586	\$ 941,371	\$ 68,971	\$ 220,000	\$ 1,230,342	\$ 1,275,951
State mentoring matching grant	--	1,320,000	1,814	--	1,321,814	--	--	1,321,814	1,142,500
AmeriCorps member stipends/support	141,110	--	--	--	141,110	--	--	141,110	305,651
Donated facilities, goods and services	--	--	--	35,000	35,000	--	1,697	36,697	347,579
Meetings, trainings and state-wide travel	38,075	8,597	65,907	23,032	135,611	6,203	8,640	150,454	62,769
Occupancy	43,108	8,861	38,940	18,580	109,489	6,616	19,447	135,552	143,938
Supplies, printing and postage	12,801	2,516	9,698	4,863	29,878	2,453	6,197	38,528	32,902
Professional fees and outsource services	8,329	17,527	118	1,635	27,609	68,336	152,197	248,142	103,447
KELLY Award/mentee scholarships	--	--	--	41,147	41,147	--	--	41,147	38,559
Mentor program support	--	--	38,186	--	38,186	--	--	38,186	20,000
Loss on disposal of equipment and improvements	--	--	--	--	--	388	--	388	--
Other miscellaneous	--	2,277	--	2,748	5,025	--	--	5,025	5,128
Total expenses by function	413,124	1,464,583	603,942	344,591	2,826,240	152,967	408,178	3,387,385	3,478,424
Less expenses included with revenues on the statement of activities and changes in net assets									
Special event expenses	(16)	(10)	(45)	(1,320)	(1,391)	(7)	(152,160)	(153,558)	(18,235)
Total expenses included in the expense section on the statement of activities and changes in net assets	\$ 413,108	\$ 1,464,573	\$ 603,897	\$ 343,271	\$ 2,824,849	\$ 152,960	\$ 256,018	\$ 3,233,827	\$ 3,460,189

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

THE MASS MENTORING PARTNERSHIP, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 61,065	\$ 624,845
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation and amortization	5,918	1,936
Amortization of right-of-use asset	80,174	--
PPP loan forgiveness	--	(519,310)
Loss on disposal of equipment and improvements	388	--
Changes in assets and liabilities:		
Grants, contributions and accounts receivable	(61,883)	(83,173)
Prepaid expenses and other assets	(2,412)	11,577
Operating right-of-use asset	(275,040)	--
Accounts payable and accrued expenses	33,082	5,069
Grants payable	128,807	302,057
Operating lease liability	171,827	--
Deferred revenue	18,000	12,000
Total adjustments	98,861	(269,844)
Net Cash Provided by Operating Activities	<u>159,926</u>	<u>355,001</u>
Cash Flows from Investing Activities		
Purchases of equipment and improvements	--	(3,000)
Purchases of website development	(18,330)	--
Net Cash Used in Investing Activities	<u>(18,330)</u>	<u>(3,000)</u>
Cash Flows from Financing Activities		
Proceeds from note payable - PPP loan	--	259,655
Net Cash Provided by Financing Activities	<u>--</u>	<u>259,655</u>
Net Increase in Cash and Cash Equivalents	141,596	611,656
Cash and Cash Equivalents - Beginning of Year	<u>2,574,340</u>	<u>1,962,684</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,715,936</u>	<u>\$ 2,574,340</u>
Supplemental Disclosure of Non-Cash Investing and Financing Activity		
PPP loan forgiveness	\$ --	519,310

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

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)

NOTE 1 - NATURE OF THE ORGANIZATION

Founded in 1992, The Mass Mentoring Partnership, Inc. (the “Organization” or “MMP”) is a not-for-profit organization fueling the movement to expand empowering youth-adult relationships to meet the needs of communities across Massachusetts. The Organization works with mentoring programs and youth serving organizations through a strategic approach we call Relationships in Action. Through this process, the Organization works to assess, build, connect and advocate to create relationships that strengthen youth, families and communities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of the Organization are prepared on the accrual basis of accounting. Accordingly, revenues and support are recognized when earned, and expenses are recognized when incurred, regardless of timing of cash flows.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In September 2020, the Financial Accounting Standards Board issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity’s policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively, to annual reporting periods beginning after December 15, 2021. The Organization adopted the standard during the year ended December 31, 2022. The standard did not have a material impact on the financial statements. The Organization has updated disclosures as necessary (see Note 11 In-Kind Contributions).

In February 2016, the FASB issued guidance ASC 842, *Leases* to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Organization adopted the standard effective January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available.

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS (CONTINUED)

As a result of the adoption of the new lease accounting guidance, the Organization recognized on January 1, 2022 an operating lease liability of \$275,040, which represents the present value of the remaining operating lease payments of \$282,491, discounted using the incremental borrowing rate of 2.0%, and an operating right of use asset of \$275,040. The standard had a material impact on the Organization's statement of financial position, but did not have an impact on the statement of activities and changes in net assets or statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases in the statement of financial position.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

FINANCIAL STATEMENT PRESENTATION

The Organization has presented its financial statements in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations. Under this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions as follows:

NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions represent those assets that are not subject to donor-imposed stipulations or releases from donor restricted net assets designated for stipulated activities or programs.

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL STATEMENT PRESENTATION (CONTINUED)

NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets with donor restrictions represent those assets that are subject to explicit or implicit donor-imposed stipulations that may or will be met whether by actions of the Organization and/or the passage of time. When the restriction expires, the net assets are reclassified to net assets without donor restrictions. Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specific date, for particular programs or services. Other donors impose restrictions which are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. The Organization does not have any donor restrictions that are perpetual in nature.

SUMMARIZED COMPARATIVE FINANCIAL STATEMENTS

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of less than three months to be cash equivalents.

GRANTS, CONTRIBUTIONS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable are stated at the amount management expects to collect from outstanding balances. On a periodic basis, management evaluates its grants and accounts receivable for collectability based on a history of past write-offs and collections and current credit conditions. Based on management's assessment of the outstanding balances, it has concluded that realized losses on balances outstanding will be insignificant to the financial statements.

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GRANTS, CONTRIBUTIONS AND ACCOUNTS RECEIVABLE (CONTINUED)

Contributions receivable represent amounts unconditionally pledged to the Organization and are stated at the amount management expects to collect from outstanding balances. On a periodic basis, management evaluates its contributions receivable for collectability based on a history of past write-offs and collections and current credit conditions. Based on management's assessment of the outstanding balances, it has concluded that realized losses on balances outstanding will be insignificant to the financial statements.

EQUIPMENT AND IMPROVEMENTS, NET

Equipment and improvements, net, are stated at cost, if purchased, or at fair value, if donated, less accumulated depreciation and amortization. Depreciation of equipment is provided over the estimated useful lives of the respective assets, on a straight-line basis, ranging from three to ten years. Amortization of leasehold improvements is provided over the shorter of the useful lives of the improvements or the terms of the respective leases, using estimated useful lives of five years.

Purchases are determined to be capital expenditures based upon the Organization's policy of capitalizing assets acquired at cost (or, if donated, at fair value) exceeding \$1,000 and an economic life in excess of one year. Those items which are not determined to be capital expenditures are immediately expensed. When assets are sold, retired or otherwise disposed of, the applicable costs are removed from the accounts and any resulting gain or loss is recognized in the statement of activities and changes in net assets.

WEBSITE DEVELOPMENT COSTS, NET

Website development costs are stated at cost at the date acquired, less accumulated amortization. Amortization is provided using the straight-line method over the estimated useful life of the respective asset of 3 years.

RIGHT OF USE ASSET AND LEASE LIABILITY

The Organization determines if an arrangement is or contains a lease at inception. Leases, excluding those with terms of one year or less, are included in operating right-of-use (ROU) assets and operating lease liability in the statement of financial position. The ROU asset and operating lease liability are recognized at the commencement date of the lease agreements based on the present value of lease payments over the lease term using the Organization's estimated incremental borrowing rate or implicit rate, when readily determinable. The ROU asset is amortized on a straight-line basis over the lease term and is reflected as occupancy expense in the accompanying statement of functional expenses. The operating lease liability is reduced as cash payments are made under the terms of the leases.

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

The Organization generates a portion of its revenue from consulting services and fees, which consists mainly of training and professional development. Revenue is recognized as the services are provided to the participants.

GRANTS

State and local governments have awarded grants to support the Organization's program activities that are conditioned on performing certain services or incurring certain reimbursable expenses. A maximum amount to be paid over the course of the grant is often specified. Grant revenue is recognized as the Organization meets the conditions in accordance with the grant agreement.

Per the terms of the grant agreement, the Organization is allowed an amount to defray a portion of the expenses of providing the grants administration and management and capacity-building services to the grantees. This amount is recorded as deferred revenue when received and the Organization recognizes this revenue as the conditions stipulated in the grant agreement are met. Deferred revenue as of the end of the year is recognized in full in the subsequent year.

SPECIAL EVENTS REVENUE RECOGNITION

The Organization recognizes special events revenue, primarily event sponsorships and registrations, at the point in time the event occurs.

CONTRIBUTIONS

The Organization recognizes the full amount of unconditional contributions received in the period that they were made as support without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

The Organization reports unconditional gifts of cash and other assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, or a stipulated time restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from donor restrictions. Contributions without donor restrictions of long-lived assets and cash to acquire long-lived assets are treated as net assets without donor restrictions when the acquired assets are placed in service.

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTIONS (CONTINUED)

The Organization records unconditional non-cash contributions at their estimated fair value at the date of the contributions. Unconditional contributions to be received after one year are recorded at an appropriate discount commensurate with the risk involved. Amortization of the discount is recorded as additional contribution or grant revenue over the period the contribution is to be received.

CONTRIBUTED NONFINANCIAL ASSETS

The Organization receives various types of contributed nonfinancial assets including tickets, auction items and services.

Unconditional donated equipment is recorded as a contribution at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as donor restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies them from net assets with donor restrictions to net assets without donor restrictions at that time.

Contributed services are reported as contributions at their fair value if such services 1) create or enhance nonfinancial assets, or 2) would typically need to be purchased if not provided by contribution, require specialized skills and are provided by individuals possessing such specialized skills. In addition, the appropriate value of donated services of individuals is recorded as an expense when such services qualify for cost reimbursement from third-party providers.

INCOME TAX STATUS

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"), whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to Federal income tax. The Organization had no unrelated business income during the years ended December 31, 2022 and 2021. In addition, the Organization qualifies for the charitable deduction under section 170(b)(1)(A) and has been classified as an Organization other than a private foundation under section 509(a) of the Code.

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAX STATUS (CONTINUED)

The Organization recognizes and measures its unrecognized tax positions and assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period.

The measurement of unrecognized tax positions is adjusted when new information is available, or when an event occurs that requires a change. Interest and penalties associated with unrecognized tax positions, if any, would be classified as interest expense and additional income taxes, respectively, in the statement of activities and changes in net assets.

The Organization did not identify any uncertain tax positions at December 31, 2022 and 2021. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any periods in progress or pending.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the statement of activities and changes in net assets and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributable to specific functional areas are reported as expenses of those functional areas. Certain categories of expenses that are attributed to one or more program include payroll and fringe benefits which are allocated based on time entry of each employee. Occupancy costs is attributed to one or more program which is allocated based on estimates of square footage done on a yearly basis.

ADVERTISING

The Organization charges advertising costs to expense as incurred.

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)

NOTE 3 - GRANTS, CONTRIBUTIONS AND ACCOUNTS RECEIVABLE

Grants, contributions and accounts receivable consist of the following as of December 31:

	2022	2021
Grants receivable (due within one year)	\$ 990,000	\$ 792,000
Contributions receivable:		
Due in one year	364,735	282,483
Due in one to five years	--	225,000
	364,735	507,483
Less unamortized discount	--	(1,631)
Total contributions receivable, net	364,735	505,852
Accounts receivable	10,000	5,000
Total grants, contributions and accounts receivable	\$ 1,364,735	\$ 1,302,852

Grants and contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is included as additional grant or contribution revenue in accordance with donor restrictions, if any.

The Commonwealth of Massachusetts Department of Elementary and Secondary Education (the "Commonwealth") provided \$1,500,000 and \$1,200,000 to the Organization for the years ended December 31, 2022 and 2021, respectively, to administer a competitive statewide grant program to increase the number of high-quality mentoring matches through grants to public and private agencies as a strategy to assist in closing the persistent achievement gap among Massachusetts youth. Created in FY '99, the Mentoring Matching Grant funding is the only state investment solely dedicated to expanding youth mentoring in Massachusetts. MMP entered into a contract with the Commonwealth in 2018 for the grant program, with the Commonwealth formally approving the adjustment rate to defray a portion of the expenses of providing grants administration and management and capacity-building services to the grantees of 12%.

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)

NOTE 3 - GRANTS, CONTRIBUTIONS AND ACCOUNTS RECEIVABLE (CONTINUED)

The grant is paid in four payments to MMP throughout the year. During the year ended December 31, 2022, forty-nine organizations were awarded grants totaling \$1,320,000. During the year ended December 31, 2022, the Organization applied \$180,000 or 12% of the funds provided by the Commonwealth to defray a portion of the expenses of providing grants administration and management and capacity-building services to the grantees. During the year ended December 31, 2021, forty-five organizations were awarded grants totaling \$1,056,000. During the year ended December 31, 2021, the Organization applied \$144,000 or 12% of the funds provided by the Commonwealth to defray a portion of the expenses of providing grant administration and management and capacity building services to the grantees.

NOTE 4 – WEBSITE DEVELOPMENT COSTS, NET

Website development costs, net of accumulated amortization consist of the following at December 31:

	2022	2021
Website design and development	\$ 21,440	\$ 16,910
Less: accumulated amortization	<u>4,070</u>	<u>16,910</u>
	<u>\$ 17,370</u>	<u>\$ --</u>

Amortization expense on website development costs for the years ended December 31, 2022 and 2021 was \$4,070 and \$0, respectively.

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)

NOTE 5 - EQUIPMENT AND IMPROVEMENTS, NET

Equipment and improvements, net, consist of the following at December 31:

	2022	2021
Leasehold improvements	\$ 5,620	\$ 5,620
Computer hardware	12,624	18,730
Computer software	--	820
Furniture and fixtures	27,470	28,505
Office equipment	2,374	2,374
Fixed Asset in Progress	--	3,110
	48,088	59,159
Less: accumulated depreciation and amortization	(46,423)	(52,148)
	<u>\$ 1,665</u>	<u>\$ 7,011</u>

Depreciation expense for the years ended December 31, 2022 and 2021 is \$1,848 and \$1,936, respectively.

NOTE 6 - GRANTS PAYABLE

At December 31, 2022 and 2021, grants payable are due in full within twelve months of year end.

NOTE 7 – NOTE PAYABLE – PPP LOAN

On April 14, 2020, the Organization entered into a loan with Eastern Bank as the lender in an aggregate principal amount of \$259,655 (“PPP Loan”) pursuant to the Paycheck Protection Program (“PPP”) under the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). The PPP Loan is evidenced by a promissory note (“PPP Note”). Subject to the terms of the PPP Note, the PPP Loan bears interest at a fixed rate of one percent (1%) per annum, with interest deferred for the first ten months after the end of the Organization’s loan forgiveness covered period, has an initial term of two years, and is unsecured and guaranteed by the Small Business Administration (“SBA”). The SBA and U.S. Department of Treasury may continue to update guidance on the calculation of loan forgiveness, which updated guidance could affect the amount of the PPP Loan proceeds that could be forgiven.

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)

NOTE 7 – NOTE PAYABLE – PPP LOAN (CONTINUED)

In January 2021, the Organization received notice that its PPP loan, in the amount of \$259,655, was fully forgiven. The Organization recognized the forgiveness of the PPP loan as revenue during the year ended December 31, 2021.

On February 4, 2021, subsequent to receiving notification of full forgiveness of its first PPP Loan, the Organization entered into a Promissory Note dated February 4, 2021 (the “PPP Note”) with Eastern Bank, as the lender (the “Lender”), pursuant to which the Lender agreed to make a loan to the Organization under the Paycheck Protection Program Second Draw Loans (the “PPP Loan”) offered by the U.S. Small Business Administration (the “SBA”) in a principal amount of \$259,655 pursuant to the Small Business Act, the Coronavirus Aid, Relief and Economic Security Act, and the Economic Aid Act.

In October 2021, the Organization received notice that its second PPP note draw, in the amount of \$259,655, was fully forgiven. The Organization recognized the forgiveness of the PPP loan as revenue during the year ended December 31, 2021.

NOTE 8 - BOARD DESIGNATED NET ASSETS

Board designated net assets consisted of the following as of December 31:

	2022	2021
James Connolly Tribute Fund	\$ --	\$ 38,185
Board-Designated Fund	<u>499,571</u>	<u>504,159</u>
	<u>\$ 499,571</u>	<u>\$ 542,344</u>

During 2010, the Organization’s Board voted to establish the James G. Connolly Tribute Fund as a without donor restrictions Board designated fund for special purposes. The Fund is to provide support, in memory of Jim Connolly’s leadership and volunteer service to the Organization, for an annual award or project aligned with the Organization’s mission of expanding quality youth mentoring across Massachusetts. During the year ended December 31, 2022, all funds remaining in the Fund were awarded, and the Fund will no longer continue to exist.

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)

NOTE 8 - BOARD DESIGNATED NET ASSETS (CONTINUED)

During the years ended December 31, 2022 and 2021, the Organization made the following disbursements from the James Connolly Tribute Fund:

	2022	2021
Friends of Youth Opportunity Boston Inc.	\$ --	\$ 10,000
Boston Adult Technical Academy	22,500	7,500
Falmouth Volunteers in Public School	2,500	2,500
Coaching for a Change	13,202	--
	<u>\$ 38,202</u>	<u>\$ 20,000</u>

In previous years, the Board of Directors designated certain amounts to be set aside as a without donor restrictions Board Designated Fund for special purposes. These funds carry no third-party restrictions. The Board has designated these funds to provide for new strategic initiatives, to provide reserves in the event of an economic downturn, temporary inability to raise funds, or to provide for unexpected capital and operating expenditures. At its September 16, 2013 meeting, the Board of Directors voted to authorize the use of \$5,000 of the Board designated fund for KELLY award scholarships through 2022, which is the final year that the Organization will be awarding new KELLY scholarships.

During the years ended December 31, 2022 and 2021, the Board of Directors voted to authorize the following expenditures from the board designated funds:

	2022	2021
KELLY Award	\$ 5,023	\$ 5,132
	<u>\$ 5,023</u>	<u>\$ 5,132</u>

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2022 and 2021, net assets with donor restrictions of \$612,008 and \$892,136 are available for program services and operations, respectively.

Net assets with donor restrictions of \$489,543 and \$259,968 were released from restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events during the years ended December 31, 2022 and 2021, respectively.

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)

NOTE 10 - LEASE COMMITMENTS

The Organization is obligated under a lease for office space which expires in July 2024. This lease requires the Organization to pay basic annual rent, as well as its percentage share of any increase in operating expenses and real estate taxes assessed. The Organization was also obligated under a lease for another office space in Holyoke, MA that expired in May 2022 and was not renewed.

As described in Note 1, effective January 1, 2022, the Organization adopted *Leases*, ASC 842, which requires lessees to recognize operating leases on the statement of financial position. The Organization has recorded an operating right-of-use asset, net of prepaid lease payments and lease incentives, and a lease obligation equal to the present value of the future lease payments due under the terms of the lease, discounted at the fixed escalation rate for annual rent increases of 2%, which represents the incremental borrowing rate of the Organization. As of December 31, 2022, the Organization's operating right-of-use asset, net of accumulated amortization of \$80,174, was \$194,866, and the Organization's operating lease liability was \$171,827. The operating right-of-use asset is being amortized on a straight-line basis over the lease term.

Operating lease costs totaled \$100,729 for the year ended December 31, 2022 and is included in occupancy in the accompanying statement of functional expenses. Cash paid for operating leases for the year end December 31, 2022 totaled \$116,470. There were no noncash investing and financing transactions relating to leasing other than the entry described in Note 1 related to the adoption of the new standard.

As of December 31, 2022, the future minimum lease payments under the office lease agreement are as follows:

Years Ending December	Amount
2023	\$ 110,340
2024	<u>64,365</u>
Total	174,705
Less: Present value discount	<u>(2,878)</u>
Lease Liability	<u><u>\$ 171,827</u></u>

Effective February 2017, the Organization entered into a lease for office equipment which expired in December, 2021. Effective December, 2021, the Organization entered into a new lease for office equipment which expires in December, 2026.

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)

NOTE 11 – CONTRIBUTED NONFINANCIAL ASSETS

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets and services recognized within the statement of activities and changes in net assets consisted of the following:

Description	2022	2021	Utilization in Programs/Services	Donor Restrictions	Valuation Techniques and Inputs
Tickets for mentoring programs to sporting and cultural events to foster mentor-mentee relationships	\$ 35,000	\$ 307,631	Public Awareness and Marketing	No associated donor restrictions	Estimates of retail values that would be received for acquiring similar products in the United States based upon values provided by third parties
Consulting	--	20,000	Fundraising	No associated donor restrictions	Estimates of retail values that would be paid for acquiring similar services in the United States based upon values provided by third parties
Auction items	--	19,948	Fundraising	No associated donor restrictions	Estimated value at time of donation, adjusted to the auction price at the time of the event for acquiring similar products in the United States based upon values provided by third parties
Goods for fundraising events	1,697	--	Fundraising	No associated donor restrictions	
Total	\$ 36,697	\$ 347,579			

NOTE 12 - RELATED PARTY TRANSACTIONS

All members of the Board of Directors made unconditional contributions and unconditional promises to give to the Organization during the years ended December 31, 2022 and 2021.

NOTE 13 - CONCENTRATIONS

The Organization maintains cash deposits at banks located in Massachusetts. Deposits at these banks are insured by the Federal Deposit Insurance Corporation up to \$250,000, and federal insurance was extended to cover balances in the commercial checking account. At various times throughout the years, the Organization has had balances in excess of insured limits. The financial stability of the institutions is continually reviewed by senior management.

Approximately 73% and 61% of the Organization's accounts receivable at December 31, 2022 and 2021, respectively, was from one grant, The Commonwealth of Massachusetts Department of Elementary and Secondary Education (the "Commonwealth").

THE MASS MENTORING PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)

NOTE 14 – LIQUIDITY AND FUNDS AVAILABLE

MMP's financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures are as follows:

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,715,936	\$ 2,574,340
Grants, contributions and accounts receivable	<u>1,364,735</u>	<u>1,302,852</u>
Total financial assets at year end	4,080,671	3,877,192
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Donor restrictions	612,008	892,136
Board designations	<u>499,571</u>	<u>542,344</u>
	<u>1,111,579</u>	<u>1,434,480</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 2,969,092</u>	<u>\$ 2,442,712</u>

MMP has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. MMP has a goal to have cash on hand available to meet 90 days of normal operating expenses, which are, on average, approximately \$808,000. As noted in Note 8, the Board has designated \$499,571 for special purposes and may appropriate amounts from these funds, should the need arise.

NOTE 15 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 13, 2023, the date these financial statements were available to be issued. No events requiring disclosure or recognition in the financial statements were identified.