



PHILANTHROPY
MASSACHUSETTS

(FORMERLY, ASSOCIATED GRANT MAKERS, INC.)

FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

PHILANTHROPY MASSACHUSETTS, INC. (FORMERLY, ASSOCIATED GRANT MAKERS, INC.)

Contents
December 31, 2018 and 2017

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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. (formerly, Associated Grant Makers, Inc.) (a Massachusetts corporation, not for profit) which comprise the statements of financial position as of December 31, 2018 and 2017, 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, 2018 and 2017, 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.

Westborough, Massachusetts
May 15, 2019

PHILANTHROPY MASSACHUSETTS, INC. (FORMERLY, ASSOCIATED GRANT MAKERS, INC.)

Statements of Financial Position
December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current Assets:						
Cash	\$ 756,783	\$ 329,669	\$ 1,086,452	\$ 678,382	\$ 393,588	\$ 1,071,970
Current portion of membership support and pledges receivable	-	375,250	375,250	-	322,000	322,000
Prepaid expenses	16,394	-	16,394	8,153	-	8,153
Total current assets	<u>773,177</u>	<u>704,919</u>	<u>1,478,096</u>	<u>686,535</u>	<u>715,588</u>	<u>1,402,123</u>
Other Assets:						
Membership support and pledges receivable, net of current portion	-	-	-	-	300,000	300,000
Leasehold improvements, equipment and technology, net	21,685	-	21,685	35,949	-	35,949
Cash - fiscal sponsor	1,144,002	-	1,144,002	711,025	-	711,025
Security deposit	31,333	-	31,333	27,833	-	27,833
Total other assets	<u>1,197,020</u>	<u>-</u>	<u>1,197,020</u>	<u>774,807</u>	<u>300,000</u>	<u>1,074,807</u>
Total assets	<u>\$ 1,970,197</u>	<u>\$ 704,919</u>	<u>\$ 2,675,116</u>	<u>\$ 1,461,342</u>	<u>\$ 1,015,588</u>	<u>\$ 2,476,930</u>
Liabilities and Net Assets						
Current Liabilities:						
Accounts payable	\$ 3,125	\$ -	\$ 3,125	\$ 42,761	\$ -	\$ 42,761
Accrued expenses	13,627	-	13,627	14,712	-	14,712
Total current liabilities	<u>16,752</u>	<u>-</u>	<u>16,752</u>	<u>57,473</u>	<u>-</u>	<u>57,473</u>
Fiscal Sponsor Payable	1,144,002	-	1,144,002	711,025	-	711,025
Deferred Rent Payable	12,970	-	12,970	-	-	-
Total liabilities	<u>1,173,724</u>	<u>-</u>	<u>1,173,724</u>	<u>768,498</u>	<u>-</u>	<u>768,498</u>
Net Assets:						
Without donor restrictions:						
Operating	774,788	-	774,788	656,895	-	656,895
Leasehold improvements, equipment and technology	21,685	-	21,685	35,949	-	35,949
With donor restrictions:						
Program activities	-	550,854	550,854	-	886,738	886,738
Time	-	154,065	154,065	-	128,850	128,850
Total net assets	<u>796,473</u>	<u>704,919</u>	<u>1,501,392</u>	<u>692,844</u>	<u>1,015,588</u>	<u>1,708,432</u>
Total liabilities and net assets	<u>\$ 1,970,197</u>	<u>\$ 704,919</u>	<u>\$ 2,675,116</u>	<u>\$ 1,461,342</u>	<u>\$ 1,015,588</u>	<u>\$ 2,476,930</u>

The accompanying notes are an integral part of these statements.

PHILANTHROPY MASSACHUSETTS, INC. (FORMERLY, ASSOCIATED GRANT MAKERS, INC.)

Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenues:						
Designated contributions:						
Summer Fund	\$ 737,761	\$ -	\$ 737,761	\$ 885,794	\$ 621,742	\$ 1,507,536
Other	84,621	60,460	145,081	72,012	5,988	78,000
General operations for a future period	-	100,000	100,000	-	-	-
Membership support and contributions	401,460	54,065	455,525	416,435	128,850	545,285
Program fees and other income	266,167	-	266,167	232,448	-	232,448
Interest and dividends	7,901	-	7,901	4,211	-	4,211
Net assets released from restrictions:						
Satisfaction of time restrictions	128,850	(128,850)	-	127,200	(127,200)	-
Satisfaction of purpose restrictions:						
Summer Fund	374,567	(374,567)	-	244,838	(244,838)	-
Other	21,777	(21,777)	-	2,048	(2,048)	-
Total operating support and revenues	<u>2,023,104</u>	<u>(310,669)</u>	<u>1,712,435</u>	<u>1,984,986</u>	<u>382,494</u>	<u>2,367,480</u>
Operating Expenses:						
Summer Fund	1,112,328	-	1,112,328	1,130,632	-	1,130,632
Member and grantmaker services	539,132	-	539,132	492,874	-	492,874
Nonprofit partner services	268,015	-	268,015	304,193	-	304,193
Total operating expenses	<u>1,919,475</u>	<u>-</u>	<u>1,919,475</u>	<u>1,927,699</u>	<u>-</u>	<u>1,927,699</u>
Changes in net assets	103,629	(310,669)	(207,040)	57,287	382,494	439,781
Net Assets:						
Beginning of year	<u>692,844</u>	<u>1,015,588</u>	<u>1,708,432</u>	<u>635,557</u>	<u>633,094</u>	<u>1,268,651</u>
End of year	<u>\$ 796,473</u>	<u>\$ 704,919</u>	<u>\$ 1,501,392</u>	<u>\$ 692,844</u>	<u>\$ 1,015,588</u>	<u>\$ 1,708,432</u>

PHILANTHROPY MASSACHUSETTS, INC. (FORMERLY, ASSOCIATED GRANT MAKERS, INC.)

Statements of Cash Flows

For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ (207,040)	\$ 439,781
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	14,264	16,307
Changes in operating assets and liabilities:		
Membership support and pledges receivable	246,750	(597,650)
Prepaid expenses	(8,241)	1,002
Accounts payable	(39,636)	24,945
Accrued expenses	(1,085)	2,175
Deferred rent payable	12,970	-
	<u>14,482</u>	<u>(113,440)</u>
Net cash provided by (used in) operating activities	14,482	(113,440)
Cash:		
Beginning of year	<u>1,071,970</u>	<u>1,185,410</u>
End of year	<u><u>\$ 1,086,452</u></u>	<u><u>\$ 1,071,970</u></u>

PHILANTHROPY MASSACHUSETTS, INC. (FORMERLY, ASSOCIATED GRANT MAKERS, INC.)

Statement of Functional Expenses

For the Year Ended December 31, 2018

(With Summarized Comparative Totals for the Year Ended December 31, 2017)

	2018								2017	
	Program			Program Support					Total	
	Summer Fund	Member and Grantmaker Services	Nonprofit Partner Services	Total Program	General and Administration	Marketing	Member Development	Total Program Support		
Grants Awarded	\$ 902,014	\$ -	\$ -	\$ 902,014	\$ -	\$ -	\$ -	\$ -	\$ 902,014	\$ 932,526
Payroll and Related:										
Salaries	104,071	140,561	70,237	314,869	75,873	41,569	56,916	174,358	489,227	482,770
Fringe benefits	8,059	14,274	7,854	30,187	18,668	3,097	5,440	27,205	57,392	52,284
Payroll taxes	9,653	12,873	6,508	29,034	7,408	3,881	5,273	16,562	45,596	48,278
Total payroll and related	121,783	167,708	84,599	374,090	101,949	48,547	67,629	218,125	592,215	583,332
Other:										
Rent	16,484	18,913	33,429	68,826	27,969	12,831	18,924	59,724	128,550	116,441
Meetings and conferences	364	37,856	16,313	54,533	56	-	-	56	54,589	42,995
Outside services	7,277	-	-	7,277	35,546	5,198	-	40,744	48,021	65,930
Leadership training	40,938	-	-	40,938	-	-	-	-	40,938	44,648
Professional fees	10,046	-	-	10,046	30,571	-	-	30,571	40,617	16,731
Website and database	-	-	-	-	24,159	-	-	24,159	24,159	30,816
Depreciation	-	4,410	2,678	7,088	4,224	1,315	1,637	7,176	14,264	16,307
Telephone	3,162	3,689	3,354	10,205	2,006	936	832	3,774	13,979	14,780
Supplies	1,366	3,949	3,747	9,062	3,052	964	159	4,175	13,237	18,257
Registration fees, dues and subscriptions	993	-	400	1,393	8,640	-	-	8,640	10,033	8,790
Utilities and insurance	1,784	785	1,283	3,852	3,963	439	692	5,094	8,946	8,493
Equipment rental and repair	5,447	-	-	5,447	3,003	175	-	3,178	8,625	5,930
Food and travel	481	4,417	1,016	5,914	1,532	487	-	2,019	7,933	8,832
Miscellaneous	107	-	-	107	7,746	-	-	7,746	7,853	8,821
Postage and delivery	43	327	160	530	1,587	77	32	1,696	2,226	1,951
Printing and graphics	39	-	-	39	-	1,237	-	1,237	1,276	2,119
Total other	88,531	74,346	62,380	225,257	154,054	23,659	22,276	199,989	425,246	411,841
Total expenses before allocation of program support	1,112,328	242,054	146,979	1,501,361	256,003	72,206	89,905	418,114	1,919,475	1,927,699
Allocation of Program Support	-	297,078	121,036	418,114	(256,003)	(72,206)	(89,905)	(418,114)	-	-
Total expenses	\$ 1,112,328	\$ 539,132	\$ 268,015	\$ 1,919,475	\$ -	\$ -	\$ -	\$ -	\$ 1,919,475	\$ 1,927,699

PHILANTHROPY MASSACHUSETTS, INC. (FORMERLY, ASSOCIATED GRANT MAKERS, INC.)

Statement of Functional Expenses
For the Year Ended December 31, 2017

	Program				Program Support				Total
	Summer Fund	Member and Grantmaker Services	Nonprofit Partner Services	Total Program	General and Administration	Marketing	Member Development	Total Program Support	
Grants Awarded	\$ 932,526	\$ -	\$ -	\$ 932,526	\$ -	\$ -	\$ -	\$ -	\$ 932,526
Payroll and Related:									
Salaries	89,509	129,366	87,980	306,855	87,318	40,564	48,033	175,915	482,770
Fringe benefits	9,693	12,327	11,055	33,075	12,021	2,436	4,752	19,209	52,284
Payroll taxes	9,953	12,428	8,680	31,061	8,592	3,901	4,724	17,217	48,278
Total payroll and related	109,155	154,121	107,715	370,991	107,931	46,901	57,509	212,341	583,332
Other									
Rent	15,897	17,131	30,280	63,308	25,335	10,657	17,141	53,133	116,441
Meetings and conferences	1,622	27,607	12,258	41,487	1,508	-	-	1,508	42,995
Outside services	11,960	-	-	11,960	48,560	5,410	-	53,970	65,930
Leadership training	44,648	-	-	44,648	-	-	-	-	44,648
Professional fees	4,015	-	-	4,015	12,716	-	-	12,716	16,731
Website and database	-	-	-	-	30,816	-	-	30,816	30,816
Depreciation	-	4,685	3,602	8,287	4,860	1,500	1,660	8,020	16,307
Telephone	3,520	3,859	3,335	10,714	2,226	1,029	811	4,066	14,780
Supplies	920	5,524	7,512	13,956	1,690	2,407	204	4,301	18,257
Registration fees, dues and subscriptions	-	-	500	500	8,290	-	-	8,290	8,790
Utilities and insurance	1,489	753	1,252	3,494	3,884	432	683	4,999	8,493
Equipment rental and repair	4,795	-	395	5,190	740	-	-	740	5,930
Food and travel	-	4,682	2,116	6,798	2,034	-	-	2,034	8,832
Miscellaneous	-	1,517	-	1,517	7,304	-	-	7,304	8,821
Postage and delivery	85	251	292	628	1,289	17	17	1,323	1,951
Printing and graphics	-	-	-	-	-	2,119	-	2,119	2,119
Total other	88,951	66,009	61,542	216,502	151,252	23,571	20,516	195,339	411,841
Total expenses before allocation of program support	1,130,632	220,130	169,257	1,520,019	259,183	70,472	78,025	407,680	1,927,699
Allocation of Program Support	-	272,744	134,936	407,680	(259,183)	(70,472)	(78,025)	(407,680)	-
Total expenses	\$ 1,130,632	\$ 492,874	\$ 304,193	\$ 1,927,699	\$ -	\$ -	\$ -	\$ -	\$ 1,927,699

The accompanying notes are an integral part of these statements.

PHILANTHROPY MASSACHUSETTS, INC. (FORMERLY, ASSOCIATED GRANT MAKERS, INC.)

Notes to Financial Statements
December 31, 2018 and 2017

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS

Philanthropy Massachusetts, Inc. (formerly, Associated Grant Makers, 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 agent for and collaborates with several other organizations and programs (see Note 4).

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.

SIGNIFICANT ACCOUNTING POLICIES

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

Adoption of New Accounting Standards

During 2018, PMA adopted Accounting Standards Updated (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU modified the current guidance over several criteria, of which the following affected PMA's financial statements:

- Net assets are segregated into two categories, "with donor restrictions" and "without donor restrictions", as opposed to the previous requirement of three classes of net assets (see page 10).
- Qualitative and quantitative information relating to management of liquidity and the availability of financial assets to cover short-term cash needs within one year from the statement of financial position date (see Note 10).
- PMA included an explanation of the methods used to allocate costs among program and supporting (general and administrative and fundraising) functions (see page 9).

The adoption of this ASU did not impact PMA's net assets balance, changes in net assets, or cash flows for the year ended December 31, 2017. This ASU has been applied retrospectively to all periods presented. This ASU provides an option to omit the disclosures about liquidity and availability of resources in the 2017 financial statements.

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.

PHILANTHROPY MASSACHUSETTS, INC. (FORMERLY, ASSOCIATED GRANT MAKERS, INC.)

Notes to Financial Statements
December 31, 2018 and 2017

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, other income and interest and dividends are recognized as earned.

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.

Cash - Fiscal Sponsor and Fiscal Sponsor Payable

Cash - fiscal sponsor and fiscal sponsor payable represent funds held by PMA on behalf of other organizations (see Note 4).

Leasehold Improvements, Equipment and Technology and Depreciation

Purchased leasehold improvements, equipment and technology are recorded at cost or fair value at the date of purchase. 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.

PHILANTHROPY MASSACHUSETTS, INC. (FORMERLY, ASSOCIATED GRANT MAKERS, INC.)

Notes to Financial Statements
December 31, 2018 and 2017

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Subsequent Events

Subsequent events have been evaluated through May 15, 2019, 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, 2018 and 2017. 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 salaries and fringe benefits, 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.

PHILANTHROPY MASSACHUSETTS, INC. (FORMERLY, ASSOCIATED GRANT MAKERS, INC.)

Notes to Financial Statements
December 31, 2018 and 2017

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 4). Also included is membership support received or committed in advance for the following program year. Net assets with donor restrictions consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Subject to expenditure for specified purpose:		
Summer Fund (see Note 4)	\$ 487,863	\$ 862,430
Other programs	<u>62,991</u>	<u>24,308</u>
	<u>550,854</u>	<u>886,738</u>
Subject to the passage of time:		
Other operating support	100,000	-
Membership support (see page 7)	<u>54,065</u>	<u>128,850</u>
	<u>154,065</u>	<u>128,850</u>
	<u>\$ 704,919</u>	<u>\$ 1,015,588</u>

Membership Support and Pledges Receivable and Allowance for Doubtful Accounts

Membership support and pledges receivable at December 31, 2018 and 2017, consist of membership support, contributions and other unconditionally pledged support. As of December 31, 2018 and 2017, all amounts were deemed collectible and there was no allowance for doubtful accounts.

PHILANTHROPY MASSACHUSETTS, INC. (FORMERLY, ASSOCIATED GRANT MAKERS, INC.)

Notes to Financial Statements
December 31, 2018 and 2017

2. LEASE AGREEMENTS

PMA leased office space under an agreement which expired in September 2018, at which time the lease agreement was renewed through November 2028. Rent is payable in equal monthly installments of approximately \$9,300 and \$8,900 during 2018 and 2017, respectively. 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. At December 31, 2018, deferred rent was \$12,970. There was no deferred rent as of December 31, 2017. Total rent expense was \$128,550 and \$116,441 for 2018 and 2017, respectively.

PMA leased office equipment with monthly payments of \$418 through August 2018, at which time PMA entered into a new lease for office equipment with monthly payments of \$245 through August 2023.

Future minimum payments under the agreements are as follows:

	<u>Facility</u>	<u>Equipment</u>
2019	\$ 102,309	\$ 2,940
2020	\$ 114,598	\$ 2,940
2021	\$ 117,599	\$ 2,940
2022	\$ 120,611	\$ 2,940
2023	\$ 123,623	\$ 2,205
Thereafter	\$ 651,460	\$ -

3. 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 90 days of service. PMA contributed \$21,503 and \$13,995 to the plan in 2018 and 2017, respectively, which is included in fringe benefits in the accompanying statements of functional expenses.

4. COLLABORATIVE PROGRAMS AND FISCAL SPONSOR ACCOUNTS

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 \$902,014 and \$932,526 in 2018 and 2017, respectively.

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4. COLLABORATIVE PROGRAMS AND FISCAL SPONSOR ACCOUNTS (Continued)

Activity in the Fund is as follows:

Net Assets, December 31, 2016	\$ 485,526
Contributions	1,507,536
Expenditures	<u>(1,130,632)</u>
Net Assets, December 31, 2017	862,430
Contributions	737,761
Expenditures	<u>(1,112,328)</u>
Net Assets, December 31, 2018	<u>\$ 487,863</u>

PMA has been designated as a fiscal sponsor for various other collaboratives. The combined balances on hand for these fiscal sponsor arrangements of \$1,144,002 and \$711,025 are included in cash - fiscal sponsor and fiscal sponsor payable in the accompanying statements of financial position at December 31, 2018 and 2017, respectively. PMA has no variance power over the disbursement of these funds, and accordingly, the revenues and expenses for these collaboratives are not reflected in the accompanying financial statements.

5. LEASEHOLD IMPROVEMENTS, EQUIPMENT AND TECHNOLOGY

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

	<u>2018</u>	<u>2017</u>
Technology	\$ 40,660	\$ 40,660
Leasehold improvements	39,785	39,785
Equipment	<u>1,089</u>	<u>1,089</u>
	81,534	81,534
Less - accumulated depreciation	<u>59,849</u>	<u>45,585</u>
	<u>\$ 21,685</u>	<u>\$ 35,949</u>

6. 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, 2018 and 2017, 99% of the outstanding pledges receivable were from two donors.

7. 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 5.5% and 4.5% at December 31, 2018 and 2017, 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 2019. There are no amounts outstanding as of December 31, 2018 and 2017.

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8. PLEDGES RECEIVABLE

PMA receives pledges from various donors. As of December 31, 2018 and 2017, pledges receivable are expected to be collected as follows:

	<u>2018</u>	<u>2017</u>
Amounts due in:		
Less than one year	\$ 375,250	\$ 322,000
Over one year	-	300,000
	<u>375,250</u>	<u>622,000</u>
Less - current portion	<u>375,250</u>	<u>322,000</u>
Non-current pledges receivable	<u>\$ -</u>	<u>\$ 300,000</u>

There was no discount on pledges receivable at December 31, 2018 and 2017, as the amount would be immaterial to the accompanying financial statements.

9. CONDITIONAL GRANT

As of December 31, 2018, PMA has been awarded a conditional grant from a private foundation totaling \$75,000, of which \$50,000 was recognized during 2018. The remaining balance of the grant is conditional, as future payments are subject to the funder's assessment of PMA's program and PMA achieving specific benchmarks, as defined in the grant agreement. Accordingly, this conditional grant will be recorded as revenue when the funder's conditions are met. The remaining balance of this grant is expected to be received, if conditions are met, during 2019.

10. LIQUIDITY

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

Cash	\$ 1,086,452
Membership support and pledges receivable	<u>375,250</u>
	1,461,702
Less - financial assets with donor restrictions	<u>704,919</u>
Total	<u>\$ 756,783</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 7). As of December 31, 2018, PMA has financial assets equal to approximately five months of operating expenses.

11. RECLASSIFICATION

Certain amounts in the 2017 financial statements have been reclassified to conform to the 2018 presentation.