



**Financial Statements,
Supplemental Information and
Reports Required Under
Government Auditing Standards
and the Uniform Guidance**

**Third Sector New England, Inc.
D/B/A TSNE Missionworks**

June 30, 2017 and 2016



THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks

*Financial Statements, Supplemental Information and
Reports Required Under Government Auditing Standards
and the Uniform Guidance*

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Independent Auditors' Report

Board of Directors
Third Sector New England, Inc.
Boston, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Third Sector New England, Inc. ("TSNE") D/B/A TSNE Missionworks, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 auditors' 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 TSNE as of June 30, 2017 and 2016, 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.

Other Matters

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance") and Supplemental Schedule of Activities for Fiscal Sponsorship Programs and Services, are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2017 on our consideration of TSNE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TSNE's internal control over financial reporting and compliance.

Maye Hoffman McCann P.C.

December 15, 2017
Boston, Massachusetts

THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks

Statements of Financial Position

	<i>June 30,</i>	
	<i>2017</i>	<i>2016</i>
Assets		
Cash and cash equivalents	\$ 20,101,644	\$ 14,368,452
Assets limited as to use	1,666,790	782,020
Contributions, grants and notes receivable, net (allowance for doubtful accounts of \$60,877 for 2017 and 2016)	26,147,877	16,785,556
Royalty fees receivable	1,701,132	1,145,402
Prepaid expenses and deposits	193,264	121,213
Investments	19,887,152	19,735,507
Property and equipment, net	20,272,833	20,730,095
Deferred costs, net	248,414	282,678
	<u>248,414</u>	<u>282,678</u>
Total assets	<u>\$ 90,219,106</u>	<u>\$ 73,950,923</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 5,769,196	\$ 6,299,324
Deferred revenue	915,950	574,738
Bond payable, net	13,300,726	13,651,881
	<u>13,300,726</u>	<u>13,651,881</u>
Total liabilities	<u>19,985,872</u>	<u>20,525,943</u>
Net assets:		
Unrestricted net assets	<u>29,818,338</u>	<u>27,595,076</u>
Temporarily restricted:		
Temporarily restricted (TSNE)	213,136	141,801
Temporarily restricted (Fiscal Sponsorship)	40,201,760	25,688,103
	<u>40,201,760</u>	<u>25,688,103</u>
Total temporarily restricted net assets	<u>40,414,896</u>	<u>25,829,904</u>
Total net assets	<u>70,233,234</u>	<u>53,424,980</u>
Total liabilities and net assets	<u>\$ 90,219,106</u>	<u>\$ 73,950,923</u>

THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks

Statements of Activities

Years Ended June 30,

	2017					2016
	TSNE Unrestricted	Fiscal Sponsorship Programs Unrestricted	Total Unrestricted	Temporarily Restricted	Total	Total
Revenue:						
Contributions and grants - fiscal sponsorship programs	\$ -	\$ -	\$ -	\$ 40,703,906	\$ 40,703,906	\$ 30,814,289
Contributions and grants - other	-	-	-	515,380	515,380	240,615
Federal grants and contracts	-	2,648,592	2,648,592	-	2,648,592	2,678,003
Royalty income	2,505,147	40,888	2,546,035	-	2,546,035	2,055,975
Consulting fees	275,999	2,379,638	2,655,637	-	2,655,637	2,125,167
Contract revenue	679,192	7,823,191	8,502,383	-	8,502,383	7,721,666
Interest income	40,549	26,655	67,204	-	67,204	58,442
Publication revenue excluding grant support	2,300	16,622	18,922	-	18,922	18,526
Conference revenue	241,854	1,456,570	1,698,424	-	1,698,424	1,008,681
Membership dues	-	686,193	686,193	-	686,193	367,742
Rental income	2,824,769	23,580	2,848,349	-	2,848,349	2,800,271
Other income	267,185	540,940	808,125	-	808,125	839,456
Net assets released from restrictions	444,045	26,190,249	26,634,294	(26,634,294)	-	-
Total revenue	7,281,040	41,833,118	49,114,158	14,584,992	63,699,150	50,728,833
Expenses:						
Fiscally sponsored programs	-	38,303,761	38,303,761	-	38,303,761	32,707,106
Fiscal sponsorship services	-	3,528,801	3,528,801	-	3,528,801	3,035,451
Mission effectiveness programs	2,885,821	-	2,885,821	-	2,885,821	2,923,280
NonProfit Center	2,811,407	-	2,811,407	-	2,811,407	2,890,870
Administrative and general	2,055,452	-	2,055,452	-	2,055,452	1,478,028
Total expenses	7,752,680	41,832,562	49,585,242	-	49,585,242	43,034,735
Change in net assets from operations	(471,640)	556	(471,084)	14,584,992	14,113,908	7,694,098
Nonoperating:						
Investment income, net of fees	244,136	-	244,136	-	244,136	273,250
Net realized and unrealized gain (loss) on investments	2,450,763	(556)	2,450,207	-	2,450,207	(113,404)
Change in net assets from nonoperating activities	2,694,899	(556)	2,694,343	-	2,694,343	159,846
Total changes in net assets	2,223,259	-	2,223,259	14,584,992	16,808,251	7,853,944
Net assets, beginning	27,595,079	-	27,595,079	25,829,904	53,424,983	45,571,036
Net assets, ending	\$ 29,818,338	\$ -	\$ 29,818,338	\$ 40,414,896	\$ 70,233,234	\$ 53,424,980

See accompanying notes to the financial statements.

THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks

Statement of Activities

Year Ended June 30, 2016

	<i>TSNE</i>	<i>Fiscal Sponsorship</i>	<i>Total</i>	<i>Temporarily</i>	<i>Total</i>
	<i>Unrestricted</i>	<i>Programs</i>	<i>Unrestricted</i>	<i>Restricted</i>	
		<i>Unrestricted</i>			
Revenue:					
Contributions and grants - fiscal sponsorship programs	\$ -	\$ -	\$ -	\$ 30,814,289	\$ 30,814,289
Contributions and grants - other	-	-	-	240,615	240,615
Federal grants and contracts	-	2,678,003	2,678,003	-	2,678,003
Royalty income	2,005,950	50,025	2,055,975	-	2,055,975
Consulting fees	168,886	1,956,281	2,125,167	-	2,125,167
Contract revenue	803,600	6,918,066	7,721,666	-	7,721,666
Interest income	31,642	26,800	58,442	-	58,442
Publication revenue excluding grant support	2,614	15,912	18,526	-	18,526
Conference revenue	127,221	881,460	1,008,681	-	1,008,681
Membership dues	-	367,742	367,742	-	367,742
Rental income	2,795,621	4,650	2,800,271	-	2,800,271
Other income	107,770	731,686	839,456	-	839,456
Net assets released from restrictions	236,252	22,111,772	22,348,024	(22,348,024)	-
Total revenue	6,279,556	35,742,397	42,021,953	8,706,880	50,728,833
Expenses:					
Fiscally sponsored programs	-	32,707,106	32,707,106	-	32,707,106
Fiscal sponsorship services	-	3,035,451	3,035,451	-	3,035,451
Mission effectiveness programs	2,923,280	-	2,923,280	-	2,923,280
NonProfit Center	2,890,870	-	2,890,870	-	2,890,870
Administrative and general	1,478,028	-	1,478,028	-	1,478,028
Total expenses	7,292,178	35,742,557	43,034,735	-	43,034,735
Change in net assets from operations	(1,012,622)	(160)	(1,012,782)	8,706,880	7,694,098
Nonoperating:					
Investment income, net of fees	273,250	-	273,250	-	273,250
Net realized and unrealized loss on investments	(113,564)	160	(113,404)	-	(113,404)
Change in net assets from nonoperating activities	159,686	160	159,846	-	159,846
Total changes in net assets	(852,936)	-	(852,936)	8,706,880	7,853,944
Net assets, beginning	28,448,012	-	28,448,012	17,123,024	45,571,036
Net assets, ending	\$ 27,595,076	\$ -	\$ 27,595,076	\$ 25,829,904	\$ 53,424,980

See accompanying notes to the financial statements.

THIRD SECTOR NEW ENGLAND, INC.
D/B/A TNSE Missionworks

Statements of Functional Expenses

Years Ended June 30,

	<i>2017</i>					<i>2016</i>	
	<i>Fiscally Sponsored Programs</i>	<i>Fiscal Sponsorship Services</i>	<i>Mission Effectiveness Program</i>	<i>NonProfit Center</i>	<i>Administrative and General</i>	<i>Total Expenses</i>	<i>Total Expenses</i>
Salaries and wages	\$ 15,917,293	\$ 2,220,292	\$ 1,243,621	\$ 169,261	\$ 1,065,936	\$ 20,616,403	\$ 17,043,427
Grants, awards and contributions	4,006,232	-	237,712	-	23,815	4,267,759	3,404,718
Professional fees	8,028,386	44,322	348,745	148,350	265,419	8,835,222	8,414,594
Employee benefits	3,482,519	584,783	326,080	44,552	277,840	4,715,774	4,157,443
Occupancy	1,018,844	-	-	294,206	23,535	1,336,585	1,080,884
Supplies	598,279	50,925	2,653	6,693	122,440	780,990	852,416
Travel	1,570,972	21,890	79,910	50	20,104	1,692,926	1,579,379
Printing	330,066	407	9,848	-	2,198	342,519	241,335
Conference expense	1,580,262	31,615	116,499	6,744	56,772	1,791,892	1,693,588
Contract expense	549,887	198,037	457,228	-	(186,799)	1,018,353	455,646
Other expense	546,406	53,637	51,112	7,271	(9,326)	649,100	616,274
Telephone/communications expense	373,297	4,517	7,146	15,874	64,483	465,317	388,806
Training	89,251	2,685	5,211	-	1,547	98,694	93,600
Depreciation and amortization	17,310	-	-	984,634	7,550	1,009,494	1,047,371
Equipment	111,504	21,513	-	18,411	41,247	192,675	307,449
Accounting and legal expense	42,466	184,460	56	2,537	191,688	421,207	297,382
Insurance expense	22,674	109,718	-	35,369	26,344	194,105	194,440
Facility expenses	-	-	-	495,425	60,659	556,084	545,223
Debt service	18,113	-	-	582,030	-	600,143	620,760
Total expenses	<u>\$ 38,303,761</u>	<u>\$ 3,528,801</u>	<u>\$ 2,885,821</u>	<u>\$ 2,811,407</u>	<u>\$ 2,055,452</u>	<u>\$ 49,585,242</u>	<u>\$ 43,034,735</u>

See accompanying notes to the financial statements.

THIRD SECTOR NEW ENGLAND, INC.
D/B/A TNSE Missionworks

Statement of Functional Expenses

Year Ended June 30, 2016

	<i>Fiscally Sponsored Programs</i>	<i>Fiscal Sponsorship Services</i>	<i>Mission Effectiveness Program</i>	<i>NonProfit Center</i>	<i>Administrative and General</i>	<i>Total Expenses</i>
Salaries and wages	\$ 12,938,000	\$ 1,913,559	\$ 1,246,367	\$ 185,372	\$ 760,129	\$ 17,043,427
Grants, awards and contributions	3,185,234	-	219,484	-	-	3,404,718
Professional fees	7,474,001	23,578	435,411	182,744	298,860	8,414,594
Employee benefits	3,051,833	522,616	330,793	50,106	202,095	4,157,443
Occupancy	779,452	-	-	288,658	12,774	1,080,884
Supplies	798,434	1,062	3,831	513	48,576	852,416
Travel	1,512,812	10,088	44,780	-	11,699	1,579,379
Printing	226,434	-	10,874	-	4,027	241,335
Conference expense	1,564,028	11,252	49,012	18,800	50,496	1,693,588
Contract expense	26,827	237,606	394,883	-	(203,670)	455,646
Other expense	460,806	116,065	179,798	6,130	(146,525)	616,274
Telephone/communications expense	293,515	3,608	3,950	16,860	70,873	388,806
Training	76,934	10,329	4,048	-	2,289	93,600
Depreciation and amortization	6,735	-	-	1,017,361	23,275	1,047,371
Equipment	194,020	45,976	-	10,185	57,268	307,449
Accounting and legal expense	59,731	135,369	29	2,517	99,736	297,382
Insurance expense	27,235	4,343	-	36,045	126,817	194,440
Facility expenses	10,237	-	20	475,657	59,309	545,223
Debt service	20,838	-	-	599,922	-	620,760
Total expenses	<u>\$ 32,707,106</u>	<u>\$ 3,035,451</u>	<u>\$ 2,923,280</u>	<u>\$ 2,890,870</u>	<u>\$ 1,478,028</u>	<u>\$ 43,034,735</u>

See accompanying notes to the financial statements.

THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks

Statements of Cash Flows

	<i>Years Ended June 30,</i>	
	<i>2017</i>	<i>2016</i>
Cash flows from operating activities:		
Change in net assets	<u>\$ 16,808,251</u>	<u>\$ 7,853,944</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,009,494	1,047,371
Amortization of bond issuance costs	8,845	11,793
Net realized and unrealized (gain) loss on investments	(2,450,207)	113,404
Change in:		
Contributions, grants and notes receivable	(9,362,321)	(8,664,493)
Royalty fees receivable	(555,730)	292,343
Prepaid expenses and deposits	(72,051)	(5,839)
Accounts payable and accrued expenses	(530,128)	736,119
Deferred revenue	<u>341,212</u>	<u>(226,795)</u>
Total adjustments	<u>(11,610,886)</u>	<u>(6,696,097)</u>
Net cash provided by operating activities	<u>5,197,365</u>	<u>1,157,847</u>
Cash flows from investing activities:		
Proceeds from sale of investments	12,195,254	244,839
Purchase of investments	(9,896,689)	(517,929)
Change in assets limited as to use	(884,770)	(80,186)
Purchase of property and equipment	<u>(517,968)</u>	<u>(366,709)</u>
Net cash provided by (used in) investing activities	<u>895,827</u>	<u>(719,985)</u>
Cash flows from financing activities:		
Payments on bond payable	<u>(360,000)</u>	<u>(360,000)</u>
Net increase in cash and cash equivalents	5,733,192	77,862
Cash and cash equivalents, beginning	<u>14,368,452</u>	<u>14,290,590</u>
Cash and cash equivalents, ending	<u>\$ 20,101,644</u>	<u>\$ 14,368,452</u>

THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks

Notes to Financial Statements

Note 1 - Nature of Operations and Summary of Significant Accounting Policies

Third Sector New England, Inc. (“TSNE”) D/B/A TSNE Missionworks is a nonprofit corporation, which offers programs and provides services for nonprofit organizations, foundations and other capacity builders involved in community activities. TSNE’s mission is to provide information and services to build the knowledge, power and effectiveness of nonprofit organizations that engage people in community and public life and to promote wider recognition of community-based organizations as the primary stewards of societal values. Operations include the NonProfit Center, fiscal sponsorship, consulting services and grant making programs. TSNE’s Fiscal Sponsorship program forms partnerships with community coalitions and grassroots organizations whose purposes are consistent with TSNE’s mission. These partnerships combine TSNE’s financial management and administrative expertise with the subject-matter knowledge of the community partner in furtherance of the mutual purposes.

The geographic area covered by TSNE is national with operations in 20 states. Primary operations are located in Massachusetts, with its main office in Boston. The Executive Director’s Guide is marketed to nonprofit agencies and leaders throughout the country.

The TSNE NonProfit Center is the first mission-based, multi-tenant center in Massachusetts created in 2004 exclusively to provide stable rents and collaborative opportunities for progressive social change organizations. Nonprofit organizations whose missions are aligned with that of TSNE are sought as tenants. The NonProfit Center provides programs, such as training and organizational development, to the tenants.

The cost of the property was apportioned between building and land in proportion to the assessment issued by the City of Boston. The property is exempt from property taxes, except to the extent that some taxes will be due for portions of the property rented to tenants who are not nonprofit organizations and who were occupying space in the building at the time of the purchase. These tenants may be replaced by eligible nonprofit organizations as their leases expire.

A summary of significant accounting policies follows:

Financial Statement Preparation

The accompanying financial statements are presented on the accrual basis of accounting and have been prepared to focus on TSNE as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- *Unrestricted net assets* represent the portion of net assets that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.
- *Temporarily restricted net assets* represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of TSNE pursuant to those stipulations. The majority of temporarily restricted net assets relate to contributions and grants for the Fiscal Sponsorship programs. Revenues resulting from the operation of each program by agreement are restricted to that program’s use and cannot be redirected to other programs. All other TSNE temporarily restricted net assets are restricted by time and/or purpose.

THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks

Notes to Financial Statements

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Financial Statement Preparation (Continued)

- *Permanently restricted net assets* represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of TSNE. No permanently restricted net assets exist at June 30, 2017 and 2016.

Operations

The statements of activities include both operating and nonoperating activities. Revenues and expenses incurred in conducting the programs and services of TSNE are presented in the financial statements as operating activities. Investment income and realized and unrealized gains and losses on investments are presented in the financial statements as nonoperating activities.

Cash and Cash Equivalents

TSNE maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. TSNE monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts. TSNE considers all highly liquid investments with an original maturity of ninety days or less to be cash equivalents. Cash equivalents transferred to investment managers are considered part of investments.

Included in cash and cash equivalents is \$17,136,584 and \$13,302,462 for the years ended June 30, 2017 and 2016, respectively, related to funds held for fiscally sponsored programs.

Assets Limited as to Use

Assets whose use is limited consist of assets held by banks as collateral for TSNE's microloan funds and other programmatic restrictions (see Note 2).

Contributions, Grants and Notes Receivable

Contributions, grants and notes receivable are carried at original invoice amount less an estimate made for doubtful accounts based on a monthly review of all outstanding amounts. Management determines potential allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries previously written off are recorded when received.

An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days.

Royalty Income

TSNE owns certain intellectual property rights that it licensed to two pharmaceutical companies. The royalty income resulting from these licensing agreements is shared among individual inventors, the Commonwealth of Massachusetts and TSNE.

THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks

Notes to Financial Statements

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation of property and equipment is provided by the straight-line method over the following estimated useful lives:

Building	40 years
Building improvements	10 - 40 years
Furnishings and equipment	3 - 5 years
Software	5 years
Tenant fit ups	Lease term

Expenditures for major renewals and improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred.

Deferred Leasing Costs

TSNE incurs leasing commissions associated with the successful negotiation of certain leases, including legal and other costs. The costs are capitalized and amortized on a straight-line method over the period of the respective leases. These costs are included in deferred costs, net on the statements of financial position.

Deferred Bond Issuance Costs

TSNE incurred certain costs related to the issuance of debt, which are being amortized on the straight-line basis over the term of the bonds. These costs are included as a reduction of bonds payable on the statements of financial position.

Revenue Recognition and Deferred Revenue

TSNE administers community projects under contracts and grants with the United States Government and other non-governmental organizations. Amounts paid under these contracts and grants are subject to review and adjustment after performance. In addition, TSNE administers projects with various organizations under individual agreements. Revenue earned under consulting agreements is recorded as earned as the services are performed and billed based on the terms of the contracts. Conference revenue is recognized when the conference occurs. Royalty income is recognized when earned.

Funds received in excess of amounts expended or before revenue is recognized are classified as deferred revenue. Unbilled receivables represent expenditures in excess of amounts billed under contracts, grants and special funds.

THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks

Notes to Financial Statements

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Grants and Contributions

Grants and contributions, including unconditional promises to give, are recognized as revenues in the period verifiably committed. Contributions of assets other than cash are recorded at fair value at the original date of recognition using fair value methods as later described in these notes. Conditional contributions and intentions to give are recorded as revenue when the conditions have been met. Contributions are reflected as unrestricted, temporarily restricted or permanently restricted based on the existence or absence of donor restrictions. Amounts received with donor-imposed restrictions that are recorded as temporarily restricted revenues are reclassified to unrestricted net assets when the time or purpose restriction has been satisfied. At times, grants and contributions that are received for fiscally sponsored programs and redirected to other not-for-profit organizations when these programs leave the TSNE administration, and when these funds are transferred to these other not-for-profit organizations they are recorded as a contra revenue account in the statement of activities.

Grants and contributions to be received after one year are initially recorded at fair value based on the present value using a risk adjusted discount rate taking into account expected collections.

Management revises its estimates of the allowance for doubtful accounts based on history of collections and knowledge acquired about specific facts relating to outstanding items while the initial discount rate is used over the life of the related pledge. The initially recorded fair value is considered a Level 2 fair value approach. Adjustments to the allowance are charged to bad debt expense. Uncollectible accounts are written off against the allowance. An account is considered uncollectible when all collection efforts have been exhausted.

Grants and contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net assets class with the exception of those grants and contributions for fiscal sponsorship programs which are reflected as temporarily restricted revenue when recorded. Grants and contributions received for which donor-imposed restrictions will be met in future periods are recorded as temporarily restricted and are released from restrictions as conditions are met.

Included in expenses for fiscal sponsorship programs are approximately \$413,997 and \$359,686 of fundraising expenses for the years ended June 30, 2017 and 2016, respectively.

Income Tax Status

TSNE is recognized by the Internal Revenue Service as an organization described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is generally exempt from Federal and state income taxes on related income. Accordingly, no provision for income taxes is made in the financial statements. TSNE is subject to unrelated business income tax for certain rental income generated by the NonProfit Center.

Uncertain Tax Positions

TSNE accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those

THIRD SECTOR NEW ENGLAND, INC.
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Notes to Financial Statements

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Uncertain Tax Positions (Continued)

positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. TSNE has identified its tax status as a tax exempt entity as a tax position; however, TSNE has determined that such tax position does not result in an uncertainty requiring recognition. TSNE is not currently under examination by any taxing jurisdictions.

TSNE’s Federal and state tax returns are generally open for examination for three years following the date filed.

Advertising

TSNE expenses advertising costs as incurred. Total advertising expense for the years ended June 30, 2017 and 2016 was \$75,603 and \$70,176, respectively.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”), management is required to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures 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. Significant management estimates included in the financial statements relate to the allowance for doubtful accounts and notes receivable, useful lives of depreciable assets, allowable costs charged to cost reimbursement contracts, self-insurance liabilities and the allocation of common expenses over program functions.

Fair Value Measurements

TSNE reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require TSNE to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for net asset value to represent fair value. At June 30, 2017 and 2016, TSNE does not have any investments valued at net asset value. The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted or quoted prices for identical assets and liabilities in active markets that TSNE has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks

Notes to Financial Statements

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs to minimize the use of unobservable inputs.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of TSNE's financial instruments, see Note 5 - Fair Values of Financial Instruments.

Investments are stated at fair value. The estimated fair value of investments is based on quoted market prices. Management is responsible for the fair value measurements reported in the financial statements. TSNE has implemented policies and procedures to assess the reasonableness of the fair values provided and believes that the reported fair values as of the statements of financial position dates are reasonable.

Note 2 - Assets Limited as to Use

Assets limited as to use is the microloan fund and cash with other programmatic restrictions, with a balance of \$1,666,790 and \$782,020 as of June 30, 2017 and 2016, respectively. The funds are invested in certificates of deposit. The microloan collateral funds are amounts pledged as collateral against loans made by three banks to New England farmers as part of the fiscally sponsored Carrot Project. This project is funded by third parties and an offsetting liability is reported in accounts payable and accrued expenses in the accompanying statements of financial position. Other assets limited as to use amounts are related to ADA Developers Academy program and Financial Transparency Coalition program.

**THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks**

Notes to Financial Statements

Note 3 - Accounts and Notes Receivable

Accounts and notes receivable consisted of the following for the years ended June 30:

	<i>2017</i>	<i>2016</i>
Grants and contracts receivable:		
Due in one year or less	\$ 18,111,244	\$ 13,407,138
Between one year and five years	<u>7,406,945</u>	<u>2,776,285</u>
	25,518,189	16,183,423
 Notes receivable*	 690,565	 663,010
 Less: allowance for doubtful accounts	 <u>(60,877)</u>	 <u>(60,877)</u>
 Contributions, grants and notes receivable, net	 <u>\$ 26,147,877</u>	 <u>\$ 16,785,556</u>

*At June 30, 2017 and 2016, all financing notes receivable are current.

Note 4 - Investment Income

Investment income consisted of the following for the years ended June 30:

	<i>2017</i>	<i>2016</i>
Unrealized gain (loss) on investments	\$ 2,210,193	\$ (592,437)
Realized gain on investment	<u>240,014</u>	<u>479,033</u>
 Total income (loss)	 2,450,207	 (113,404)
 Interest and dividend income	 <u>244,136</u>	 <u>273,250</u>
 Total investment income	 <u>\$ 2,694,343</u>	 <u>\$ 159,846</u>

Interest and dividend income is net of investment fees of \$109,803 and \$96,504 for the years ended June 30, 2017 and 2016, respectively.

**THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks**

Notes to Financial Statements

Note 5 - Fair Values of Financial Instruments

The following table represents TSNE's financial assets at June 30, 2017 by the level within the fair value hierarchy:

	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Investments:				
Cash equivalents	\$ 1,147,066	\$ 1,147,066	\$ -	\$ -
Common stock - domestic	15,113,529	15,113,529	-	-
Common stock - foreign	1,866,993	1,866,993	-	-
Equity funds	<u>1,759,564</u>	<u>1,759,564</u>	<u>-</u>	<u>-</u>
Total assets at fair value	<u>\$ 19,887,152</u>	<u>\$ 19,887,152</u>	<u>\$ -</u>	<u>\$ -</u>

The following table represents TSNE's financial assets at June 30, 2016 by the level within the fair value hierarchy:

	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Investments:				
Cash equivalents	\$ 3,158,098	\$ 3,158,098	\$ -	\$ -
Common stock - domestic	14,875,392	14,875,392	-	-
Common stock - foreign	1,156,011	1,156,011	-	-
Fixed income mutual funds - domestic	120,935	120,935	-	-
Fixed income mutual funds - foreign	398,831	398,831	-	-
Other	<u>26,240</u>	<u>26,240</u>	<u>-</u>	<u>-</u>
Total assets at fair value	<u>\$ 19,735,507</u>	<u>\$ 19,735,507</u>	<u>\$ -</u>	<u>\$ -</u>

THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks

Notes to Financial Statements

Note 6 - Property and Equipment

The following is a summary of property and equipment at June 30:

	<i>2017</i>	<i>2016</i>
Land	\$ 6,178,688	\$ 6,178,688
Building	10,017,935	9,939,539
Building improvements	14,276,794	13,902,671
Furnishings and equipment	335,256	312,873
Software	<u>501,243</u>	<u>462,168</u>
	31,309,916	30,795,939
Less accumulated depreciation and amortization	<u>(11,037,083)</u>	<u>(10,065,844)</u>
Property and equipment, net	<u>\$ 20,272,833</u>	<u>\$ 20,730,095</u>

Depreciation expense was \$975,230 and \$1,013,107 for the years ended June 30, 2017 and 2016, respectively.

Note 7 - Deferred Costs, Net

Deferred costs, net consisted of the following at June 30:

	<i>2017</i>	<i>2016</i>
Leasing costs	\$ 342,640	\$ 342,640
Less accumulated amortization	<u>(94,226)</u>	<u>(59,962)</u>
Deferred costs, net	<u>\$ 248,414</u>	<u>\$ 282,678</u>

Amortization expense of deferred leasing costs was \$34,264 for the years ended June 30, 2017 and 2016.

THIRD SECTOR NEW ENGLAND, INC.
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Notes to Financial Statements

Note 8 - Bond Payable, Net

	<i>2017</i>	<i>2016</i>
Massachusetts Development Finance Agency 2010 Series A Revenue Bond due February 1, 2040, interest of 4.14% with adjustments due on February 1, 2020 and February 1, 2030, principle and interest are paid monthly, secured by land and building and collateralized by assignments of rents and leases. The bond is subject to certain financial and operating covenants.	\$ 13,570,000	\$ 13,930,000
Less bond issuance costs	<u>(269,274)</u>	<u>(278,119)</u>
Bond payable, net	<u>\$ 13,300,726</u>	<u>\$ 13,651,881</u>

Maturities of bond payable are as follows:

2018	\$ 360,000
2019	360,000
2020	370,000
2021	420,000
2022	420,000
Thereafter	<u>11,640,000</u>
	<u>\$ 13,570,000</u>

Interest expense and fees related to the bond payable amounted to \$573,185 and \$588,129 for the years ended June 30, 2017 and 2016, respectively. Amortization expense related to the bond issuance costs amounted to \$8,845 and \$11,793 for the years ended June 30, 2017 and 2016, respectively.

Note 9 - Self Insurance Plans

TSNE has elected to finance the cost of unemployment compensation by reimbursing the Commonwealth of Massachusetts for actual unemployment compensation paid. At June 30, 2017 and 2016, TSNE has accrued \$31,960 for estimated claims incurred but not paid at the balance sheet date.

THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks

Notes to Financial Statements

Note 10 - Operating Leases

TSNE occupies office space and leases office equipment under various leases and tenant-at-will agreements through May 2021. Total rent expense under these agreements was \$1,002,637 and \$752,381 for the years ended June 30, 2017 and 2016, respectively.

The following is the schedule of approximate future minimum lease payments for the above leases as of June 30:

2018	\$ 606,144
2019	406,958
2020	323,923
2021	285,598
2022	<u>16,993</u>
	<u>\$ 1,639,616</u>

Note 11 - Retirement Benefits

TSNE has a defined contribution retirement plan covering all employees with one or more years of service. Employer contributions vary with length of service and can amount up to 10% of total compensation for plan participants. During the years ended June 30, 2017 and 2016, contributions incurred under the plan were \$687,505 and \$552,808, respectively.

Note 12 - Rental Income

TSNE rents certain office space in the building which it owns to various organizations through September 2025. The building was operated by an unrelated management company for which it paid a building management fee. Building management fees for the years ended June 30, 2017 and 2016 were \$0 and \$38,950, respectively. TSNE's arrangement with this management company was at will and was cancelled during the fiscal year ended June 30, 2016. Since the cancellation, TSNE has been managing building operations. Rental income including operating expense escalations charged to tenants for the years ended June 30, 2017 and 2016 was \$2,848,349 and \$2,800,271, respectively.

THIRD SECTOR NEW ENGLAND, INC.
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Notes to Financial Statements

Note 12 - Rental Income (Continued)

The following is a schedule by years of the future minimum lease revenue under the non-cancelable leases as of June 30:

2018	\$ 2,344,096
2019	1,930,041
2020	1,260,760
2021	950,932
2022	837,594
Thereafter	<u>2,261,621</u>
	<u>\$ 9,585,044</u>

Note 13 - Net Assets

Net assets are comprised of the following at June 30, 2017 and 2016:

Unrestricted net assets are represented by TSNE's net investment in property and equipment, net and remaining net assets available for operations.

Temporarily restricted net assets are mainly restricted as increases in net assets from year to year for the Fiscal Sponsorship programs. These net assets can only be used specifically for the corresponding Fiscal Sponsorship program.

Releases from temporarily restricted net assets represent expenses incurred for the operation of Fiscal Sponsorship programs.

Note 14 - Subsequent Events

TSNE has evaluated subsequent events through December 15, 2017, the date the financial statements were authorized to be issued. There were no subsequent events requiring accounting or disclosure through this period.

Note 15 - Concentrations of Credit Risk

As of June 30, 2017 and 2016, 60% and 15%, respectively, of gross accounts receivable consisted of grants from one grantor. For the years ended June 30, 2017 and 2016, these grantors made up approximately 30% and 12%, respectively, of revenue.

Supplemental Information

THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks

Supplemental Schedule of Activities for Fiscal Sponsorship Programs and Services

Year Ended June 30, 2017

	<i>A Way Home America</i>	<i>A Way Home America - Washington</i>	<i>ACEs Connection Network</i>	<i>Active Living By Design</i>	<i>ADA Developers Academy</i>	<i>Anansi Health</i>	<i>Babb-Brott IPA</i>	<i>Blue Butterfly Collaborative</i>
Revenue:								
Federal grants and contracts	\$ -	\$ -	\$ -	\$ -	\$ 87,989	\$ -	\$ -	\$ -
Grants and contracts - other	-	-	-	-	-	-	-	-
State and local grants and contracts	-	-	-	-	2,269,222	47,219	-	1,990
Foundation and corporate grants and contracts	275,000	918,002	1,000,000	526,304	26,396	-	284,173	99
Contributions	-	-	-	-	143,680	-	-	8,686
Consultant fees	-	-	20,000	499,346	-	1,250	-	73,460
Publication and advertising revenue	-	-	-	-	-	-	-	-
Membership dues and fees	-	-	-	4,700	9,500	-	-	-
Other revenue	452	-	-	10,659	4,487	-	-	1
Total revenue	275,452	918,002	1,020,000	1,041,009	2,541,274	48,469	284,173	84,236
Expenses:								
Personnel (salaries and benefits)	121,792	152,765	692,123	959,373	1,201,800	-	49,567	62,209
Grants, awards, contributions	-	300	-	348,500	4,200	-	-	-
Professional and contract expense	46,435	69,542	226,869	47,290	770,689	47,728	-	111,067
Equipment/rental/maintenance	-	2,670	-	3,028	373	-	-	2,966
Postage and supplies	3,156	5,930	2,930	6,654	22,188	-	-	1,538
Telephone/communications/internet	804	453	17,186	12,621	13,970	-	469	395
Printing and publications	1,591	227	517	2,329	618	-	-	31,044
Occupancy	-	5,123	-	55,100	177,192	-	6,750	-
Travel and meeting expenses	55,681	11,170	14,088	161,378	17,967	-	7,741	31,646
Other expenses	109	172	7,750	54,817	5,105	-	6	504
Administrative fee to TSNE	25,252	27,286	96,147	154,985	213,121	5,478	7,744	33,792
Total expenses	254,820	275,638	1,057,610	1,806,075	2,427,223	53,206	72,277	275,161
Change in net assets	20,632	642,364	(37,610)	(765,066)	114,051	(4,737)	211,896	(190,925)
Net assets, beginning	156,807	-	2,847,620	2,738,974	252,933	4,737	-	577,079
Net assets, ending	\$ 177,439	\$ 642,364	\$ 2,810,010	\$ 1,973,908	\$ 366,984	\$ -	\$ 211,896	\$ 386,154

THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks

Supplemental Schedule of Activities for Fiscal Sponsorship Programs and Services (Continued)

Year Ended June 30, 2017

	<i>Boston Collaborative for Food and Fitness</i>	<i>The BUILD Initiative</i>	<i>Building Movement Project</i>	<i>Campaign for a Commercial Free Childhood</i>	<i>The Carrot Project</i>	<i>Center to Support Immigrant Organizing</i>	<i>Collaborative Health Solutions</i>	<i>Commonwealth Seminar</i>
Revenue:								
Federal grants and contracts	\$ -	\$ 399,828	\$ 27,611	\$ -	\$ 21,341	\$ -	\$ 6,055	\$ -
Grants and contracts - other		676,373	-	-	-	-	(6,055)	-
State and local grants and contracts	(1,594)	607,405	96,584	-	16,343	13,500	-	-
Foundation and corporate grants and contracts	-	388,942	2,770,720	404,590	122,190	108,200	-	125,000
Contributions	-	1	1,000	142,024	22,365	1,975	-	-
Consultant fees	-	398,118	282,206	550	5,350	8,890	-	-
Publication and advertising revenue	-	-	-	480	-	-	-	-
Membership dues and fees	-	953,992	11,412	-	3,612	-	-	1,220
Other revenue	-	218	1,731	48	24,206	6,032	-	-
Total revenue	(1,594)	3,424,877	3,191,264	547,692	215,407	138,597	-	126,220
Expenses:								
Personnel (salaries and benefits)	50,344	1,561,646	700,310	392,216	169,532	94,807	5,337	52,627
Grants, awards, contributions	317	75,000	-	-	-	-	-	-
Professional and contract expense	59,554	1,821,454	253,150	43,211	24,172	33,142	-	664
Equipment/rental/maintenance	16,060	106	737	-	144	1,099	-	60
Postage and supplies	19,778	25,282	14,992	4,970	2,462	470	-	306
Telephone/communications/internet	530	67,429	8,807	1,532	5,538	204	16	1,039
Printing and publications	-	16,741	4,597	20,059	1,031	12	28	408
Occupancy	-	-	36,600	29,803	100	12,000	-	-
Travel and meeting expenses	32,640	1,208,304	77,394	14,252	14,621	5,625	-	4,221
Other expenses	20,226	4,379	1,593	732	22,309	448	-	-
Administrative fee to TSNE	27,840	291,508	99,766	59,721	33,224	20,693	673	5,933
Total expenses	227,289	5,071,849	1,197,946	566,496	273,133	168,500	6,054	65,258
Change in net assets	(228,883)	(1,646,972)	1,993,318	(18,804)	(57,726)	(29,903)	(6,054)	60,962
Net assets, beginning	244,543	2,074,065	-	665,617	128,018	64,113	-	48,850
Net assets, ending	\$ 15,660	\$ 427,093	\$ 1,993,318	\$ 646,813	\$ 70,292	\$ 34,210	\$ (6,054)	\$ 109,812

**THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks**

Supplemental Schedule of Activities for Fiscal Sponsorship Programs and Services (Continued)

Year Ended June 30, 2017

	<i>Community Boating Building</i>	<i>Community Votes</i>	<i>The Connecticut School Finance Project</i>	<i>CT Network to Abolish the Death Penalty</i>	<i>Design Studio for Social Intervention</i>	<i>Early Childhood Funders Collaborative</i>	<i>Early Childhood Philanthropist Group</i>	<i>Farm to Institution New England</i>
Revenue:								
Federal grants and contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,370
Grants and contracts - other	-	-	-	-	-	-	-	-
State and local grants and contracts	12,120	-	-	-	1,000	-	-	3,232
Foundation and corporate grants and contracts	301,597	85,575	1,143,000	120	256,202	160,000	291,400	350,106
Contributions	60,991	600	-	480	8,704	-	43,500	1,315
Consultant fees	-	-	-	-	103,632	-	-	2,195
Publication and advertising revenue	-	-	-	-	-	-	-	-
Membership dues and fees	34,207	-	-	-	-	368,750	85,000	62,005
Other revenue	239,725	-	-	-	-	-	-	(92,407)
Total revenue	648,640	86,175	1,143,000	600	369,538	528,750	419,900	383,816
Expenses:								
Personnel (salaries and benefits)	188,985	32,807	575,327	-	224,403	131,619	285,230	340,158
Grants, awards, contributions	-	-	-	3,100	-	100,000	-	-
Professional and contract expense	39,362	3,080	70,116	2	39,421	101,647	20,932	96,794
Equipment/rental/maintenance	5,291	-	5,256	-	1,811	-	4,725	1,171
Postage and supplies	12,606	23	13,150	92	21,043	488	5,248	779
Telephone/communications/internet	2,335	-	6,630	839	4,176	2,054	2,184	5,766
Printing and publications	2,629	22	9,623	12	12,495	-	7,339	6,099
Occupancy	55,762	-	19,824	-	22,995	-	25,817	-
Travel and meeting expenses	10,062	676	30,731	-	17,158	58,152	13,097	77,140
Other expenses	246,482	1,059	13,672	250	32	-	750	6,189
Administrative fee to TSNE	45,358	5,273	74,433	1,000	34,379	27,456	36,532	66,996
Total expenses	608,872	42,940	818,762	5,295	377,913	421,416	401,854	601,092
Change in net assets	39,768	43,235	324,238	(4,695)	(8,375)	107,334	18,046	(217,276)
Net assets, beginning	22,596	49,659	938,550	4,693	203,316	180,404	62,678	641,645
Net assets, ending	\$ 62,364	\$ 92,894	\$ 1,262,788	\$ (2)	\$ 194,941	\$ 287,738	\$ 80,724	\$ 424,369

THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks

Supplemental Schedule of Activities for Fiscal Sponsorship Programs and Services (Continued)

Year Ended June 30, 2017

	<i>Financial Transparency Coalition</i>	<i>First Teacher</i>	<i>FRESH New London</i>	<i>Future Chefs</i>	<i>Gardening the Community</i>	<i>Girls Coalition of Greater Boston</i>	<i>Global Family Research Project</i>	<i>Hispanic Black Gay Coalition</i>
Revenue:								
Federal grants and contracts	\$ -	\$ 25,000	\$ 5,000	\$ -	\$ 57,095	\$ -	\$ -	\$ 4,419
Grants and contracts - other	-	-	-	-	(6)	-	-	-
State and local grants and contracts	-	-	10,563	24,300	87,097	-	-	1,000
Foundation and corporate grants and contracts	2,462,467	105,940	168,717	633,125	377,605	-	809,200	36,831
Contributions	150	25,767	39,455	32,703	109,139	-	-	9,082
Consultant fees	-	1,600	1,150	-	1,450	-	64,000	150
Publication and advertising revenue	-	-	-	-	-	-	-	-
Membership dues and fees	-	-	9,027	43,693	31,679	-	-	21,440
Other revenue	242	-	3,844	1,839	1,229	-	-	-
Total revenue	2,462,859	158,307	237,756	735,660	665,288	-	873,200	72,922
Expenses:								
Personnel (salaries and benefits)	323,543	167,411	137,261	612,600	230,731	-	112,001	31,001
Grants, awards, contributions	536,453	-	550	-	-	-	-	-
Professional and contract expense	95,012	1,754	10,105	100,904	56,768	-	3,000	7,864
Equipment/rental/maintenance	-	437	-	801	1,152	-	-	784
Postage and supplies	1,891	5,521	2,785	22,587	8,109	-	-	586
Telephone/communications/internet	4,966	1,860	1,493	8,351	5,379	-	59	1,165
Printing and publications	2,552	689	949	956	5,638	-	-	217
Occupancy	336	11,471	1,726	48,630	8,637	-	-	19,404
Travel and meeting expenses	84,399	4,238	2,652	12,094	9,323	-	566	12,586
Other expenses	2,912	4,246	14,246	14,406	51,577	-	-	4,117
Administrative fee to TSNE	73,021	27,333	17,120	90,371	51,651	1,500	16,188	10,797
Total expenses	1,125,085	224,960	188,887	911,700	428,965	1,500	131,814	88,521
Change in net assets	1,337,774	(66,653)	48,869	(176,040)	236,323	(1,500)	741,386	(15,599)
Net assets, beginning	-	129,430	21,116	329,219	239,465	7,528	-	68,041
Net assets, ending	\$ 1,337,774	\$ 62,777	\$ 69,985	\$ 153,179	\$ 475,788	\$ 6,028	\$ 741,386	\$ 52,442

See Independent Auditors' Report.

THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks

Supplemental Schedule of Activities for Fiscal Sponsorship Programs and Services (Continued)

Year Ended June 30, 2017

	<i>Integrity Initiatives International</i>	<i>ISED Solutions</i>	<i>Lawrence Dream Network</i>	<i>Limited Project</i>	<i>MA Voter Table</i>	<i>MadSci Network</i>	<i>Maine Food Strategy</i>	<i>Mass Farm to School</i>
Revenue:								
Federal grants and contracts	\$ -	\$ 239,821	\$ -	\$ 179	\$ -	\$ -	\$ -	\$ 13,545
Grants and contracts - other	-	-	-	122	-	-	-	2,052
State and local grants and contracts	-	-	-	24,046	10,000	-	-	193,217
Foundation and corporate grants and contracts	30,000	-	11,200	1,415,931	80,000	-	112,000	215,140
Contributions	25,010	-	-	75,354	175	-	64	200
Consultant fees	-	-	2,850	-	21,000	-	-	3,872
Publication and advertising revenue	-	-	-	-	-	-	-	-
Membership dues and fees	-	-	-	3,666	-	-	2,055	23,306
Other revenue	-	-	-	881	1,255	-	-	92,418
Total revenue	55,010	239,821	14,050	1,520,179	112,430	-	114,119	543,750
Expenses:								
Personnel (salaries and benefits)	-	136,993	-	-	129,401	-	90,295	166,064
Grants, awards, contributions	-	18,478	-	1,057,689	49,500	-	-	-
Professional and contract expense	(3,537)	31,895	3,525	314,870	9,261	-	11,214	18,988
Equipment/rental/maintenance	-	-	-	-	-	-	-	140
Postage and supplies	-	994	-	-	1,278	-	722	4,022
Telephone/communications/internet	-	228	-	-	288	-	303	4,040
Printing and publications	-	2,115	-	-	12,245	-	2,718	17,204
Occupancy	-	600	-	-	7,840	-	-	500
Travel and meeting expenses	6,438	27,503	246	29,223	1,386	-	6,871	21,628
Other expenses	188	200	-	-	17,983	50	-	(5,512)
Administrative fee to TSNE	371	24,423	1,000	84,578	27,486	567	15,697	31,732
Total expenses	3,460	243,429	4,771	1,486,360	256,668	617	127,820	258,806
Change in net assets	51,550	(3,608)	9,279	33,819	(144,238)	(617)	(13,701)	284,944
Net assets, beginning	8,117	96,886	9,772	659,459	252,800	70,248	68,989	-
Net assets, ending	\$ 59,667	\$ 93,278	\$ 19,051	\$ 693,278	\$ 108,562	\$ 69,631	\$ 55,288	\$ 284,944

THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks

Supplemental Schedule of Activities for Fiscal Sponsorship Programs and Services (Continued)

Year Ended June 30, 2017

	<i>Mass Organization for Addiction Recovery</i>	<i>Matahari Women Workers' Center</i>	<i>Mina's List</i>	<i>MissionSAFE</i>	<i>MLPB</i>	<i>My Sister's Keeper</i>	<i>National Network of Fiscal Sponsorships</i>	<i>National Coordinating Ctr for Network for Pub Hlth Law</i>
Revenue:								
Federal grants and contracts	\$ 216,837	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contracts - other	27,465	-	-	-	-	-	-	-
State and local grants and contracts	663,067	174,128	-	-	600,698	-	-	25,067
Foundation and corporate grants and contracts	2,929	32,276	(666)	(84,346)	28,447	-	-	7,896,396
Contributions	6,458	2,973	-	7,500	8,675	-	-	-
Consultant fees	(4,116)	12,050	-	-	110,572	-	-	-
Publication and advertising revenue	-	-	-	-	-	-	-	-
Membership dues and fees	35,284	80	-	-	462	-	61,211	-
Other revenue	-	1,265	-	-	1	-	-	4,135
Total revenue	947,924	222,772	(666)	(76,846)	748,855	-	61,211	7,925,598
Expenses:								
Personnel (salaries and benefits)	597,183	142,984	-	-	586,547	-	18,711	151,191
Grants, awards, contributions	1,927	20,000	-	-	-	4,500	-	1,382,226
Professional and contract expense	87,276	7,914	-	165	138,135	-	4,183	117,564
Equipment/rental/maintenance	636	-	-	-	950	-	-	-
Postage and supplies	9,207	771	-	-	7,722	-	269	1,579
Telephone/communications/internet	22,766	-	-	-	6,029	62	561	3,277
Printing and publications	17,662	-	-	-	11,792	-	113	396
Occupancy	14,241	7,150	-	-	74,047	-	-	21,575
Travel and meeting expenses	59,621	6,920	-	-	33,542	92	18,309	20,335
Other expenses	14,808	10,585	-	-	16,515	-	950	950
Administrative fee to TSNE	104,513	22,689	500	20	71,658	1,000	-	79,516
Total expenses	929,840	219,013	500	185	946,937	5,654	43,096	1,778,609
Change in net assets	18,084	3,759	(1,166)	(77,031)	(198,082)	(5,654)	18,115	6,146,989
Net assets, beginning	65,010	167,163	1,166	79,129	567,490	13,651	86,549	-
Net assets, ending	\$ 83,094	\$ 170,922	\$ -	\$ 2,098	\$ 369,408	\$ 7,997	\$ 104,664	\$ 6,146,989

THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks

Supplemental Schedule of Activities for Fiscal Sponsorship Programs and Services (Continued)

Year Ended June 30, 2017

	<i>Neighbors United for a Better East Boston</i>	<i>New Entry Sustainable Farming Project</i>	<i>Nonprofit Centers Network</i>	<i>Northeast Regional Ocean Council</i>	<i>Opportunities Exchange</i>	<i>Population Health Improvement Partners</i>	<i>Real Food Challenge</i>	<i>Rhode Island Land Trust Council</i>
Revenue:								
Federal grants and contracts	\$ -	\$ 507,945	\$ -	\$ 9,106	\$ -	\$ 707,005	\$ -	\$ -
Grants and contracts - other	-	8,940	-	-	-	34,974	-	-
State and local grants and contracts	5,000	56,176	-	-	289,436	116,588	47,500	8,454
Foundation and corporate grants and contracts	86,545	118,881	48,500	219,652	819,310	-	430,950	108,278
Contributions	4,000	22,162	2,911	-	-	8,000	21,982	2,685
Consultant fees	-	45,482	199,127	-	211,557	89,150	11,200	-
Publication and advertising revenue	-	-	2,286	-	-	-	-	-
Membership dues and fees	-	255,753	92,699	-	117,950	17,980	4,488	15,100
Other revenue	75	7,657	398	701	-	21,585	-	7,797
Total revenue	95,620	1,022,996	345,921	229,459	1,438,253	995,282	516,120	142,314
Expenses:								
Personnel (salaries and benefits)	36,303	479,044	200,376	143,082	350,427	903,545	511,466	89,079
Grants, awards, contributions	-	-	-	75,000	-	-	-	-
Professional and contract expense	6,200	122,872	69,536	870,947	287,174	469,745	42,677	21,690
Equipment/rental/maintenance	854	16,456	860	-	-	11,688	-	-
Postage and supplies	1,792	200,610	849	31	99	2,782	2,294	2,778
Telephone/communications/internet	310	12,277	8,029	11,809	2,460	24,357	3,420	788
Printing and publications	237	1,382	2,638	-	66	1,339	878	231
Occupancy	4,800	36,130	6,885	-	14,616	73,477	9,700	3,000
Travel and meeting expenses	10,018	34,622	22,337	10,141	161,092	65,435	76,318	865
Other expenses	107	12,113	1,132	-	71	13,357	1,429	814
Administrative fee to TSNE	4,243	87,528	31,264	50,632	89,760	166,091	71,300	13,829
Total expenses	64,864	1,003,034	343,906	1,161,642	905,765	1,731,816	719,482	133,074
Change in net assets	30,756	19,962	2,015	(932,183)	532,488	(736,534)	(203,362)	9,240
Net assets, beginning	9,164	480,085	229,415	1,800,300	404,716	901,037	680,885	175,788
Net assets, ending	\$ 39,920	\$ 500,047	\$ 231,430	\$ 868,117	\$ 937,204	\$ 164,503	\$ 477,523	\$ 185,028

**THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks**

Supplemental Schedule of Activities for Fiscal Sponsorship Programs and Services (Continued)

Year Ended June 30, 2017

	<i>RI Food Policy Council</i>	<i>RIZE Massachusetts</i>	<i>Safe Haven</i>	<i>SeaPlan</i>	<i>Station1</i>	<i>Sustainability Guild International</i>	<i>The Workforce Solutions Group</i>	<i>Tools of the Mind</i>	<i>Trust for Learning</i>
Revenue:									
Federal grants and contracts	\$ 5,331	\$ -	\$ 257,115	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and contracts - other	-	-	-	-	-	-	-	-	-
State and local grants and contracts	90,000	-	-	-	-	-	1,000	1,504,567	-
Foundation and corporate grants and contracts	427,320	-	103,198	-	100,000	2,897	86,764	495,676	1,080,969
Contributions	-	10,000,000	13,301	-	66,255	-	75	131	175,000
Consultant fees	-	-	23,054	-	-	-	-	8,433	6,072
Publication and advertising revenue	-	-	-	-	-	-	-	13,855	-
Membership dues and fees	-	-	1,250	-	-	-	34,751	656	-
Other revenue	-	-	2,391	13,029	-	214	(48,812)	45,276	-
Total revenue	522,651	10,000,000	400,309	13,029	166,255	3,111	73,778	2,068,594	1,262,041
Expenses:									
Personnel (salaries and benefits)	90,673	-	236,531	714,692	-	-	-	1,458,805	234,062
Grants, awards, contributions	-	85,203	-	-	-	-	-	-	59,848
Professional and contract expense	28,867	1,813	17,360	10,300	61,776	13,995	182,500	122,595	367,326
Equipment/rental/maintenance	-	-	-	1,766	-	-	-	15,608	-
Postage and supplies	295	-	4,584	3,588	-	7,479	92	46,155	4,863
Telephone/communications/internet	209	-	2,773	16,805	-	216	747	30,840	2,368
Printing and publications	9,127	-	5,706	4,458	-	92	1,606	75,263	4,653
Occupancy	400	-	19,500	48,842	-	287	-	233	-
Travel and meeting expenses	10,057	-	22,997	57,395	2,056	2,008	1,741	210,167	64,498
Other expenses	85	-	1,200	5,398	-	299	-	8,039	-
Administrative fee to TSNE	17,243	6,961	35,935	69,706	7,660	2,896	7,366	196,723	69,675
Total expenses	156,956	93,977	346,586	932,950	71,492	27,272	194,052	2,164,428	807,293
Change in net assets	365,695	9,906,023	53,723	(919,921)	94,763	(24,161)	(120,274)	(95,834)	454,748
Net assets, beginning	98,293	-	152,600	1,003,718	-	24,162	120,274	1,102,928	334,326
Net assets, ending	\$ 463,988	\$ 9,906,023	\$ 206,323	\$ 83,797	\$ 94,763	\$ 1	\$ -	\$ 1,007,094	\$ 789,074

THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks

Supplemental Schedule of Activities for Fiscal Sponsorship Programs and Services (Continued)

Year Ended June 30, 2017

	<i>Truth, Racial Healing, and Transformation Process</i>	<i>Tutors for all</i>	<i>Union & Fifth</i>	<i>Voices from Inside</i>	<i>Wells Center</i>	<i>Wildflower Foundation</i>	<i>Workers Justice Project</i>	<i>Yoga Hope</i>	<i>Youth Hub</i>	<i>Total</i>
Revenue:										
Federal grants and contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,648,592
Grants and contracts - other	-	-	-	-	-	-	-	-	-	743,865
State and local grants and contracts	168,744	253,822	-	-	-	-	250,067	-	4,000	7,675,558
Foundation and corporate grants and contracts	-	543	-	180	-	(1,414,469)	51,250	3,700	27,727	26,668,679
Contributions	-	53,902	1,915,189	-	-	-	18,258	109,600	10,000	13,201,477
Consultant fees	-	-	-	-	-	-	119,070	49,101	1,200	2,373,021
Publication and advertising revenue	-	-	-	-	-	-	-	-	-	16,621
Membership dues and fees	-	-	278,012	-	-	-	6,637	69,261	-	2,660,838
Other revenue	-	-	-	-	-	-	1,635	3,361	-	357,568
Total revenue	168,744	308,267	2,193,201	180	-	(1,414,469)	446,917	235,023	42,927	56,346,219
Expenses:										
Personnel (salaries and benefits)	124,177	186,011	1,169,658	-	-	412,841	220,901	117,256	41,989	19,399,812
Grants, awards, contributions	-	-	183,441	-	-	-	-	-	-	4,006,232
Professional and contract expense	-	32,888	295,510	5	-	608,944	19,875	17,073	5,890	8,620,739
Equipment/rental/maintenance	-	-	9,140	-	-	-	4,735	-	-	111,504
Postage and supplies	1,118	6,376	53,991	-	-	700	17,818	4,671	3,186	598,279
Telephone/communications/internet	1,812	1,590	30,980	-	-	45	3,354	1,864	440	373,297
Printing and publications	8	256	15,601	-	-	232	8,395	5,199	32	330,066
Occupancy	-	14,786	91,849	-	-	-	26,116	3,000	2,000	1,018,844
Travel and meeting expenses	14,722	22,091	80,336	-	-	4,971	16,460	38,387	804	3,151,234
Other expenses	-	1,327	95,727	-	-	10,094	4,217	3,540	-	693,754
Administrative fee to TSNE	17,020	37,080	202,706	1	493	124,539	41,763	22,619	5,447	3,528,801
Total expenses	158,857	302,405	2,228,939	6	493	1,162,366	363,634	213,609	59,788	41,832,562
Change in net assets	9,887	5,862	(35,738)	174	(493)	(2,576,835)	83,283	21,414	(16,861)	14,513,657
Net assets, beginning	9,452	2,858	35,753	-	493	2,983,801	262,680	10,389	16,861	25,688,103
Net assets, ending	\$ 19,339	\$ 8,720	\$ 15	\$ 174	\$ -	\$ 406,966	\$ 345,963	\$ 31,803	\$ -	\$ 40,201,760

**THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks**

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Federal Expenditures</i>
U.S. Department of Health and Human Services Direct Program:				
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	N/A	\$ -	\$ 90,451
Total U.S. Department of Health and Human Services Direct Program				90,451
U.S. Department of Health and Human Services Pass-Through Programs:				
CCDF Cluster:				
Child Care and Development Block Grant				
Passed-through Bright from the Start-GA Dept of Early Care & Learning	93.575	46900-621-V16TSN032		130,856
Environmental Public Health and Emergency Response				
Passed-through Gaston County Department of Health & Human Services	93.070	1UE2EH001343-01		13,881
Maternal and Child Health Federal Consolidated Program				
Passed-through The University of Vermont & State Agricultural College	93.110	5-UE7-MC26282-03-00		20,014
Maternal and Child Health Federal Consolidated Program				
Passed-through The University of North Carolina at Chapel Hill	93.110	2-UE7-MC26282-04-00		56,776
Diabetes Self-Management Education (DSME) Toolkit, Training and Technical Assistance				
Passed-through The University of North Carolina at Chapel Hill	93.unknown	200-2014-61279		58,284
Substance Abuse and Mental Health Services_Projects of Regional and National Significance				
Passed-through Parent/Professional Advocacy League	93.243	unknown		36,627
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – financed in part by the Prevention and Public Health Fund (PPHF)				
Passed-through American Academy of Pediatrics	93.733	5H23IP000952-02		9,724
Block Grants for Prevention and Treatment of Substance Abuse				
Passed-through the Massachusetts Department of Public Health	93.959	INTF2330M04500824096		89,760
Sexually Transmitted Diseases (STD) Prevention and Control Grants				
Passed-through The Regents of the University of California	93.977	1U62PS004583-01		115,613
Achieving Public Health Impact Through Research				
Passed-through Abt Associates Inc.	93.Unknown	HHSD20002013M5380B		438,767
Total U.S. Department of Health and Human Services Pass-Through Programs				970,302
Total U.S. Department of Health and Human Services Programs				1,060,753
U.S. Environmental Protection Agency Direct Program:				
Healthy Communities Grant Program	66.110	00A00095		5,331
Total U.S. Environmental Protection Agency Direct Program				5,331
U.S. Department of Housing & Urban Development Pass-Through Programs:				
Community Development Block Grants/Entitlement Grants				
Passed-through City of New London	14.218	221.6517-465.33-09		5,000
Total U.S. Department of Housing & Urban Development Pass-Through Programs				5,000
U.S. Department of Commerce Direct Program:				
Unallied Management Projects	11.454	N/A		179
Total U.S. Department of Commerce Direct Program				179
U.S. Department of Commerce Pass-Through Program:				
Integrated Ocean Observing System (IOOS)				
Passed-through Northeastern Regional Association of Coastal Ocean Observing Systems	11.012	NA11NOS0120034		9,106
Total U.S. Department of Commerce Pass-Through Program				9,106
Total U.S. Department of Commerce Programs				9,285
U.S. Department of Justice Direct Program:				
Office on Violence Against Women	16.526	N/A		257,115
Total U.S. Department of Justice Direct Program				257,115
Balance Forward			\$ -	\$ 1,337,484

THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2017

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Federal Expenditures</i>
Balance Forward			<u>\$ -</u>	<u>\$ 1,337,484</u>
U.S. Department of Justice Pass-Through Program:				
Grants for Outreach and Services to Underserved Populations				
Passed-through Fenway Community Health Center, Inc.	16.889	2015-UD-AX-0001		<u>4,419</u>
Total U.S. Department of Justice Programs				<u>4,419</u>
U.S. Department of Labor Pass-Through Program:				
Healthy Communities Grant Program	17.268	HG-29361-16-60-A-53		<u>87,991</u>
Total U.S. Department of Labor Program				<u>87,991</u>
U.S. Department of Education Pass-Through Programs:				
Enhanced Assessment Instruments Grant Program				
Passed-through Public Schools of North Carolina	84.368A	NC10126823		159,293
Race to the Top - Early Learning Challenge				
Passed-through The Illinois Department of Human Services	84.412	FCSTI03854		109,679
Fund for the Improvement of Education				
Passed-through Dudley Street Neighborhood Initiative	84.215	Unknown		<u>25,000</u>
Total U.S. Department of Education Pass-Through Programs				<u>293,972</u>
U.S. Department of Agriculture Direct Programs:				
2014: Farmers' Market and Local Food Promotion Program	10.168	N/A		110,342
Local Food Promotion Program	10.172	N/A		66,214
Community Food Projects	10.225	N/A	13,334	70,114
Beginning Farmer and Rancher Development Program	10.311	N/A	25,116	250,487
2015: National Food Safety Training, Education, Extension, Outreach, and				
Technical Assistance Competitive Grants Program	10.328	N/A		43,539
Farm Operation Loans (Direct & Guaranteed)	10.406	N/A		59,231
Risk Management Education Partnerships	10.460	N/A		37,336
Farm to School Grant Program	10.575	N/A		16,683
Rural Business Enterprise Grants	10.769	N/A		<u>17,961</u>
Total U.S. Department of Agriculture Direct Programs			<u>38,450</u>	<u>671,907</u>
U.S. Department of Agriculture Pass-Through Programs:				
Sustainable Agriculture Research and Education				
Passed-through University of Vermont &				
State Agricultural College	10.215	2011-38640-30418;		54,633
State Agricultural College		2014-38640-22161		396
Passed-through Community Teamwork, Inc.	10.215	2013-38640-20895		
Community Food Projects				
Passed-through Community Teamwork, Inc.	10.225	2014-33800-22325		166,832
2009: Agriculture and Food Research Initiative				
Passed-through Michigan State University	10.310	2011-68001-23407		27,611
Cooperative Extension Service				
Passed-through University of Delaware	10.500	2015-49200-24225		<u>3,347</u>
Total U.S. Department of Agriculture Pass-Through Programs				<u>252,819</u>
Total U.S. Department of Agriculture Programs			<u>38,450</u>	<u>924,726</u>
Total Expenditures of Federal Awards			<u>\$ 38,450</u>	<u>\$ 2,648,592</u>

**THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks**

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Third Sector New England, Inc. (“TSNE”) D/B/A TSNE Missionworks under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of TSNE, it is not intended to and does not present the financial position, changes in net assets or cash flows of TSNE.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. TSNE has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Reporting Under Government Auditing Standards



*Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards*

Board of Directors
Third Sector New England, Inc.
Boston, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Third Sector New England, Inc. ("TSNE") D/B/A TSNE Missionworks, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered TSNE's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TSNE's internal control. Accordingly, we do not express an opinion on the effectiveness of TSNE's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether TSNE's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maye Heyman McCann P.C.

December 15, 2017
Boston, Massachusetts

Reporting Under the Uniform Guidance



*Independent Auditors' Report on Compliance For Each Major Federal Program
and Report on Internal Control Over Compliance Required by the Uniform Guidance*

Board of Directors
Third Sector New England, Inc.
Boston, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited Third Sector New England, Inc.'s ("TSNE") D/B/A TSNE Missionworks compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on TSNE's major federal programs for the year ended June 30, 2017. TSNE's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for TSNE's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about TSNE's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of TSNE's compliance.



Opinion on Each Major Federal Program

In our opinion, TSNE complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of TSNE is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered TSNE's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of TSNE's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maye Haffman McCann P.C.

December 15, 2017
Boston, Massachusetts

**THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2017

Section 1

Summary of Auditors' Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | None Reported |
| 3. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1. Internal control over federal major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | None Reported |
| 2. Type of auditors' report issued on compliance for federal major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 4. Identification of federal major programs: | |

CFDA Number

Name of Federal Program

16.526

Office on Violence
Against Women

93.Unknown

Achieving Public Health
Impact Through Research

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 6. Auditee qualified as a low-risk auditee? | Yes |

**THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE Missionworks**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2017

Section 2

Financial Statement Findings

None noted.

Section 3

Federal Award Findings and Questioned Costs

None noted.