

**MASSCreative, Inc.**  
and  
**MASSCreative Action Network, Inc.**  
Combined Financial Statements  
and  
Independent Auditors' Report  
June 30, 2022 and 2021

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*Independent Auditors' Report*

To the Board of Directors of  
**MASSCreative, Inc.**  
and **MASSCreative Action Network, Inc.**

**Opinion**

We have audited the accompanying combined financial statements of MASSCreative, Inc. and MASSCreative Action Network, Inc. (Massachusetts nonprofit organizations), which comprise the statement of combined financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MASSCreative, Inc. and MASSCreative Action Network, Inc. as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ABC Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 MASSCreative, Inc.'s and MASSCreative Action Network, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, 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 MASSCreative, Inc.'s and MASSCreative Action Network, 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 MASSCreative, Inc.'s and MASSCreative Action Network, 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.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental combining financial statements on pages 16-18 are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined

financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

A handwritten signature in black ink, appearing to read "Jarvis Kelly". The signature is written in a cursive, flowing style with a large initial "J".

*January 22, 2024*

**MASSCreative, Inc.**  
and  
**MASSCreative Action Network, Inc.**  
Combined Statement of Financial Position  
June 30, 2022 and 2021

| <b>ASSETS</b>   | <b>2022</b>              | <b>2021</b>              |
|---|--------------------------|--------------------------|
| <b>CURRENT ASSETS</b>                                       |                          |                          |
| Cash  | \$ 276,731               | \$ 100,553               |
| Grants and contributions receivable, current                | 276,875                  | 243,626                  |
| Prepaid expenses  | <u>10,736</u>            | <u>512</u>               |
| Total Current Assets  | <u>564,342</u>           | <u>344,691</u>           |
| <b>NONCURRENT ASSETS</b>                                    |                          |                          |
| Grants and contributions receivable, net of current         | <u>275,000</u>           | <u>-</u>                 |
| Total Assets  | <u><u>\$ 839,342</u></u> | <u><u>\$ 344,691</u></u> |
| <b>LIABILITIES AND NET ASSETS</b>                           |                          |                          |
| <b>CURRENT LIABILITIES</b>                                  |                          |                          |
| Accounts payable  | \$ 22,710                | \$ -                     |
| Accrued payroll and withholdings                            | 9,263                    | 16,501                   |
| Forgivable paycheck protection loan, current                | <u>-</u>                 | <u>12,164</u>            |
| Total Current Liabilities                                   | <u>31,973</u>            | <u>28,665</u>            |
| <b>LONG-TERM LIABILITY</b>                                  |                          |                          |
| Forgivable paycheck protection program loan, net of current | <u>-</u>                 | <u>24,511</u>            |
| Total Liabilities   | <u>31,973</u>            | <u>53,176</u>            |
| <b>NET ASSETS</b>   |                          |                          |
| Without donor restrictions                                  | 239,369                  | 53,515                   |
| With donor restrictions                                     | <u>568,000</u>           | <u>238,000</u>           |
| Total Net Assets  | <u>807,369</u>           | <u>291,515</u>           |
| Total Liabilities and Net Assets                            | <u><u>\$ 839,342</u></u> | <u><u>\$ 344,691</u></u> |

*See accompanying notes to financial statements.*

**MASSCreative, Inc.**  
and  
**MASSCreative Action Network, Inc.**  
Combined Statement of Activities  
For the Years Ended June 30, 2022 and 2021

|   | <b>2022</b>                  | <b>2021</b>                  |
|---|------------------------------|------------------------------|
| <b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>  |                              |                              |
| <b>SUPPORT AND REVENUE</b>                              |                              |                              |
| Grants and contributions                                | \$ 390,256                   | \$ 349,652                   |
| Membership dues   | 42,966                       | 45,570                       |
| Service fees  | 7,700                        | 162                          |
| Interest  | 488                          | 44                           |
| Net assets released from restrictions                   | <u>238,000</u>               | <u>50,000</u>                |
| <br>Total Support and Revenue                           | <br><u>679,410</u>           | <br><u>445,428</u>           |
| <br><b>EXPENSES</b>                                     |                              |                              |
| Program services  | 378,144                      | 239,340                      |
| Management and general                                  | 69,556                       | 105,367                      |
| Fundraising   | <u>45,856</u>                | <u>40,124</u>                |
| <br>Total Expenses                                      | <br><u>493,556</u>           | <br><u>384,831</u>           |
| <br>Change in Net Assets without Donor Restrictions     | <br><u>185,854</u>           | <br><u>60,597</u>            |
| <br><b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b> |                              |                              |
| Grants and contributions                                | 568,000                      | 238,000                      |
| Net assets released from restrictions                   | <u>(238,000)</u>             | <u>(50,000)</u>              |
| <br>Change in Net Assets with Donor Restrictions        | <br><u>330,000</u>           | <br><u>188,000</u>           |
| <br>Change in Net Assets                                | <br>515,854                  | <br>248,597                  |
| <br>Net Assets, Beginning of Year                       | <br><u>291,515</u>           | <br><u>42,918</u>            |
| <br><b>Net Assets, End of Year</b>                      | <br><u><u>\$ 807,369</u></u> | <br><u><u>\$ 291,515</u></u> |

*See accompanying notes to financial statements.*

**MASSCreative, Inc.**  
and  
**MASSCreative Action Network, Inc.**  
Combined Statement of Functional Expenses  
For the Year Ended June 30, 2022

|  | PROGRAM<br>SERVICES | MANAGEMENT<br>AND<br>GENERAL | FUNDRAISING<br>AND<br>MEMBERSHIP<br>DEVELOPMENT | TOTAL             |
|--|---------------------|------------------------------|---|-------------------|
| Salaries and wages                     | \$ 124,654          | \$ 25,121                    | \$ 34,879                                       | \$ 184,654        |
| Payroll taxes                          | 13,217              | 2,105                        | 2,824   | 18,145            |
| Fringe benefits                        | 3,380               | 1,731                        | 942   | 6,053             |
| Legal                                  | -                   | 932                          | -   | 932               |
| Accounting                             | 116                 | 24,530                       | 32  | 24,677            |
| Professional fees                      | 181,445             | 10,165                       | 90  | 191,700           |
| Advertising and promotion              | 82                  | -                            | -   | 82                |
| Office expenses                        | 3,505               | 438                          | 438   | 4,381             |
| Information technology                 | 7,296               | -                            | -   | 7,296             |
| Occupancy                              | 4,865               | 1,165                        | 1,131   | 7,161             |
| Travel                                 | 235                 | -                            | 59  | 294               |
| Conferences, meetings, and conventions | 39,350              | 110                          | 4,240   | 43,701            |
| Insurance                              | -                   | 2,759                        | -   | 2,759             |
| Miscellaneous                          | -                   | 500                          | 1,221   | 1,721             |
| Total                                  | <u>\$ 378,144</u>   | <u>\$ 69,556</u>             | <u>\$ 45,856</u>                                | <u>\$ 493,556</u> |

*See accompanying notes to financial statements.*



**MASSCreative, Inc.**  
and  
**MASSCreative Action Network, Inc.**  
Combined Statement of Functional Expenses  
For the Year Ended June 30, 2021

|  | PROGRAM<br>SERVICES | MANAGEMENT<br>AND<br>GENERAL | FUNDRAISING<br>AND<br>MEMBERSHIP<br>DEVELOPMENT | TOTAL             |
|--|---------------------|------------------------------|---|-------------------|
| Salaries and wages                     | \$ 107,657          | \$ 21,375                    | \$ 15,560                                       | \$ 144,592        |
| Payroll taxes                          | 11,449              | 1,818                        | 1,333   | 14,599            |
| Fringe benefits                        | 11,285              | 3,414                        | 1,881   | 16,580            |
| Legal                                  | -                   | 707                          | -   | 707               |
| Accounting                             | 104                 | 18,882                       | 35  | 19,021            |
| Professional fees                      | 83,644              | 53,005                       | 17,220  | 153,868           |
| Advertising and promotion              | 880                 | -                            | -   | 880               |
| Office expenses                        | 3,292               | 411                          | 411   | 4,114             |
| Information technology                 | 6,130               | -                            | -   | 6,130             |
| Occupancy                              | 13,857              | 3,036                        | 2,408   | 19,301            |
| Travel                                 | -                   | -                            | -   | -                 |
| Conferences, meetings, and conventions | 1,042               | -                            | 154   | 1,196             |
| Insurance                              | -                   | 2,367                        | -   | 2,367             |
| Miscellaneous                          | -                   | 352                          | 1,122   | 1,474             |
|  | <u>          </u>   | <u>          </u>            | <u>          </u>                               | <u>          </u> |
| Total                                  | <u>\$ 239,340</u>   | <u>\$ 105,367</u>            | <u>\$ 40,124</u>                                | <u>\$ 384,831</u> |

*See accompanying notes to financial statements.*

**MASSCreative, Inc.**  
and  
**MASSCreative Action Network, Inc.**  
Combined Statement of Cash Flows  
For the Years Ended June 30, 2022 and 2021

|   | <b>2022</b>       | <b>2021</b>       |
|---|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                   |                   |
| Change in net assets  | \$ 515,854        | \$ 248,597        |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: |                   |                   |
| Forgiven paycheck protection program loan   | (36,675)          | (62,500)          |
| (Increase) decrease in operating assets:  |                   |                   |
| Grants and contributions receivable   | (308,249)         | (193,626)         |
| Prepaid expenses  | (10,224)          | 208               |
| Increase (decrease) in operating liabilities:   |                   |                   |
| Accounts payable  | 22,710            | (5,335)           |
| Accrued payroll and withholdings  | <u>(7,238)</u>    | <u>4,424</u>      |
| Net Cash Provided by (Used in) Operating Activities   | <u>176,178</u>    | <u>(8,232)</u>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  |                   |                   |
| Paycheck protection program loan proceeds   | <u>-</u>          | <u>36,675</u>     |
| Net Cash Provided by Financing Activities   | <u>-</u>          | <u>36,675</u>     |
| Net Increase in Cash  | 176,178           | 28,443            |
| <b>CASH, beginning of year</b>  | <u>100,553</u>    | <u>72,110</u>     |
| <b>CASH, end of year</b>  | <u>\$ 276,731</u> | <u>\$ 100,553</u> |
| <b>SUPPLEMENTAL INFORMATION:</b>  |                   |                   |
| Non-Cash Financing Activity   |                   |                   |
| Forgiven paycheck protection program loan   | <u>\$ 36,675</u>  | <u>\$ 62,500</u>  |

*See accompanying notes to financial statements.*

**MASSCreative, Inc.**  
and  
**MASSCreative Action Network, Inc.**  
Notes to Financial Statements  
June 30, 2022 and 2021

**1. PRINCIPLE OF COMBINATION AND ORGANIZATIONS**

The combined financial statements are not those of a separate legal entity, but include the accounts of MASSCreative, Inc. (MASSCreative) and MASSCreative Action Network, Inc. (MCAN) All intercompany transactions have been eliminated in the combination. Combined financial statements are presented since, although legally separate corporations, the nature and significance of their relationship is such that separate reporting would cause the separately issued financial statements to be misleading or incomplete. Therefore, combined financial statements are more meaningful than separate statements.

MASSCreative, Inc. is a 501(c)(3) Massachusetts nonprofit organization, organized in 2012. MASSCreative advocates for a well-resourced and equitable creative sector that is essential to the economic and civic vibrancy of Massachusetts. Working with its organizational and individual members, MASSCreative advances the public policy, grassroots advocacy learning, and cross-sector alliances necessary to creating a Commonwealth of Massachusetts where art, culture, and creativity are a valued part of everyday life. MASSCreative envisions a Commonwealth of Massachusetts where arts, culture, and creativity are an expected, well-funded and valued part of everyday life, recognized for their significant impact on building civic engagement and economically vibrant, equitable communities.

MCAN is a 501(c)(4) Massachusetts nonprofit organization, organized in 2012. MCAN was organized to advocate and lobby on behalf of and for public and private support of arts and cultural resources in the Commonwealth of Massachusetts.

MASSCreative and MCAN (collectively, the Organizations) have a common office, common board members, a common charitable mission, and work closely with creative leaders, working artists, arts educators, and arts and cultural supporters to empower creative organizations and the public with a powerful voice to advocate for the resources and attention necessary to build vibrant, connected, and creative communities.

The Organizations are a statewide voice for the creative community advocating for:

- *Equal access and opportunities for participation* - Everyone in Massachusetts has the right to experience creativity and culture, express themselves creatively, and see their culture reflected in artistic expression.
- *Connected communities* - Community-based art programs build bridges across ethnic and class divides and connect people throughout their communities.
- *Access to a well-rounded education for all students* - Arts education enhances student achievement across all subjects. It cultivates the creative mindset that leads to success in the 21st-century workplace and increases civic engagement and leadership.

**MASSCreative, Inc.**  
and  
**MASSCreative Action Network, Inc.**  
Notes to Financial Statements (Continued)  
June 30, 2022 and 2021

**1. PRINCIPLE OF COMBINATION AND ORGANIZATIONS (Continued)**

- *Respect and support for the creative workforce and economy* - Massachusetts' creative and cultural sector is a vital contributor to the Commonwealth's economy.
- *Happy and healthy people* - Opportunities for cultural engagement and creative expression are just as integral to social well-being as are adequate food, housing, income, and the opportunity to pursue meaningful activities.

The Organizations' operations are primarily financed by membership dues, foundation grants, and contributions from the general public.

**2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

The Organizations prepare their financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

**NET ASSETS CLASSIFICATION**

Net assets are classified into two categories. The classifications are related to the existence or absence of donor-imposed restrictions as follows:

*Net Assets Without Donor Restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization.

*Net Assets With Donor Restrictions* - Net assets whose use is limited by either donor-imposed time restrictions or purpose restrictions or net assets that must be maintained in perpetuity.

**ACCOUNTS RECEIVABLE**

Accounts receivable are presented net of the allowance for doubtful accounts. The Organizations periodic evaluation of the adequacy of the allowance is based on their past loss experience. At June 30, 2022 and 2021, there were no accounts receivable.

**REVENUE RECOGNITION**

Services fees are recognized as services are provided and performance obligations are satisfied. Advance payments of service fees are recorded as deferred revenue until earned.

**MASSCreative, Inc.**  
and  
**MASSCreative Action Network, Inc.**  
Notes to Financial Statements (Continued)  
June 30, 2022 and 2021

**2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**GRANTS, CONTRIBUTIONS, AND MEMBERSHIP DUES**

Since memberships are symbolic to spur contributions to support the mission and no tangible membership benefits are provided, membership dues are considered contributions. Grants, contributions, and membership dues are recognized when a donor or member makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Grants, contributions, and membership dues received in connection with a conditional promise to give are recorded as a refundable advance (a liability) until the donor conditions have been met or explicitly waived. Grants, contributions, and membership that are restricted by the donor or member are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the grants and contributions are recognized. All other donor/member restricted grants, contributions, and membership dues are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

The Organizations use the allowance method to determine uncollectible unconditional grants, contributions, and membership dues. The allowance is based on prior years' experience and management's analysis of specific promises made. It is the Organizations' policy to charge off uncollectible grants and contributions receivable when management determines the receivable will not be collected. At June 30, 2022 and 2021, there were no uncollectible amounts.

**IN-KIND DONATIONS**

Donated materials, facilities and services are recorded at fair value. Donated services that (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated are recorded as contributions in the financial statements. Donated services such as fundraising, clerical assistance or other volunteer efforts not requiring specialized skills are not recorded in the financial statements.

**MASSCreative, Inc.**  
and  
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Notes to Financial Statements (Continued)  
June 30, 2022 and 2021

**2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

FORGIVABLE LOANS

Forgivable loans are recorded as liabilities until forgiveness is granted by the lender and the Organizations have been legally released of the debt.

INCOME TAXES

MassCreative and MCAN are exempt from Federal income taxes under Sections 501(c)(3) and 501(c)(4), respectively, of the Internal Revenue Code and is exempt from state income taxes under Chapter 180 of the Massachusetts General Laws. Unrelated business income, of which there was none for the years ended June 30, 2022 and 2021 would be subject to Federal and state income taxes.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and wages, payroll taxes and fringe benefits and occupancy costs are allocated based on estimates of time and effort.

ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance 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.

**3. GRANTS AND CONTRIBUTIONS RECEIVABLE**

At June 30, 2022 and 2021, all outstanding grants and contributions were deemed fully collectible and due as follows:

|                          | 2022              | 2021              |
|--------------------------|-------------------|-------------------|
| Due within one year      | \$ 276,875        | \$ 243,626        |
| Due in one to five years | <u>275,000</u>    | <u>-</u>          |
| Total                    | <u>\$ 551,875</u> | <u>\$ 243,626</u> |

**MASSCreative, Inc.**  
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Notes to Financial Statements (Continued)  
June 30, 2022 and 2021

**4. RETIREMENT PLAN**

MASSCreative sponsors a 401(k) Defined Contribution Retirement Plan, which covers all eligible employees. Employer contributions are discretionary under the plan. During 2022 and 2021, employer contributions totaling \$6,053 and \$5,780, respectively, were made.

**5. NET ASSETS WITH DONOR RESTRICTIONS**

At June 30, 2022 and 2021 net assets with donor restrictions were restricted for the following:

|                                      | 2022              | 2021              |
|--------------------------------------|-------------------|-------------------|
| Time restricted - general operations | \$ 550,000        | \$ 225,000        |
| Create the Vote Coalition            | -                 | 10,000            |
| Intern supervision                   | 3,000             | 3,000             |
| Website upgrades                     | <u>15,000</u>     | <u>-</u>          |
| Total                                | <u>\$ 568,000</u> | <u>\$ 238,000</u> |

**6. LINES OF CREDIT**

During 2020, MASSCreative secured an overdraft line of credit up to \$10,000 and a business line of credit up \$120,000 with a bank. The overdraft line of credit is unsecured, and the business line of credit is secured by all of MASSCreative's assets. Borrowings under the lines are due on demand and interest is payable monthly at the bank's prime rate plus 10.00% and 2.25% respectively. At June 30, 2022 and 2021, the lines were unused and, as of the date of the financial statements, there are no outstanding borrowings under these lines.

**7. PAYCHECK PROTECTION PROGRAM LOAN**

On May 6, 2020, MASSCreative was awarded a loan of \$62,500 under the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP). The loan and related accrued interest was forgivable so long as the loan proceeds were used for eligible purposes, as outlined in the program. On February 4, 2022, the MASSCreative received a notice of full loan forgiveness. The forgiveness contribution is recorded as revenue in the 2021 statement of activities.

On March 23, 2021, MASSCreative was awarded a second PPP loan of \$36,675 under the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP). The loan and related accrued interest are forgivable so long as the loan proceeds are used for eligible purposes, as outlined in the program. On February 9, 2022, the MASSCreative received a notice of full loan forgiveness. The forgiveness contribution is recorded as revenue in the 2022 statement of activities.

**MASSCreative, Inc.**  
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Notes to Financial Statements (Continued)  
June 30, 2022 and 2021

**8. LEASE OBLIGATION**

During 2020, the Organization leased office space under a five-year noncancelable operating sublease agreement that was scheduled to expire in 2023. During 2021, to mitigate the financial impact of the Coronavirus Disease 2019 (COVID-19), pandemic, MASSCreative negotiated a three-month rent deferment for the months August 2021, October 2021, and December 2021 with its sublessor. Subsequent to those negotiations, the sublessor terminated the agreement, effective May 31, 2021. Thereafter, MASSCreative negotiated a new sublease agreement with a different sublessor. The new agreement calls for an annual payment of \$5,000 for fiscal years 2022 and 2023, respectively, which will be paid out quarterly.

Rent expense for the year ending June 30, 2022 and 2021, was \$5,000 and \$18,902, respectively.

**9. AVAILABILITY AND LIQUIDITY**

The following represents the Organizations financial assets that are available to meet general expenses within one year:

|  |                          |
|--|--------------------------|
| Financial assets at year end:  |                          |
| Cash   | \$ 276,731               |
| Grants and contributions receivable  | <u>276,875</u>           |
| Total financial assets   | <u>553,606</u>           |
| Less amounts not available for general use within one year:                |                          |
| Net assets with donor restrictions   | <u>3,000</u>             |
| Financial assets available to meet general expenditures<br>within one year | <u><u>\$ 550,606</u></u> |

The Organizations liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. MASSCreative maintains lines of credits totaling \$130,000 to cover unanticipated cash needs in the event they arise.

**10. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

Grants received from two represented 84% and 66%, respectively, of the Organizations total support and revenue for fiscal years 2022 and 2021 and outstanding grants from two and one foundation, respectively, represented 99% and 93%, respectively, of their grants and contributions receivable at June 30, 2022 and 2021.



**MASSCreative, Inc.**  
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Notes to Financial Statements (Continued)  
June 30, 2022 and 2021

**11. SUBSEQUENT EVENTS**

The Organizations have evaluated subsequent events through January 22, 2024, which is the date the financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**

**MASSCreative, Inc.**  
and  
**MASSCreative Action Network, Inc.**  
Combining Statement of Financial Position  
June 30, 2022

| <b>ASSETS</b>                                       | <b>MASSCreative</b> | <b>MASSCreative<br/>Action Network</b> | <b>Eliminations</b> | <b>Combined<br/>Total</b> |
|---|---------------------|--|---------------------|---------------------------|
| <b>CURRENT ASSETS</b>                               |                     |  |                     |                           |
| Cash  | \$ 217,969          | \$ 58,762                              | \$ -                | \$ 276,731                |
| Grants and contributions receivable, current        | 276,000             | 875                                    | -                   | 276,875                   |
| Prepaid expenses                                    | 10,736              | -                                      | -                   | 10,736                    |
| Due from affiliate                                  | <u>86,485</u>       | <u>-</u>                               | <u>(86,485)</u>     | <u>-</u>                  |
| Total Current Assets                                | <u>591,190</u>      | <u>59,637</u>                          | <u>(86,485)</u>     | <u>564,342</u>            |
| <b>NONCURRENT ASSETS</b>                            |                     |  |                     |                           |
| Grants and contributions receivable, net of current | <u>275,000</u>      | <u>-</u>                               | <u>-</u>            | <u>275,000</u>            |
| Total Assets  | <u>\$ 866,190</u>   | <u>\$ 59,637</u>                       | <u>\$ (86,485)</u>  | <u>\$ 839,342</u>         |
| <b>LIABILITIES AND NET ASSETS</b>                   |                     |  |                     |                           |
| <b>CURRENT LIABILITIES</b>                          |                     |  |                     |                           |
| Accounts payable                                    | \$ 22,710           | \$ -                                   | \$ -                | \$ 22,710                 |
| Accrued payroll and withholdings                    | 9,263               | -                                      | -                   | 9,263                     |
| Due to affiliate                                    | <u>-</u>            | <u>86,485</u>                          | <u>(86,485)</u>     | <u>-</u>                  |
| Total Current and Total Liabilities                 | <u>31,973</u>       | <u>86,485</u>                          | <u>(86,485)</u>     | <u>31,973</u>             |
| <b>NET ASSETS</b>                                   |                     |  |                     |                           |
| Without donor restrictions                          | 266,217             | (26,848)                               | -                   | 239,369                   |
| With donor restrictions                             | <u>568,000</u>      | <u>-</u>                               | <u>-</u>            | <u>568,000</u>            |
| Total Net Assets                                    | <u>834,217</u>      | <u>(26,848)</u>                        | <u>-</u>            | <u>807,369</u>            |
| Total Liabilities and Net Assets                    | <u>\$ 866,190</u>   | <u>\$ 59,637</u>                       | <u>\$ (86,485)</u>  | <u>\$ 839,342</u>         |

**MASSCreative, Inc.**  
and  
**MASSCreative Action Network, Inc.**  
Combining Statement of Activities  
For the Year Ended June 30, 2022

|  | <u>MASSCreative</u>          | <u>MASSCreative<br/>Action Network</u> | <u>Eliminations</u>    | <u>Combined<br/>Total</u>    |
|--|------------------------------|--|------------------------|------------------------------|
| <b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b> |                              |  |                        |                              |
| <b>SUPPORT AND REVENUE</b>                             |                              |  |                        |                              |
| Grants and contributions                               | \$ 390,232                   | \$ 25                                  | \$ -                   | \$ 390,257                   |
| Membership dues  | 2,500                        | 40,466                                 | -                      | 42,966                       |
| Fees   | 7,700                        | -                                      | -                      | 7,700                        |
| Interest   | 442                          | 45                                     | -                      | 487                          |
| Net assets released from restrictions                  | <u>238,000</u>               | <u>-</u>                               | <u>-</u>               | <u>238,000</u>               |
| <br>Total Support and Revenue                          | <br><u>638,874</u>           | <br><u>40,536</u>                      | <br><u>-</u>           | <br><u>679,410</u>           |
| <b>EXPENSES</b>  |                              |  |                        |                              |
| Program services                                       | 340,130                      | 38,013                                 | -                      | 378,143                      |
| Management and general                                 | 57,083                       | 12,473                                 | -                      | 69,556                       |
| Fundraising  | <u>38,161</u>                | <u>7,696</u>                           | <u>-</u>               | <u>45,857</u>                |
| <br>Total Expenses                                     | <br><u>435,374</u>           | <br><u>58,182</u>                      | <br><u>-</u>           | <br><u>493,556</u>           |
| <br>Change in Net Assets without Donor Restrictions    | <br><u>203,500</u>           | <br><u>(17,646)</u>                    | <br><u>-</u>           | <br><u>185,854</u>           |
| <b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>    |                              |  |                        |                              |
| Grants and contributions                               | 568,000                      | -                                      | -                      | 568,000                      |
| Net assets released from restrictions                  | <u>(238,000)</u>             | <u>-</u>                               | <u>-</u>               | <u>(238,000)</u>             |
| <br>Change in Net Assets with Donor Restrictions       | <br><u>330,000</u>           | <br><u>-</u>                           | <br><u>-</u>           | <br><u>330,000</u>           |
| <br>Change in Net Assets                               | <br>533,500                  | <br>(17,646)                           | <br>-                  | <br>515,854                  |
| Net Assets, Beginning of Year                          | <u>\$ 300,717</u>            | <u>\$ (9,202)</u>                      | <u>\$ -</u>            | <u>\$ 291,515</u>            |
| <br><b>Net Assets, End of Year</b>                     | <br><u><u>\$ 834,217</u></u> | <br><u><u>\$ (26,848)</u></u>          | <br><u><u>\$ -</u></u> | <br><u><u>\$ 807,369</u></u> |

**MASSCreative, Inc.**  
and  
**MASSCreative Action Network, Inc.**  
Combining Statement of Functional Expenses  
For the Year Ended June 30, 2022

|                           | <b>MASSCreative, Inc.</b> |                               |   |                   | <b>MASSCreative Action Network, Inc.</b> |                               |   |                  | <b>ELIMINATIONS</b> | <b>Combined Totals</b>  |                               |   |                   |
|---------------------------|---------------------------|-------------------------------|---|-------------------|--|-------------------------------|---|------------------|---------------------|-------------------------|-------------------------------|---|-------------------|
|                           | <b>PROGRAM SERVICES</b>   | <b>MANAGEMENT AND GENERAL</b> | <b>FUNDRAISING AND MEMBERSHIP DEVELOPMENT</b> | <b>TOTAL</b>      | <b>PROGRAM SERVICES</b>                  | <b>MANAGEMENT AND GENERAL</b> | <b>FUNDRAISING AND MEMBERSHIP DEVELOPMENT</b> | <b>TOTAL</b>     |                     | <b>PROGRAM SERVICES</b> | <b>MANAGEMENT AND GENERAL</b> | <b>FUNDRAISING AND MEMBER DEVELOPMENT</b> | <b>TOTAL</b>      |
| Salaries and wages        | \$ 103,535                | \$ 20,734                     | \$ 28,994                                     | \$ 153,263        | \$ 21,118                                | \$ 4,387                      | \$ 5,886                                      | \$ 31,391        | \$ -                | \$ 124,653              | \$ 25,121                     | \$ 34,880                                 | \$ 184,654        |
| Payroll taxes             | 10,131                    | 2,105                         | 2,824   | 15,060            | 3,085                                    | -                             | -   | 3,085            | -                   | 13,216                  | 2,105                         | 2,824                                     | 18,145            |
| Fringe benefits           | 3,380                     | 702                           | 942   | 5,024             | -  | 1,029                         | -   | 1,029            | -                   | 3,380                   | 1,731                         | 942                                       | 6,053             |
| Legal                     | -                         | 576                           | -   | 576               | -  | 356                           | -   | 356              | -                   | -                       | 932                           | -   | 932               |
| Accounting                | -                         | 20,482                        | -   | 20,482            | 116                                      | 4,047                         | 32  | 4,195            | -                   | 116                     | 24,529                        | 32  | 24,677            |
| Professional fees         | 172,733                   | 8,437                         | 75  | 181,245           | 8,712                                    | 1,728                         | 15  | 10,455           | -                   | 181,445                 | 10,165                        | 90  | 191,700           |
| Advertising and promotion | 68                        | -                             | -   | 68                | 14                                       | -                             | -   | 14               | -                   | 82                      | -                             | -   | 82                |
| Office expenses           | 2,304                     | 287                           | 287   | 2,878             | 1,203                                    | 150                           | 150   | 1,503            | -                   | 3,507                   | 437                           | 437                                       | 4,381             |
| Information technology    | 6,056                     | -                             | -   | 6,056             | 1,240                                    | -                             | -   | 1,240            | -                   | 7,296                   | -                             | -   | 7,296             |
| Occupancy                 | 4,004                     | 1,010                         | 930   | 5,944             | 858                                      | 158                           | 201   | 1,217            | -                   | 4,862                   | 1,168                         | 1,131                                     | 7,161             |
| Travel                    | 195                       | -                             | 49  | 244               | 40                                       | -                             | 10  | 50               | -                   | 235                     | -                             | 59  | 294               |
| Conferences and meetings  | 37,724                    | 46                            | 3,519   | 41,289            | 1,627                                    | 64                            | 721   | 2,412            | -                   | 39,351                  | 110                           | 4,240                                     | 43,701            |
| Insurance                 | -                         | 2,290                         | -   | 2,290             | -  | 469                           | -   | 469              | -                   | -                       | 2,759                         | -   | 2,759             |
| Miscellaneous             | -                         | 414                           | 541   | 955               | -  | 85                            | 681   | 766              | -                   | -                       | 499                           | 1,222                                     | 1,721             |
| <b>Total</b>              | <b>\$ 340,130</b>         | <b>\$ 57,083</b>              | <b>\$ 38,161</b>                              | <b>\$ 435,374</b> | <b>\$ 38,013</b>                         | <b>\$ 12,473</b>              | <b>\$ 7,696</b>                               | <b>\$ 58,182</b> | <b>\$ -</b>         | <b>\$ 378,143</b>       | <b>\$ 69,556</b>              | <b>\$ 45,857</b>                          | <b>\$ 493,556</b> |