



**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, 2019 and 2018



**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, 2019 and 2018, 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, 2019 and 2018, 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 November 22, 2019 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2019, TSNE adopted Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities, Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Mayer Hoffmann McCann P.C.

November 22, 2019
Boston, Massachusetts

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

Statements of Financial Position

	<i>June 30,</i>	
	2019	2018
Assets		
Cash and cash equivalents	\$ 37,583,775	\$ 19,449,438
Assets limited as to use	1,184,216	1,973,800
Contributions, grants and notes receivable, net (allowance for doubtful accounts of \$440,255 for 2019 and \$83,510 for 2018)	20,981,455	24,710,501
Royalty fees receivable	695,498	952,676
Prepaid expenses and deposits	745,651	442,423
Investments	23,336,840	22,303,348
Property and equipment, net	20,638,883	20,634,484
Deferred costs, net	179,886	214,150
Total assets	\$ 105,346,204	\$ 90,680,820
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 6,704,038	\$ 4,891,749
Deferred revenue	1,719,522	2,536,469
Bond payable	12,597,260	12,955,467
Interest rate swap obligation	194,608	-
Total liabilities	21,215,428	20,383,685
Net assets:		
Without donor restrictions	32,436,473	31,431,975
With donor restrictions:		
TSNE purpose restricted balance	206,082	558,809
Donor restricted to fiscal sponsorship projects	51,488,221	38,306,351
Total donor restricted net assets	51,694,303	38,865,160
Total net assets	84,130,776	70,297,135
Total liabilities and net assets	\$ 105,346,204	\$ 90,680,820

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

Statement of Activities

**Year Ended June 30, 2019
(with comparative totals for 2018)**

	2019				2018	
	TSNE Without Donor Restrictions	Fiscally Sponsored Programs Without Donor Restrictions	Total Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue:						
Contributions and grants - fiscally sponsored programs	\$ -	\$ -	\$ -	\$ 49,029,470	\$ 49,029,470	\$ 27,537,417
Other contributions and grants	27,003	-	27,003	30,290	57,293	934,554
Federal income	-	2,514,891	2,514,891	-	2,514,891	3,007,433
Royalty income	2,147,906	59,304	2,207,210	-	2,207,210	2,203,028
Contract revenue	1,144,808	10,738,504	11,883,312	-	11,883,312	11,556,202
Interest income	491,619	31,532	523,151	-	523,151	125,627
Publication revenue excluding grant support	-	-	-	-	-	16,969
Conference revenue	239,941	2,013,010	2,252,951	-	2,252,951	693,364
Membership dues	-	580,887	580,887	-	580,887	795,630
Rental income	3,086,386	55,077	3,141,463	-	3,141,463	2,946,166
Other income (loss)	78,734	(234,622)	(155,888)	-	(155,888)	699,962
Net assets released from restrictions	383,017	35,847,600	36,230,617	(36,230,617)	-	-
Total revenue	7,599,414	51,606,183	59,205,597	12,829,143	72,034,740	50,516,352
Expenses:						
Fiscally sponsored programs	-	47,276,944	47,276,944	-	47,276,944	41,172,882
Organizational development services	2,552,844	-	2,552,844	-	2,552,844	2,484,863
NonProfit Centers	3,283,391	-	3,283,391	-	3,283,391	3,276,489
Administrative and general	2,597,563	4,329,299	6,926,862	-	6,926,862	5,936,195
Total expenses	8,433,798	51,606,243	60,040,041	-	60,040,041	52,870,429
Change in net assets from operations	(834,384)	(60)	(834,444)	12,829,143	11,994,699	(2,354,077)
Nonoperating:						
Investment income, net of fees	255,527	-	255,527	-	255,527	237,947
Net realized and unrealized gain on investments	1,777,963	60	1,778,023	-	1,778,023	2,180,031
Change in fair value of interest rate swap obligation	(194,608)	-	(194,608)	-	(194,608)	-
Change in net assets from nonoperating activities	1,838,882	60	1,838,942	-	1,838,942	2,417,978
Total changes in net assets	1,004,498	-	1,004,498	12,829,143	13,833,641	63,901
Net assets, beginning	31,431,975	-	31,431,975	38,865,160	70,297,135	70,233,234
Net assets, ending	\$ 32,436,473	\$ -	\$ 32,436,473	\$ 51,694,303	\$ 84,130,776	\$ 70,297,135

See accompanying notes to the financial statements.

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

Statement of Activities

Year Ended June 30, 2018

	TSNE Without Donor Restrictions	Fiscally Sponsored Programs Without Donor Restrictions	Total Without Donor Restrictions	With Donor Restrictions	Total
Revenue:					
Contributions and grants - fiscally sponsored programs	\$ -	\$ -	\$ -	\$ 27,537,417	\$ 27,537,417
Other contributions and grants	58,150	-	58,150	876,404	934,554
Federal income	-	3,007,433	3,007,433	-	3,007,433
Royalty income	2,177,676	25,352	2,203,028	-	2,203,028
Contract revenue	892,030	10,664,172	11,556,202	-	11,556,202
Interest income	93,388	32,239	125,627	-	125,627
Publication revenue excluding grant support	711	16,258	16,969	-	16,969
Conference revenue	256,547	436,817	693,364	-	693,364
Membership dues	-	795,630	795,630	-	795,630
Rental income	2,906,213	39,953	2,946,166	-	2,946,166
Other income	63,146	636,816	699,962	-	699,962
Net assets released from restrictions	530,735	29,432,822	29,963,557	(29,963,557)	-
Total revenue	6,978,596	45,087,492	52,066,088	(1,549,736)	50,516,352
Expenses:					
Fiscally sponsored programs	-	41,172,882	41,172,882	-	41,172,882
Organizational development services	2,484,863	-	2,484,863	-	2,484,863
NonProfit Centers	3,276,489	-	3,276,489	-	3,276,489
Administrative and general	2,021,670	3,914,525	5,936,195	-	5,936,195
Total expenses	7,783,022	45,087,407	52,870,429	-	52,870,429
Change in net assets from operations	(804,426)	85	(804,341)	(1,549,736)	(2,354,077)
Nonoperating:					
Investment income, net of fees	237,947	-	237,947	-	237,947
Net realized and unrealized gain (loss) on investments	2,180,116	(85)	2,180,031	-	2,180,031
Change in net assets from nonoperating activities	2,418,063	(85)	2,417,978	-	2,417,978
Total changes in net assets	1,613,637	-	1,613,637	(1,549,736)	63,901
Net assets, beginning	29,818,338	-	29,818,338	40,414,896	70,233,234
Net assets, ending	\$ 31,431,975	\$ -	\$ 31,431,975	\$ 38,865,160	\$ 70,297,135

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, 2019
(with comparative totals for 2018)

	2019					2018
	<i>Fiscally Sponsored Programs</i>	<i>Organizational Development Services</i>	<i>NonProfit Centers</i>	<i>Administrative and General</i>	<i>Total Expenses</i>	<i>Total Expenses</i>
Salaries and wages	\$ 18,774,907	\$ 1,396,255	\$ 356,557	\$ 4,250,075	\$ 24,777,794	\$ 22,646,552
Employee benefits	3,837,456	374,149	95,689	1,293,016	5,600,310	5,076,402
Grants, awards, contributions	6,438,274	-	-	750	6,439,024	5,747,300
Professional fees	9,894,505	217,184	185,980	155,446	10,453,115	8,084,242
Occupancy	1,346,132	-	336,143	5,094	1,687,369	1,648,128
Postage and supplies	692,563	3,674	14,746	268,441	979,424	751,223
Travel	1,630,655	50,052	496	58,709	1,739,912	1,587,958
Printing and publications	268,208	8,166	166	5,707	282,247	242,235
Conference and meeting expense	2,617,061	78,859	13,111	89,105	2,798,136	1,901,135
Contract expense	330,430	397,003	-	-	727,433	981,466
Other expenses	698,946	17,177	91,541	58,751	866,415	765,338
Telephone and communications	431,943	530	25,558	87,351	545,382	513,249
Training	73,234	6,970	-	53,998	134,202	81,524
Depreciation and amortization	39,357	-	947,433	35,004	1,021,794	1,056,996
Equipment	67,435	-	29,720	29,431	126,586	135,571
Accounting and legal expense	99,213	2,825	68,955	365,894	536,887	474,587
Insurance	25,097	-	31,578	168,765	225,440	98,324
Facility expense	39	-	541,998	1,325	543,362	503,901
Debt service	11,489	-	543,720	-	555,209	574,298
Allocated indirect cost	4,329,299	-	-	(4,329,299)	-	-
Total expenses	\$ 51,606,243	\$ 2,552,844	\$ 3,283,391	\$ 2,597,563	\$ 60,040,041	\$ 52,870,429

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, 2018

	<i>Fiscally Sponsored Programs</i>	<i>Organizational Development Services</i>	<i>NonProfit Centers</i>	<i>Administrative and General</i>	<i>Total Expenses</i>
Salaries and wages	\$ 17,294,629	\$ 1,151,678	\$ 320,598	\$ 3,879,647	\$ 22,646,552
Employee benefits	3,768,358	281,692	78,120	948,232	5,076,402
Grants, awards, contributions	5,478,450	93,000	175,000	850	5,747,300
Professional fees	7,462,181	293,658	148,440	179,963	8,084,242
Occupancy	1,334,779	400	295,786	17,163	1,648,128
Postage and supplies	604,961	2,311	1,735	142,216	751,223
Travel	1,455,921	95,068	160	36,809	1,587,958
Printing and publications	218,791	10,082	54	13,308	242,235
Conference and meeting expense	1,724,758	92,255	12,046	72,076	1,901,135
Contract expense	541,124	415,230	-	25,112	981,466
Other expenses	565,546	32,231	86,877	80,684	765,338
Telephone and communications	431,773	5,465	20,055	55,956	513,249
Training	63,741	8,477	1,339	7,967	81,524
Depreciation and amortization	32,125	-	1,004,224	20,647	1,056,996
Equipment	73,060	-	18,426	44,085	135,571
Accounting and legal expense	90,059	3,316	30,142	351,070	474,587
Insurance	16,612	-	21,455	60,257	98,324
Facility expense	-	-	503,748	153	503,901
Debt service	16,014	-	558,284	-	574,298
Allocated indirect cost	3,914,525	-	-	(3,914,525)	-
Total expenses	\$ 45,087,407	\$ 2,484,863	\$ 3,276,489	\$ 2,021,670	\$ 52,870,429

See accompanying notes to the financial statements.

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

Statements of Cash Flows

	Years Ended June 30,	
	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ <u>13,833,641</u>	\$ <u>63,901</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,010,001	1,042,254
Amortization of bond issuance costs	11,793	14,741
Loss on disposal of property and equipment	16,200	-
Net realized and unrealized gain on investments	(1,778,023)	(2,180,031)
Change in fair value of interest rate swap obligation	194,608	-
Change in:		
Contributions, grants and notes receivable	3,729,046	1,437,376
Royalty fees receivable	257,178	748,456
Prepaid expenses and deposits	(303,228)	(249,159)
Accounts payable and accrued expenses	1,812,289	(877,447)
Deferred revenue	<u>(816,947)</u>	<u>1,620,519</u>
Total adjustments	<u>4,132,917</u>	<u>1,556,709</u>
Net cash provided by operating activities	<u>17,966,558</u>	<u>1,620,610</u>
Cash flows from investing activities:		
Proceeds from sale of investments	7,184,809	3,532,675
Purchase of investments	(6,440,278)	(3,768,840)
Change in assets limited as to use	789,584	(307,010)
Purchase of property and equipment	<u>(996,336)</u>	<u>(1,369,641)</u>
Net cash provided by (used in) investing activities	<u>537,779</u>	<u>(1,912,816)</u>
Cash flows from financing activities:		
Payments on bond payable	<u>(370,000)</u>	<u>(360,000)</u>
Net increase (decrease) in cash and cash equivalents	18,134,337	(652,206)
Cash and cash equivalents, beginning	<u>19,449,438</u>	<u>20,101,644</u>
Cash and cash equivalents, ending	\$ <u>37,583,775</u>	\$ <u>19,449,438</u>

See accompanying notes to the financial statements.

**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 headquartered in Boston, Massachusetts. TSNE operates in 29 states, and 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 property management, consulting and training services, and fiscal sponsorship.

Through fiscal sponsorship services, TSNE provides a legal umbrella and support services for over 70 small to midsize 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 organization in furtherance of societal good. In 2004, TSNE opened the NonProfit Center in Boston, creating the state's first mission-based, multi-tenant center providing stable rents and collaborative opportunities for progressive social change organizations. The NonProfit Center also provides meeting space and training programs to over 50 tenant organizations and the general nonprofit community. TSNE's consulting and training services provides general consulting services including organizational development and strategic planning, interim executive director placements, executive transition and search, and leadership and training programs for hundreds of local nonprofits.

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:

- *Net assets without donor restrictions* represent the portion of net assets that are available for general use and not subject to donor restrictions.
- *Net assets with donor restrictions* 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 donor-restricted net assets relate to contributions and grants for Fiscal Sponsorship Organizations. Revenues resulting from the operation of each Fiscal Sponsored Organization by agreement are restricted to that organization's use and cannot be redirected to other areas of the organization. TSNE does not have any donor restrictions that are perpetual in nature whereby the donor has stipulated the funds must be maintained in perpetuity.

**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)

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 returns and changes in the fair value of interest rate swap obligations 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 considers all highly liquid investments with an original maturity of ninety days or less to be cash equivalents. TSNE monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts. Cash equivalents transferred to investment managers are considered part of investments.

Cash and cash equivalents consist of the following for the years ended June 30:

	2019	2018
Fiscally sponsored organizations	\$ 36,112,666	\$ 17,671,679
Other	<u>1,471,109</u>	<u>1,777,759</u>
Total cash and cash equivalents	<u>\$ 37,583,775</u>	<u>\$ 19,449,438</u>

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 3).

Contributions, Grants and Notes Receivable

Contributions, grants and notes receivable are carried at original stated 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.

Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows utilizing a risk-adjusted discount rate. The initially recorded fair value is considered a Level 2 fair value approach.

**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)

Royalty Income and Receivable

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.

Investments and Fair Value Measurements

TSNE reports certain financial assets and liabilities in accordance with the fair value standards of accounting. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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. The fair value measurement standards also provide for a practical expedient of fair value allowing for the use of net asset value (NAV) per share when certain requirements are met. 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, 2019 and 2018, TSNE does not have any financial assets 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.

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.

**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)

Investments and Fair Value Measurements (Continued)

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 using Level 1 methods. 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.

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	20 - 40 years
Building and land improvements	10 - 40 years
Furnishings and equipment	3 - 10 years
Software	5 years
Tenant improvements	Shorter of useful life or 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.

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.

**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)

Interest Rate Swap Agreement

The fair value of interest rate swaps are recorded at each period-end as either an asset or a liability, based on the estimated value of the contract at year-end. Fair value is determined as per the fair value policies as described previously in this section. The change in the fair value of the contract is measured at each period-end and recorded as a nonoperating activity within the statements of activities.

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 contracts and other 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. Rental revenue is recognized as billed to tenants with no adjustment to recognize the effect of free or reduced rent periods. Membership dues revenue is earned when membership benefits are provided to its members.

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.

Contributions and Grants

Contributions and grants, 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 with or without donor restrictions based on the existence or absence of donor restrictions. Amounts received with donor-imposed restrictions that are recorded as donor-restricted revenues are reclassified to without donor restriction 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.

Grants and contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the without donor restrictions net assets class with the exception of those grants and contributions for fiscal sponsorship organizations which are reflected as donor restricted to fiscal sponsorship revenue when recorded. Grants and contributions received for which donor-imposed restrictions will be met in future periods are recorded as donor restricted and are released from restrictions as conditions are met.

**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)

Fundraising Expenses

Included in expenses for fiscal sponsorship programs are approximately \$1,064,102 and \$726,690 of fundraising expenses for the years ended June 30, 2019 and 2018, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expense by function. Generally, TSNE classifies expense to functional areas based on direct charges to each function with limited allocations to functional areas as described below. The Fiscally Sponsored Organizations functional area represents all activities performed by our community organizations. The allocation of indirect cost from Administrative and General to Fiscally Sponsored Organizations is based on the agreements for services provided between the parties. Organizational Development Services represents the consulting and training services to build the capacity of other nonprofit organizations. NonProfit Centers includes all the activity associated with Operating the Boston NonProfit Center and other community nonprofit centers. The Administrative and General functional area represents all the audit, payroll, accounting, grant management and human resource expenses.

Tax Status

TSNE is recognized by the Internal Revenue Service as an organization described in Section 501(c)(3) of the Internal Revenue 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.

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 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 and its treatment of revenue as related and unrelated income as its only tax positions; however, TSNE has determined that such tax positions do 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 was \$135,562 and \$146,904 for the years ended June 30, 2019 and 2018, respectively.

**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)

New Accounting Pronouncement

In 2019, TSNE adopted ASU No. 2016-14, *Not-for-Profit Entities, Presentation of Financial Statements of Not-for-Profit Entities*. This standard addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. TSNE adopted this standard retrospectively to all periods presented and adjusted the presentation of these financial statements accordingly. There was no change in total net assets as previously reported as a result of the adoption of this standard.

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 discount and allowance for doubtful accounts and notes receivable, useful lives of depreciable assets, allowable costs charged to cost reimbursement contracts, valuation of interest rate swaps and the allocation of common expenses over program functions.

Reclassifications

Certain reclassifications within the statements of activities and statements of functional expenses have been made to the 2018 financial statements to conform to presentations used in 2019.

Note 2 - Liquidity and Availability

TSNE monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. TSNE has various sources of liquidity at its disposal, including cash, cash equivalents and marketable securities. All TSNE investments are held in marketable securities which can be redeemed on a daily basis to address liquidity if needed.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, TSNE considers all expenditures related to its ongoing activities of conducting its programs and services to nonprofit organizations as expenditures incurred to support those activities to be general expenditures.

In addition to the financial assets available to meet general expenditures over the next 12 months, TSNE operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of TSNE's cash and shows positive cash generated by operations for the years ended June 30, 2019 and 2018.

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

Notes to Financial Statements

Note 2 - Liquidity and Availability (Continued)

As of June 30, the following tables show the total financial assets held by TSNE and the amounts of those financial assets available within one year of the balance sheet date to meet general expenditures:

	2019	2018
Financial assets at year end:		
Cash and cash equivalents	\$ 37,583,775	\$ 19,449,438
Assets limited as to use	1,184,216	1,973,800
Contributions, grants and notes receivable, net	20,358,972	24,710,501
Royalty fees receivable	695,498	952,676
Investments	<u>23,336,840</u>	<u>22,303,348</u>
Total financial assets at year end	\$ <u>83,159,301</u>	\$ <u>69,389,763</u>
Financial assets available to meet general expenditures over the next 12 months:		
Cash and cash equivalents	\$ 30,880,913	\$ 18,818,270
Contributions, grants and notes receivable without restrictions due in one year or less	17,090,444	14,080,608
Royalty fees receivable	695,498	952,676
Investments	<u>23,336,840</u>	<u>22,303,348</u>
Total financial assets available to meet general expenditures over the next 12 months	\$ <u>72,003,695</u>	\$ <u>56,154,902</u>

Note 3 - Assets Limited as to Use

Assets limited as to use is the microloan fund and cash with other programmatic restrictions, with a balance of \$1,184,216 and \$1,973,800 as of June 30, 2019 and 2018, 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 4 - Contributions, Grants and Notes Receivable

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

	2019	2018
Grants and contracts receivable:		
Due in one year or less	\$ 17,360,264	\$ 14,646,769
Between one year and five years	<u>3,418,809</u>	<u>9,948,642</u>
	20,779,073	24,595,411
 Notes receivable *	 825,119	 681,251
 Less: discount for present value	 (182,482)	 (482,651)
Less: allowance for doubtful accounts	<u>(440,255)</u>	<u>(83,510)</u>
 Contributions, grants and notes receivable, net	 <u>\$ 20,981,455</u>	 <u>\$ 24,710,501</u>

*All financing notes receivable are current.

Note 5 - Fair Values of Financial Instruments

The following is a summary of investments at June 30:

	2019	2018
Investments:		
Cash equivalents	\$ 452,754	\$ 1,179,473
Common stock - domestic	19,777,584	18,747,336
Common stock - foreign	1,338,786	831,311
Equity funds	<u>1,767,716</u>	<u>1,545,228</u>
 Total assets at fair value	 <u>\$ 23,336,840</u>	 <u>\$ 22,303,348</u>

All investments are considered Level 1 financial instruments.

**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:

	2019	2018
Land	\$ 6,178,688	\$ 6,178,688
Building	10,225,637	10,216,876
Building improvements	16,124,558	15,383,914
Furnishings and equipment	472,480	395,233
Software	<u>442,864</u>	<u>302,634</u>
	33,444,227	32,477,345
Less accumulated depreciation	<u>(12,805,344)</u>	<u>(11,842,861)</u>
Property and equipment, net	<u>\$ 20,638,883</u>	<u>\$ 20,634,484</u>

Depreciation expense was \$975,737 and \$1,007,990 for the years ended June 30, 2019 and 2018, respectively.

During the year ended June 30, 2019, TSNE wrote off \$29,454 of property and equipment with accumulated depreciation of \$13,254 that is no longer in use, resulting in a loss on disposal of \$16,200. During the year ended June 30, 2018, TSNE wrote off \$202,212 of fully depreciated property and equipment that is no longer in use.

Note 7 - Deferred Costs, Net

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

	2019	2018
Leasing costs	\$ 342,640	\$ 342,640
Less accumulated amortization	<u>(162,754)</u>	<u>(128,490)</u>
Deferred costs, net	<u>\$ 179,886</u>	<u>\$ 214,150</u>

Amortization expense of deferred leasing costs was \$34,264 for the years ended June 30, 2019 and 2018.

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

Notes to Financial Statements

Note 8 - Bond Payable, Net

Bond payable consists of the following at June 30:

	2019	2018
TD Bank 2010 Series A direct placement, Massachusetts Development Finance Agency 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 non-financial covenants.	\$ 12,840,000	\$ 13,210,000
Less bond issuance costs	<u>(242,740)</u>	<u>(254,533)</u>
Bond payable, net	<u>\$ 12,597,260</u>	<u>\$ 12,955,467</u>

Maturities of bond payable are as follows:

2020	\$	420,000
2021		420,000
2022		420,000
2023		470,000
2024		480,000
Thereafter		<u>10,630,000</u>
	\$	<u>12,840,000</u>

Interest expense related to the bond payable amounted to \$540,070 and \$558,284 for the years ended June 30, 2019 and 2018, respectively. Amortization expense related to the bond issuance costs amounted to \$11,793 and \$14,741 for the years ended June 30, 2019 and 2018, respectively.

Note 9 - Derivative Instruments

TSNE uses an interest rate swap to manage interest rate risk exposure. TSNE's interest rate swap effectively mitigates exposure to interest rate risk, primarily through converting its fixed rate debt under the bond agreement to a variable rate basis. This agreement involves the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amounts. TSNE does not enter into derivative instruments for trading or speculative purposes.

TSNE's interest rate swap has been recorded as a liability in the statements of financial position at fair value. Changes in fair value are recorded as change in the fair value of interest rate swap in the period incurred.

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

Notes to Financial Statements

Note 9 - Derivative Instruments (Continued)

As a result of the use of the swap agreement, TSNE is exposed to risk that the counterparty will fail to meet their contractual obligation. To mitigate the counterparty risk, TSNE only enters into contracts with selected major financial institutions based upon their credit ratings and other factors, and continually assesses the creditworthiness of counterparties. At June 30, 2019, the counterparty to TSNE's interest rate swap had investment grade ratings. To date, the counterparty has performed in accordance with their contractual obligation. The current swap contains no credit risk-related contingent features nor does the swap contain provisions under which TSNE has, or would be required, to post collateral.

TSNE had the following interest rate swap liability outstanding at June 30, 2019:

<i>Remaining Notional Amount</i>	<i>Termination Date</i>	<i>Interest Rate Received</i>	<i>Interest Rate Paid</i>	<i>Fair Value</i>
\$ 12,560,000	8/01/2029	81% * 1.35% + one month LIBOR	2.860%	\$ 194,608

Note 10 - Operating Leases

TSNE occupies office space and leases office equipment under various leases and tenant-at-will agreements through November 2028. Total rent expense under lease agreements, including month-to-month leases, was \$1,293,392 and \$1,286,716 for the years ended June 30, 2019 and 2018, respectively.

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

2020	\$ 868,499
2021	249,849
2022	64,283
2023	43,503
2024	7,921
Thereafter	34,980
	\$ 1,269,035

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. Contributions incurred under the plan were \$845,928 and \$736,740 during the years ended June 30, 2019 and 2018, respectively.

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

Notes to Financial Statements

Note 12 - Rental Income

TSNE rents certain office space in the building which it owns and operates to various nonprofit organizations through September 2025. Rental income including operating expense escalations charged to tenants for the years ended June 30, 2019 and 2018 was \$3,141,463 and \$2,946,166, respectively.

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

2020	\$ 2,382,609
2021	1,780,300
2022	1,501,369
2023	1,387,487
2024	1,229,192
Thereafter	<u>3,054,833</u>
	<u>\$ 11,335,790</u>

Note 13 - Net Assets

Net assets are comprised of the following at June 30, 2019 and 2018:

Net assets without donor restrictions are represented by TSNE's net investment in property and equipment, net and remaining net assets available for operations.

Net assets with donor restrictions are mainly restricted for the use of Fiscal Sponsorship Organizations. These net assets can only be used specifically for the corresponding Fiscal Sponsorship Organization.

Releases from donor-restricted net assets represent expenses incurred for the operation of Fiscal Sponsorship Organizations.

Note 14 - Concentrations of Credit Risk

As of June 30, 2019 and 2018, 22% and 56%, respectively, of accounts receivable consist of grants from two grantors. There were no revenue concentrations for the years ended June 30, 2019 and 2018.

Note 15 - Commitments and Contingencies

TSNE is periodically involved in claims, suits and other legal matters, all of which arise in the normal course of business. Management does not believe that the outcome of any currently pending matters, either individually or in the aggregate, will have a material impact on TSNE's financial position, changes in net assets and cash flows.

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

Notes to Financial Statements

Note 16 - Subsequent Events

TSNE has evaluated subsequent events through November 22, 2019, the date the financial statements were authorized to be issued. Except as noted below, there were no subsequent events requiring accounting or disclosure through this period.

Subsequent to year end, Tools of the Mind, a fiscally sponsored program, applied for status as an independent 501(c)(3). When they become independent, TSNE MissionWorks will transfer all outstanding grant agreements to the new organization, including accounts receivable totaling approximately \$650,000 at June 30, 2019 and cash of approximately \$1,030,000. For the year ended June 30, 2019, revenue, expenses and ending net assets from Tools of the Mind were approximately \$2,216,000, \$2,242,000 and \$825,000, respectively. For the year ended June 30, 2018, revenue, expenses and ending net assets from Tools of the Mind were approximately \$1,664,000, \$1,820,000 and \$851,000, respectively.

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, 2019

	ACEs Connection Network	Ada Developers Academy	Alliance for Nonprofit Management	A Way Home - Washington	A Way Home America	Basics	Babb-Brott IPA	Blue Butterfly Collaborative	The BUILD Initiative
Revenue:									
Federal grants and contracts	\$ -	\$ 321,626	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,669
Contributions	-	10,550	500	24,115	16,329	49,060	-	1,429	32,250
Grants	1,498,445	107,680	-	1,023,212	1,954,761	1,004,759	281,072	1,788,649	3,316,977
Royalty and license fees	-	-	1,583	-	-	-	-	-	-
Contract revenue	140,932	3,465,289	-	2,647	344	11,975	-	189,091	1,143,974
Investment income	-	8,815	-	-	-	-	-	-	-
Conference revenue	-	8,700	55,898	1,190	-	18,471	-	-	1,297,427
Membership dues and program fees	-	-	23,617	-	-	-	-	-	50,000
Property rental income	-	-	-	-	-	-	-	-	-
Other revenue	-	57,741	-	-	-	-	-	-	-
Total revenue	1,639,377	3,980,401	81,598	1,051,164	1,971,434	1,084,265	281,072	1,979,169	5,845,297
Expenses:									
Salaries and wages	1,005,914	1,112,152	3,462	562,534	253,461	271,541	161,526	164,127	1,415,411
Employee benefits	212,377	237,546	280	120,153	54,814	58,080	34,728	34,771	291,796
Grants, awards, contributions	-	-	-	1,293	-	100	-	-	300,750
Professional fees	288,591	1,101,509	10,389	296,918	263,073	195,344	241	354,586	1,766,622
Occupancy	-	220,991	-	90,567	4,703	4,959	27,000	-	-
Postage and supplies	6,751	21,823	1,052	20,117	3,891	9,011	-	4,845	20,096
Travel	39,835	3,560	1,839	53,084	56,100	1,997	28,877	19,760	200,982
Printing and publications	2,092	2,641	-	1,477	1,651	8,734	-	1,054	25,019
Conference and meeting expense	5,227	22,144	10,092	28,046	30,817	22,552	4,344	1,125	1,448,007
Contract expense	-	-	-	-	-	-	-	-	-
Other expenses	1,024	67,018	825	3,916	2,076	9,622	-	951	593
Telephone/communications	10,225	12,939	1,301	14,527	2,715	1,724	1,733	950	62,549
Training	2,202	4,735	-	17,343	-	-	-	-	21
Depreciation and amortization	-	-	-	2,791	-	-	-	-	-
Equipment, rental, maintenance	-	430	-	800	-	-	-	175	-
Accounting and legal expense	3,060	3,102	1,131	40	2,937	682	-	65	10,272
Insurance	-	-	(108)	-	-	-	-	-	-
Facility expense	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Administration fee to TSNE	157,730	258,308	-	133,555	88,194	73,229	31,014	81,537	396,113
Total expenses	1,735,028	3,068,898	30,263	1,347,161	764,432	657,575	289,463	663,946	5,938,231
Change in net assets	(95,651)	911,503	51,335	(295,997)	1,207,002	426,690	(8,391)	1,315,223	(92,934)
Net assets, beginning	1,557,882	896,241	-	1,717,398	352,297	176,664	216,731	75,252	3,332,511
Net assets, ending	\$ 1,462,231	\$ 1,807,744	\$ 51,335	\$ 1,421,401	\$ 1,559,299	\$ 603,354	\$ 208,340	\$ 1,390,475	\$ 3,239,577

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, 2019

	Building Movement Project	Campaign for a Commercial-Free Childhood	The Carrot Project	Center to Support Immigrant Organizing	Civil Liberties and Public Policy	Collaborative Health Solutions	Commonwealth Seminar	Community Boat Building	Community Votes
Revenue:									
Federal grants and contracts	\$ -	\$ -	\$ 33,638	\$ -	\$ -	\$ 140,878	\$ -	\$ -	\$ -
Contributions	119,850	253,685	38,792	10,953	-	-	7,415	295,202	13,790
Grants	3,717,506	164,135	342,687	133,375	115,500	29,393	400	254,065	20,050
Royalty and license fees	-	-	-	-	-	-	-	-	-
Contract revenue	230,248	1,908	3,000	10,428	-	29,079	-	3,547	-
Investment income	-	-	22,066	-	-	-	-	-	-
Conference revenue	8,209	-	11,936	-	-	-	6,211	17,227	-
Membership dues and program fees	-	-	-	-	-	-	895	-	-
Property rental income	-	-	-	-	-	-	-	200	-
Other revenue	-	562	16	-	30,000	-	-	3,132	-
Total revenue	4,075,813	420,290	452,135	154,756	145,500	199,350	14,921	573,373	33,840
Expenses:									
Salaries and wages	878,710	319,385	178,660	124,296	-	119,187	43,184	152,352	47,103
Employee benefits	186,831	68,622	35,166	26,243	-	25,625	8,916	31,744	3,815
Grants, awards, contributions	5,734	-	6,000	-	-	-	-	-	-
Professional fees	102,781	28,444	63,583	6,984	-	4,500	75	51	-
Occupancy	52,355	29,126	-	12,250	-	-	-	42,225	-
Postage and supplies	17,351	4,972	5,384	5,795	-	334	-	18,179	833
Travel	90,865	9,768	11,530	5,244	-	8,290	-	1,277	-
Printing and publications	8,115	6,080	952	105	-	184	-	275	2,829
Conference and meeting expense	62,529	6,318	14,173	1,232	-	1,403	-	2,049	-
Contract expense	-	-	-	-	-	-	-	-	-
Other expenses	4,026	1,873	7,427	510	-	200	-	252,778	13,640
Telephone/communications	24,475	16,954	8,281	516	-	303	-	1,701	-
Training	2,649	1,900	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-
Equipment, rental, maintenance	-	-	170	120	-	-	-	5,227	-
Accounting and legal expense	300	2,150	335	34	-	-	143	537	-
Insurance	-	-	-	-	-	-	-	7,756	-
Facility expense	41	-	-	-	-	-	-	-	-
Debt service	-	-	11,489	-	-	-	-	-	-
Administration fee to TSNE	128,794	59,471	46,679	25,666	-	16,607	5,232	37,029	7,641
Total expenses	1,565,556	555,063	389,829	208,995	-	176,633	57,550	553,180	75,861
Change in net assets	2,510,257	(134,773)	62,306	(54,239)	145,500	22,717	(42,629)	20,193	(42,021)
Net assets, beginning	1,460,897	510,718	97,329	240,274	-	(18,874)	68,227	78,292	101,303
Net assets, ending	\$ 3,971,154	\$ 375,945	\$ 159,635	\$ 186,035	\$ 145,500	\$ 3,843	\$ 25,598	\$ 98,485	\$ 59,282

**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, 2019

	<i>The Connecticut School Finance Project</i>	<i>Constellation Philanthropy</i>	<i>Design Studio for Social Intervention</i>	<i>Early Childhood Funders Collaborative</i>	<i>Early Educator Investment Collaborative</i>	<i>Farm to Institution New England</i>	<i>First Teacher</i>	<i>Financial Transparency Coalition</i>	<i>FRESH New London</i>
Revenue:									
Federal grants and contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,028
Contributions	-	91,000	1,450	-	4,405,572	122,443	81,009	-	48,412
Grants	1,501,848	160,000	247,495	1,851,900	13,034,000	97,700	373,395	1,668,885	181,400
Royalty and license fees	-	-	-	-	-	-	-	-	-
Contract revenue	-	-	17,224	-	-	1,250	-	-	4,223
Investment income	-	-	-	-	-	-	-	-	-
Conference revenue	-	-	-	-	-	94,150	1,425	-	1,425
Membership dues and program fees	-	(60,000)	-	499,148	-	-	-	-	-
Property rental income	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-	279
Total revenue	1,501,848	191,000	266,169	2,351,048	17,439,572	315,543	455,829	1,668,885	240,767
Expenses:									
Salaries and wages	774,340	178,131	159,699	214,868	-	288,988	152,800	80,943	144,403
Employee benefits	166,483	38,298	33,445	45,114	-	57,392	24,617	17,403	27,368
Grants, awards, contributions	145,250	-	-	-	220,000	-	-	1,022,422	1,250
Professional fees	53,726	-	61,838	106,084	733,437	35,451	1,100	-	10,560
Occupancy	41,840	-	20,907	-	-	-	14,514	-	2,596
Postage and supplies	16,684	3,239	17,621	2,062	-	8,475	2,913	2,138	10,409
Travel	33,040	3,865	25,494	10,136	2,223	14,304	205	142,862	1,833
Printing and publications	3,723	2,339	2,970	299	-	1,757	1,191	27	236
Conference and meeting expense	8,465	11,331	5,901	46,643	2,578	64,796	5,152	8,606	2,611
Contract expense	-	-	-	-	-	-	-	139,130	-
Other expenses	7,474	30,199	234	2,100	-	2,844	240	784	696
Telephone/communications	9,412	2,413	4,417	5,076	-	6,697	2,895	5,724	1,224
Training	320	-	-	1,025	-	2,500	900	-	-
Depreciation and amortization	1,924	-	-	-	-	-	-	-	-
Equipment, rental, maintenance	508	-	-	-	-	832	-	-	540
Accounting and legal expense	1,774	-	60	4	-	1,302	737	22,200	159
Insurance	-	-	-	-	-	-	-	-	1,575
Facility expense	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Administration fee to TSNE	125,860	23,981	33,237	39,007	28,747	60,468	29,017	93,103	20,407
Total expenses	1,390,823	293,796	365,823	472,418	986,985	545,806	236,281	1,535,342	225,867
Change in net assets	111,025	(102,796)	(99,654)	1,878,630	16,452,587	(230,263)	219,548	133,543	14,900
Net assets, beginning	1,580,952	238,991	271,319	322,721	-	647,673	8,089	1,295,670	86,880
Net assets, ending	\$ 1,691,977	\$ 136,195	\$ 171,665	\$ 2,201,351	\$ 16,452,587	\$ 417,410	\$ 227,637	\$ 1,429,213	\$ 101,780

**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, 2019

	<i>Future Chefs</i>	<i>Gardening the Community</i>	<i>Global Family Research Project</i>	<i>Healthy Places by Design</i>	<i>Hispanic Black Gay Coalition</i>	<i>Integrity Initiatives International</i>	<i>ISED Solutions</i>	<i>Lawrence Dream Network</i>	<i>Maine Food Strategy</i>
Revenue:									
Federal grants and contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,469	\$ 99,176	\$ -	\$ -
Contributions	187,044	162,126	25,000	250	30	44,150	-	-	23,188
Grants	1,100,908	258,502	375,000	353,850	(2,049)	(1,715)	-	-	37,800
Royalty and license fees	-	-	-	-	-	-	-	-	-
Contract revenue	7,094	76	62,604	1,023,813	-	-	-	4,400	-
Investment income	-	-	-	-	-	-	-	-	-
Conference revenue	1,540	2,768	-	-	-	-	-	-	145
Membership dues and program fees	-	-	-	-	-	-	-	-	-
Property rental income	964	-	-	-	-	-	-	-	-
Other revenue	1,640	42,320	-	400	-	-	-	-	-
Total revenue	1,299,190	465,792	462,604	1,378,313	(2,019)	71,904	99,176	4,400	61,133
Expenses:									
Salaries and wages	361,987	232,757	475,840	763,976	-	80,334	63,350	480	42,874
Employee benefits	65,626	47,160	61,447	163,831	-	17,272	5,131	39	5,933
Grants, awards, contributions	-	-	-	104,500	3,000	-	-	-	-
Professional fees	380,490	46,082	36,881	141,664	5,500	1,000	2,919	-	11,553
Occupancy	56,422	18,882	-	36,600	-	3,870	-	-	-
Postage and supplies	6,354	22,439	963	15,538	-	1,113	4,336	112	11
Travel	1,506	2,976	5,746	133,441	-	25,907	5,218	86	-
Printing and publications	1,015	6,156	53	1,268	-	2,925	1,695	317	1,080
Conference and meeting expense	5,816	4,000	692	24,204	1,316	8,396	3,613	971	6,950
Contract expense	450	-	-	-	-	-	15,817	-	-
Other expenses	11,435	38,829	1,086	1,042	-	1,462	-	145	1,140
Telephone/communications	9,445	7,956	6,384	10,581	-	373	308	178	807
Training	190	3,954	86	-	-	-	-	900	-
Depreciation and amortization	3,356	18,781	-	-	-	-	-	-	-
Equipment, rental, maintenance	6,416	7,742	-	-	-	-	-	-	-
Accounting and legal expense	234	1,848	10	-	16	505	-	-	-
Insurance	8,729	749	-	-	-	-	-	-	-
Facility expense	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Administration fee to TSNE	65,308	63,008	82,487	128,356	1,000	16,643	10,728	1,000	9,849
Total expenses	984,779	523,319	671,675	1,525,001	10,832	159,800	113,115	4,228	80,197
Change in net assets	314,411	(57,527)	(209,071)	(146,688)	(12,851)	(87,896)	(13,939)	172	(19,064)
Net assets, beginning	268,822	705,478	668,544	1,426,606	31,086	131,953	77,125	17,734	61,486
Net assets, ending	\$ 583,233	\$ 647,951	\$ 459,473	\$ 1,279,918	\$ 18,235	\$ 44,057	\$ 63,186	\$ 17,906	\$ 42,422

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, 2019

	<i>Massachusetts Coalition of Domestic Workers</i>	<i>Mass Farm to School</i>	<i>Mass Organization for Addiction Recovery</i>	<i>MA Voter Table</i>	<i>MLPB</i>	<i>Matahari Women Workers' Center</i>	<i>Mattapan Food and Fitness Coalition</i>	<i>Natl Coordinating Ctr for Network for Pub Hlth Law</i>	<i>National Network of Fiscal Sponsors</i>
Revenue:									
Federal grants and contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,456	\$ -
Contributions	75	5,525	32,908	600	10,759	3,621	1,460	6,050	68,750
Grants	129,179	270,959	773,887	120,480	89,422	79,819	202,105	816,399	-
Royalty and license fees	-	-	-	-	-	-	-	-	-
Contract revenue	-	34,589	6,922	47,753	909,406	31,675	7,100	177,045	(10,000)
Investment income	-	-	-	-	-	-	-	-	-
Conference revenue	-	23,294	30,328	4,945	360	-	-	176,405	37,103
Membership dues and program fees	-	1,956	-	-	-	-	-	-	-
Property rental income	2,575	-	-	-	-	-	-	-	-
Other revenue	-	-	1,000	-	-	-	-	-	-
Total revenue	131,829	336,323	845,045	173,778	1,009,947	115,115	210,665	1,184,355	95,853
Expenses:									
Salaries and wages	49,286	186,122	442,615	134,818	470,682	146,914	-	808,753	-
Employee benefits	9,649	39,833	89,237	28,793	100,415	31,587	-	173,544	-
Grants, awards, contributions	-	-	8,842	-	700	-	-	2,394,395	-
Professional fees	-	33,084	45,224	15,428	109,848	3,803	15,906	193,235	29,775
Occupancy	5,150	-	57,097	8,410	41,683	8,895	3,607	45,547	-
Postage and supplies	99	8,991	12,304	458	8,525	6,503	2,155	27,593	-
Travel	-	7,671	27,211	7,689	18,815	10,305	-	79,674	2,234
Printing and publications	-	20,083	16,200	1,848	4,780	716	106	2,447	1,402
Conference and meeting expense	915	37,839	22,234	3,100	36,718	6,230	500	243,578	45,139
Contract expense	-	-	-	-	-	-	-	12,282	-
Other expenses	135	750	1,105	5,263	13,396	487	385	49,372	-
Telephone/communications	204	4,680	17,515	9,368	10,922	5,121	344	7,039	13
Training	90	-	2,265	550	320	-	-	3,423	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-
Equipment, rental, maintenance	-	-	2,882	-	-	-	-	2,673	-
Accounting and legal expense	90	15	62	269	(425)	42	8	5,753	2,275
Insurance	-	-	-	-	966	-	-	-	-
Facility expense	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Administration fee to TSNE	9,186	43,798	78,827	25,919	88,241	30,885	2,763	270,268	-
Total expenses	74,804	382,866	823,620	241,913	905,586	251,488	25,774	4,319,576	80,838
Change in net assets	57,025	(46,543)	21,425	(68,135)	104,361	(136,373)	184,891	(3,135,221)	15,015
Net assets, beginning	3,045	451,321	81,859	173,037	331,235	210,278	-	4,039,542	117,357
Net assets, ending	\$ 60,070	\$ 404,778	\$ 103,284	\$ 104,902	\$ 435,596	\$ 73,905	\$ 184,891	\$ 904,321	\$ 132,372

**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, 2019

	Neighbors United for a Better East Boston	New Entry Sustainable Farming Project	Nonprofit Centers Network	Open Books Open Minds	Opportunities Exchange	Population Health Improvement Partners	Providence Children and Youth Cabinet	Prosecutor Impact	Real Food Challenge	RI Food Policy Council
Revenue:										
Federal grants and contracts	\$ -	\$ 347,756	\$ -	\$ -	\$ -	\$ 764,776	\$ 445,049	\$ -	\$ -	\$ 30,954
Contributions	1,290	40,963	5,477	21,574	43,900	-	-	63,806	49,426	14,491
Grants	(24,526)	167,064	-	12,575	507,849	33,858	732,971	2,160,683	742,169	413,886
Royalty and license fees	-	-	-	-	-	-	-	-	-	-
Contract revenue	-	11,089	114,751	-	82,910	232,737	4,163	107,254	7,401	-
Investment income	-	-	-	-	-	-	-	-	-	-
Conference revenue	-	42,621	17,862	-	97,685	-	-	-	175	-
Membership dues and program fees	-	-	47,921	-	-	-	-	-	-	-
Property rental income	6,095	-	-	-	-	18,929	-	-	-	-
Other revenue	-	164,986	704	-	-	-	-	-	-	-
Total revenue	(17,141)	774,479	186,715	34,149	732,344	1,050,300	1,182,183	2,331,743	799,171	459,331
Expenses:										
Salaries and wages	28,729	362,353	184,193	-	183,166	735,843	373,379	262,058	505,685	90,466
Employee benefits	5,170	72,551	34,507	-	19,118	158,206	80,277	55,518	106,643	18,855
Grants, awards, contributions	-	-	-	38,310	-	-	-	13,500	-	309,046
Professional fees	4,173	83,383	24,203	-	500,471	195,444	483,441	480,450	36,938	44,835
Occupancy	17,956	28,551	9,847	-	11,604	94,555	33,165	12,875	13,200	900
Postage and supplies	674	126,349	652	5,173	275	12,923	20,474	19,111	3,810	1,957
Travel	1,964	16,804	17,763	-	47,783	33,152	9,621	67,274	64,493	2,987
Printing and publications	42	532	615	(25)	1,744	-	5,324	1,878	1,501	483
Conference and meeting expense	688	25,823	9,063	-	119,544	8,884	6,397	7,431	28,753	2,407
Contract expense	-	53,847	-	-	-	-	88,757	15,895	-	-
Other expenses	374	19,460	-	-	2,872	2,217	27,216	12,246	1,561	49
Telephone/communications	366	10,773	7,219	-	584	28,888	1,470	895	8,589	1,879
Training	85	5,178	729	-	-	7,553	1,834	155	1,243	-
Depreciation and amortization	-	3,370	-	-	-	-	-	-	-	-
Equipment, rental, maintenance	-	16,077	-	-	-	-	-	-	-	75
Accounting and legal expense	16	4,312	3,195	89	2,704	-	50	161	9,930	-
Insurance	-	191	-	-	-	-	-	-	-	-
Facility expense	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Administration fee to TSNE	4,217	78,213	29,200	3,484	97,886	127,736	118,119	132,923	86,059	28,660
Total expenses	64,454	907,767	321,186	47,031	987,751	1,405,401	1,249,524	1,082,370	868,405	502,599
Change in net assets	(81,595)	(133,288)	(134,471)	(12,882)	(255,407)	(355,101)	(67,341)	1,249,373	(69,234)	(43,268)
Net assets, beginning	83,596	395,765	205,935	18,637	586,661	497,367	343,969	719,050	348,687	292,076
Net assets, ending	\$ 2,001	\$ 262,477	\$ 71,464	\$ 5,755	\$ 331,254	\$ 142,266	\$ 276,628	\$ 1,968,423	\$ 279,453	\$ 248,808

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, 2019

	<i>RIZE Massachusetts</i>	<i>Rhode Island Land Trust Council</i>	<i>Safe Havens</i>	<i>Station1</i>	<i>The Teacher Collaborative</i>	<i>The TIMBo Collective</i>	<i>Tools of the Mind</i>	<i>Truth, Racial Healing, and Transformation Process</i>	<i>Tutors for All</i>	<i>Union & Fifth</i>
Revenue:										
Federal grants and contracts	\$ -	\$ -	\$ 283,416	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	(7,060,640)	21,970	159,330	406	4,000	95,079	491,589	-	58	228,071
Grants	152,573	167,397	5,137	298,000	925,873	4,775	1,040,300	-	-	-
Royalty and license fees	-	-	-	-	-	5,844	51,877	-	-	-
Consultant fees	-	-	-	-	-	-	-	-	-	-
Contract revenue	2,732	8,000	5,160	42,845	25,700	80,672	1,343,814	179,395	-	(16,200)
Investment income	-	-	-	-	-	-	-	-	-	-
Conference revenue	-	-	-	-	331	39,279	-	-	-	-
Membership dues and program fees	-	-	-	-	-	-	-	-	-	-
Property rental income	-	-	-	5,000	-	-	-	-	-	-
Other revenue	-	-	-	-	-	2,398	(711,738)	-	-	34,439
Total revenue	(6,905,335)	197,367	453,043	346,251	955,904	228,047	2,215,842	179,395	58	246,310
Expenses:										
Salaries and wages	139,755	88,002	228,950	82,942	249,230	156,145	1,251,813	122,790	-	70,911
Employee benefits	30,047	18,920	49,224	15,314	52,512	31,585	243,782	26,400	-	14,324
Grants, awards, contributions	949,559	-	-	-	-	-	-	-	251	88,807
Professional fees	280,847	30,272	41,600	115,022	85,216	6,713	218,012	-	(200)	3,174
Occupancy	-	5,400	21,000	70,756	36,321	1,800	-	-	-	25,268
Postage and supplies	3,854	5,661	4,596	16,446	22,464	1,773	36,182	5,450	-	926
Travel	2,915	396	16,998	28,715	2,323	2,566	169,714	10,448	-	-
Printing and publications	3,094	-	16,264	777	56	5,199	53,691	-	-	16
Conference and meeting expense	19,277	-	4,493	8,535	31,074	30,742	28,150	-	-	-
Contract expense	-	-	-	-	4,252	-	-	-	-	-
Other expenses	1,188	708	1,394	4,133	1,624	1,398	2,409	-	-	-
Telephone/communications	8,069	593	4,972	3,671	3,309	3,345	22,024	3,242	-	18,635
Training	497	1,569	744	-	79	145	371	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-	4,418
Equipment, rental, maintenance	2,229	-	171	668	-	-	624	-	-	3,568
Accounting and legal expense	1,041	18	12	256	630	2,193	11,384	-	-	640
Insurance	4,860	-	-	-	-	-	-	-	-	-
Facility expense	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Administration fee to TSNE	63,929	18,185	44,353	19,713	68,474	29,197	203,818	20,200	7	15,623
Total expenses	1,511,161	169,724	434,771	366,948	557,564	272,801	2,241,974	188,530	58	246,310
Change in net assets	(8,416,496)	27,643	18,272	(20,697)	398,340	(44,754)	(26,132)	(9,135)	-	-
Net assets, beginning	8,416,496	268,025	164,956	222,137	165,018	61,135	851,304	34,576	-	-
Net assets, ending	\$ -	\$ 295,668	\$ 183,228	\$ 201,440	\$ 563,358	\$ 16,381	\$ 825,172	\$ 25,441	\$ -	\$ -

**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, 2019

	Worcester Regional Food Hub	Workers Justice Project	Limited Projects	Total
Revenue:				
Federal grants and contracts	\$ -	\$ -	\$ -	\$ 2,514,891
Contributions	10	8,715	-	384,857
Grants	274,505	50,520	1,505,169	48,644,613
Royalty and license fees	-	-	-	59,304
Contract revenue	3,095	945,350	-	10,738,504
Investment income	-	-	651	31,532
Conference revenue	-	15,900	-	2,013,010
Membership dues and program fees	-	17,350	-	580,887
Property rental income	21,314	-	-	55,077
Other revenue	137,559	-	-	(234,562)
	<u>436,483</u>	<u>1,037,835</u>	<u>1,505,820</u>	<u>64,788,113</u>
Total revenue				
Expenses:				
Salaries and wages	76,221	514,309	-	18,774,905
Employee benefits	16,388	106,991	-	3,837,456
Grants, awards, contributions	-	175	824,390	6,438,274
Professional fees	61,503	134,118	506,611	9,894,505
Occupancy	11,599	101,139	-	1,346,132
Postage and supplies	9,736	72,608	-	692,563
Travel	546	38,744	-	1,630,655
Printing and publications	-	41,176	-	268,208
Conference and meeting expense	1,554	15,893	-	2,617,060
Contract expense	-	-	-	330,430
Other expenses	68,722	14,293	-	698,946
Telephone/communications	29	13,403	-	431,944
Training	39	7,640	-	73,234
Depreciation and amortization	-	4,717	-	39,357
Equipment, rental, maintenance	8,065	7,443	-	67,435
Accounting and legal expense	200	656	-	99,213
Insurance	379	-	-	25,097
Facility expense	-	-	-	41
Debt service	-	-	-	11,489
Administration fee to TSNE	14,273	120,523	75,615	4,329,299
	<u>269,254</u>	<u>1,193,828</u>	<u>1,406,616</u>	<u>51,606,243</u>
Total expenses				
Change in net assets	167,229	(155,993)	99,204	13,181,870
Net assets, beginning	-	375,609	143,407	38,306,351
Net assets, ending	\$ 167,229	\$ 219,616	\$ 242,611	\$ 51,488,221

See Independent Auditors' Report.

THIRD SECTOR NEW ENGLAND, INC.
D/B/A TSNE MissionWorks
Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
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	\$ -	\$ 445,049
Total U.S. Department of Health and Human Services Direct Program			<u>-</u>	<u>445,049</u>
U.S. Department of Health and Human Services Pass-Through Programs:				
Passed-through The University of North Carolina at Chapel Hill Maternal and Child Health Federal Consolidated Program	93.110	UE7MC26282-02-00; 5-UE7-MC26282-05-00	-	68,265
Passed-through Trustees of Boston University Maternal and Child Health Federal Consolidated Program	93.110	6 UJ6MC31113-01-04; UJ6MC31113/UJ6MC32737	-	190,376
Passed-through North Carolina Area Health Education Centers Program Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426	NU58DP006513	-	4,723
Passed-through The University of North Carolina at Chapel Hill Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135	200-2014-61279/0002	-	126,951
Passed-through State of Minnesota, Minnesota Department of Health State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	30000130618	-	8,456
Passed-through North Carolina Department of Public Health Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	NU90TP921993	-	9,204
Passed-through The Regents of the University of California Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	5 NU62PS004583-05-00 ; 6 NU62PS004583-05-02	-	131,135
Passed-through American Academic for Pediatrics (AAP) Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – financed in part by the Prevention and Public Health Fund (PPHF)	93.733	UI TMC31755	-	5,283
Passed-through Abt Associates Inc. Data and Technical Assistance Task Order to Support the Infant Mortality Achieving Public Health Impact Through Research	93.Unknown 93.Unknown	HHSP2332095624WC 200-2014-61267	- -	130,473 239,242
Total Abt Associates Inc. Pass-Through Programs			-	369,715
Total U.S. Department of Health and Human Services Pass-Through Programs			<u>-</u>	<u>914,108</u>
Total U.S. Department of Health and Human Services Programs			<u>-</u>	<u>1,359,157</u>
U.S. Department of Housing & Urban Development Pass-Through Programs:				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants Passed-through City of New London	14.218	221.6517-465.33-09	-	5,028
Passed-through The City of Lowell Department of Planning and Development	14.218	91806806	-	5,000
Total U.S. Department of Housing & Urban Development Pass-Through Programs			<u>-</u>	<u>10,028</u>
U.S. Department of Justice Direct Program:				
OVW Technical Assistance Initiative	16.526	N/A	-	283,415
Total U.S. Department of Justice Direct Program			<u>-</u>	<u>283,415</u>
Balance Forward			<u>\$ -</u>	<u>\$ 1,652,600</u>

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

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2019

<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			\$ -	\$ 1,652,600
U.S. Department of Labor Pass-Through Program:				
Passed-through Seattle Central College H-1B Job Training Grants	17.268	HG-29361-16-60-A-53	-	321,626
Total U.S. Department of Labor Pass-Through Program			-	321,626
U.S. Department of Education Pass-Through Programs:				
Passed-through Public Schools of North Carolina Competitive Grants for State Assessments	84.368A	NC10126823	-	4,669
Total U.S. Department of Education Pass-Through Programs			-	4,669
U.S. Department of Agriculture Direct Programs:				
Farmers Market Promotion Program	10.168	N/A	7,954	113,174
Beginning Farmer and Rancher Development Program	10.311	N/A	4,200	35,609
National Food Safety Training, Education, Extension, Outreach, and Technical Assistance Competitive Grants Program	10.328	N/A	-	-
Environmental Quality Incentives Program	10.912	N/A	-	70,498
Rural Business Development Grant	10.351	N/A	-	67,500
Risk Management Education Partnerships	10.460	N/A	11,617	71,520
Total U.S. Department of Agriculture Direct Programs			23,771	358,301
U.S. Department of Agriculture Pass-Through Programs:				
Passed-through University of Vermont Sustainable Agriculture Research and Education	10.215	2018-38640-28415; 2017-38640-26915; 2016-38640-25380	-	13,116
Passed-through Community Teamwork, Inc. Community Food Projects	10.225	2016-33800-25610	40,108	96,407
Passed-through University of Santa Cruz Beginning Farmer and Rancher Development Program	10.311	A19-0272-5001-P0706322	-	-
Passed-through Michigan State University Rural Business Development Grant	10.351	AM180100XXXG159	-	30,954
Passed-through Massachusetts Service Alliance Local Food Promotion Program	10.172	16AFHMA0010013	-	7,749
Total U.S. Department of Agriculture Pass-Through Programs			40,108	148,226
Total U.S. Department of Agriculture Programs			63,879	506,527
U.S. Department of State Pass-Through Program:				
Passed-through National Endowment for Democracy International Programs to Support Democracy, Human Rights and Labor	19.345	2018-0368	-	29,469
Total U.S. Department of State Programs			-	29,469
Total Expenditures of Federal Awards			\$ 63,879	\$ 2,514,891

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

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

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, 2019. 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 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, 2019, 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 November 22, 2019.

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.

Maya Heyman McCann P.C.

November 22, 2019
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, 2019. 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, 2019.

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.

Mayer Hoffman McCann P.C.

November 22, 2019
Boston, Massachusetts

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

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

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 major federal programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | None Reported |
| 2. Type of auditors' report issued on compliance for major federal 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 major federal programs:

CFDA Number

Name of Federal Program

17.268

H-1B Job Training Grants

93.Unknown

Achieving Public Health
Impact Through Research and
Data and Technical Assistance
Task Order to Support
the Infant Mortality

- | | |
|-----------------------------------------------------------------------------|-----------|
| 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, 2019

Section 2

Financial Statement Findings

None noted.

Section 3

Federal Award Findings and Questioned Costs

None noted.