



**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, 2020 and 2019**



**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, 2020 and 2019, 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, 2020 and 2019, 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 11, 2020 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.

## **Other Matters**

As discussed in Note 2 to the financial statements, in 2020, TSNE adopted Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* and ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

*Mayer Hoffman McCann P.C.*

December 11, 2020  
Boston, Massachusetts

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

***Statements of Financial Position***

	<i>June 30,</i>	
	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 45,405,522	\$ 37,983,954
Assets limited as to use	510,300	784,037
Contributions, grants and notes receivable, net (allowance for doubtful accounts of \$62,738 for 2020 and \$440,255 for 2019)	20,088,938	20,981,455
Royalty fees receivable	1,191,717	695,498
Prepaid expenses and deposits	1,011,569	925,537
Investments	21,980,158	23,336,840
Property and equipment, net	<u>19,829,339</u>	<u>20,638,883</u>
<b>Total assets</b>	<b>\$ <u>110,017,543</u></b>	<b>\$ <u>105,346,204</u></b>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 6,106,556	\$ 6,704,038
Deferred revenue	4,131,748	1,719,522
Bond payable	12,100,217	12,597,260
Interest rate swap obligation	<u>1,222,336</u>	<u>194,608</u>
<b>Total liabilities</b>	<b><u>23,560,857</u></b>	<b><u>21,215,428</u></b>
Net assets:		
Without donor restrictions	<u>30,131,503</u>	<u>32,436,473</u>
With donor restrictions:		
Donor restricted for TSNE operations	186,916	206,082
Donor restricted to fiscal sponsorship projects	<u>56,138,267</u>	<u>51,488,221</u>
Total net assets with donor restrictions	<u>56,325,183</u>	<u>51,694,303</u>
<b>Total net assets</b>	<b><u>86,456,686</u></b>	<b><u>84,130,776</u></b>
<b>Total liabilities and net assets</b>	<b>\$ <u>110,017,543</u></b>	<b>\$ <u>105,346,204</u></b>

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

**Statement of Activities**

**Year Ended June 30, 2020  
(with comparative totals for 2019)**

	2020				2019	
	<b>TSNE Without Donor Restrictions</b>	<b>Fiscally Sponsored Programs Without Donor Restrictions</b>	<b>Total Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
Revenue:						
Contributions and grants - fiscally sponsored programs	\$ -	\$ -	\$ -	\$ 41,778,518	\$ 41,778,518	\$ 49,029,470
Other contributions and grants	139,275	-	139,275	1,567,642	1,706,917	57,293
Federal income	-	2,075,035	2,075,035	-	2,075,035	2,514,891
Royalty income	2,370,398	3,812	2,374,210	-	2,374,210	2,207,210
Contract revenue	1,165,496	12,398,350	13,563,846	-	13,563,846	11,883,312
Interest income	456,579	37,226	493,805	-	493,805	523,151
Conference revenue	245,664	343,865	589,529	-	589,529	2,252,951
Membership dues	-	687,533	687,533	-	687,533	580,887
Rental income	3,267,829	33,462	3,301,291	-	3,301,291	3,141,463
Other income (loss)	21,617	339,635	361,252	-	361,252	(155,888)
Net assets released from restrictions	1,586,808	36,331,252	37,918,060	(37,918,060)	-	-
<b>Total revenue</b>	<b>9,253,666</b>	<b>52,250,170</b>	<b>61,503,836</b>	<b>5,428,100</b>	<b>66,931,936</b>	<b>72,034,740</b>
Program expenses:						
Fiscally sponsored programs	-	48,055,496	48,055,496	-	48,055,496	47,276,944
Organizational development services	2,437,063	-	2,437,063	-	2,437,063	2,552,844
NonProfit Centers	3,277,139	-	3,277,139	-	3,277,139	3,283,391
Administrative and general	3,759,202	4,194,674	7,953,876	-	7,953,876	6,926,862
<b>Total expenses</b>	<b>9,473,404</b>	<b>52,250,170</b>	<b>61,723,574</b>	<b>-</b>	<b>61,723,574</b>	<b>60,040,041</b>
<b>Change in net assets from operations</b>	<b>(219,738)</b>	<b>-</b>	<b>(219,738)</b>	<b>5,428,100</b>	<b>5,208,362</b>	<b>11,994,699</b>
Nonoperating:						
Investment income, net of fees	250,484	-	250,484	-	250,484	255,527
Net realized and unrealized gain on investments	392,837	-	392,837	-	392,837	1,778,023
Change in fair value of interest rate swap obligation	(1,027,728)	-	(1,027,728)	-	(1,027,728)	(194,608)
Donation of building	(1,700,825)	-	(1,700,825)	-	(1,700,825)	-
<b>Change in net assets from nonoperating activities</b>	<b>(2,085,232)</b>	<b>-</b>	<b>(2,085,232)</b>	<b>-</b>	<b>(2,085,232)</b>	<b>1,838,942</b>
<b>Total changes in net assets</b>	<b>(2,304,970)</b>	<b>-</b>	<b>(2,304,970)</b>	<b>5,428,100</b>	<b>3,123,130</b>	<b>13,833,641</b>
Net assets, beginning as previously reported	32,436,473	-	32,436,473	51,694,303	84,130,776	70,297,135
Impact of adoption of ASU 2018-08	-	-	-	(797,220)	(797,220)	-
Net assets, beginning as adjusted	32,436,473	-	32,436,473	50,897,083	83,333,556	70,297,135
<b>Net assets, ending</b>	<b>\$ 30,131,503</b>	<b>\$ -</b>	<b>\$ 30,131,503</b>	<b>\$ 56,325,183</b>	<b>\$ 86,456,686</b>	<b>\$ 84,130,776</b>

See accompanying notes to the financial statements.

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

**Statement of Activities**

**Year Ended June 30, 2019**

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

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, 2020  
(with comparative totals for 2019)*

	<b>2020</b>				<b>2019</b>	
	<b>Fiscally Sponsored Programs</b>	<b>Organizational Development Services</b>	<b>NonProfit Centers</b>	<b>Administrative and General</b>	<b>Total Expenses</b>	<b>Total Expenses</b>
Salaries and wages	\$ 20,022,638	\$ 1,486,528	\$ 520,687	\$ 4,739,989	\$ 26,769,842	\$ 24,777,794
Employee benefits	4,645,933	364,117	125,781	1,361,336	6,497,167	5,600,310
Grants, awards, contributions	5,369,100	-	-	16,500	5,385,600	6,439,024
Professional fees	10,900,424	118,436	46,589	343,150	11,408,599	10,453,115
Occupancy	1,247,956	-	259,768	10,724	1,518,448	1,687,369
Postage and supplies	862,010	2,746	17,957	466,838	1,349,551	979,424
Travel	1,282,176	29,953	235	35,855	1,348,219	1,739,912
Printing and publications	211,736	5,832	-	5,923	223,491	282,247
Conference and meeting expense	1,706,739	45,074	5,816	83,016	1,840,645	2,798,136
Contract expense	203,866	336,595	-	-	540,461	727,433
Other expenses	843,956	33,329	95,256	89,774	1,062,315	866,415
Telephone and communications	396,767	32	31,708	54,104	482,611	545,382
Training	55,608	14,349	299	19,327	89,583	134,202
Depreciation and amortization	51,028	-	951,287	37,693	1,040,008	1,021,794
Equipment rental and maintenance	104,039	-	24,502	19,742	148,283	126,586
Accounting and legal expense	107,253	72	38,583	484,239	630,147	536,887
Insurance	32,783	-	51,023	184,667	268,473	225,440
Facility expense	1,900	-	635,515	999	638,414	543,362
Interest expense	9,584	-	472,133	-	481,717	555,209
Allocated indirect cost	4,194,674	-	-	(4,194,674)	-	-
<b>Total expenses</b>	<b>\$ 52,250,170</b>	<b>\$ 2,437,063</b>	<b>\$ 3,277,139</b>	<b>\$ 3,759,202</b>	<b>\$ 61,723,574</b>	<b>\$ 60,040,041</b>

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**

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

See accompanying notes to the financial statements.

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

**Statements of Cash Flows**

	<b>Years Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 3,123,130	\$ 13,833,641
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Impact of adoption of ASU 2018-08	(797,220)	-
Depreciation and amortization	1,040,008	1,021,794
Loss on disposal of property and equipment	-	16,200
Donation of building	1,700,825	-
Net realized and unrealized gain on investments	(392,837)	(1,778,023)
Change in fair value of interest rate swap obligation	1,027,728	194,608
Change in:		
Contributions, grants and notes receivable	892,517	3,729,046
Royalty fees receivable	(496,219)	257,178
Prepaid expenses and deposits	(120,296)	(303,228)
Accounts payable and accrued expenses	(842,481)	1,812,289
Deferred revenue	2,412,226	(816,947)
Total adjustments	<u>4,424,251</u>	<u>4,132,917</u>
<b>Net cash provided by operating activities</b>	<b><u>7,547,381</u></b>	<b><u>17,966,558</u></b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	22,683,478	7,184,809
Purchase of investments	(20,933,959)	(6,440,278)
Change in assets limited as to use	273,737	31,918
Purchase of property and equipment	<u>(1,638,715)</u>	<u>(996,336)</u>
<b>Net cash provided by (used in) investing activities</b>	<b><u>384,541</u></b>	<b><u>(219,887)</u></b>
<b>Cash flows from financing activities:</b>		
Payments on bond payable	(437,492)	(370,000)
Payment for bond issuance costs	<u>(72,862)</u>	<u>-</u>
<b>Cash used in financing activities</b>	<b><u>(510,354)</u></b>	<b><u>(370,000)</u></b>
<b>Net increase in cash and cash equivalents</b>	<b>7,421,568</b>	<b>17,376,671</b>
Cash, cash equivalents and restricted cash, beginning	<u>37,983,954</u>	<u>20,607,283</u>
<b>Cash, cash equivalents and restricted cash, ending</b>	<b><u>\$ 45,405,522</u></b>	<b><u>\$ 37,983,954</u></b>

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***

Third Sector New England, Inc. ("TSNE") D/B/A TSNE MissionWorks is a nonprofit corporation headquartered in Boston, Massachusetts. TSNE operates in 32 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 65 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. TSNE also operates the NonProfit Center in Boston, 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.

***Note 2 - Summary of Significant Accounting Policies***

***Basis of Presentation***

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

***Operating and Nonoperating Activity***

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, changes in the fair value of interest rate swap obligations and the loss on donation of real estate are presented in the financial statements as nonoperating activities.

***Cash and Cash Equivalents***

TSNE considers all highly liquid debt instruments, bank deposits and other such accounts with an original maturity of three months or less to be cash equivalents. These amounts are recorded at cost plus an accrued interest. TSNE monitors its exposure associated with cash and cash equivalents given that amounts at times exceed federally insured limits and has not experienced any losses in such accounts. Cash equivalents transferred to investment managers are considered part of investments.

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

***Notes to Financial Statements***

***Note 2 - Summary of Significant Accounting Policies (Continued)***

***Cash and Cash Equivalents (Continued)***

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

	<b>2020</b>	<b>2019</b>
Fiscally sponsored organizations	\$ 41,889,217	\$ 36,512,845
TSNE operating cash	<u>3,516,305</u>	<u>1,471,109</u>
<b>Total cash and cash equivalents</b>	<b><u>\$ 45,405,522</u></b>	<b><u>\$ 37,983,954</u></b>

***Assets Limited as to Use***

Assets limited as to use consists of the microloan fund and cash with other programmatic restrictions. The funds are primarily held in certificates of deposit with maturities longer than three months on the date of purchase. These funds are primarily pledged as collateral against loans made by various banks to New England farmers as part of the fiscally sponsored 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. Certain other smaller amounts are also held within this category.

***Contributions, Grants and Notes Receivable***

Contributions and grants receivable represent unconditional contributions verifiably committed by donors that are scheduled for payment in the future. They are initially recorded at fair value using Level 2 inputs as described later in this section. Contributions and grants receivable 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. Notes receivable represent amounts due to TSNE under certain microloan programs.

Contributions, grants and notes receivable are carried at original recorded 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. Receivables are written off when deemed uncollectible. Recoveries previously written off are recorded when received. A receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days.

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

***Notes to Financial Statements***

***Note 2 - 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. Royalty fees receivable represents royalty income earned but unpaid at year end. Royalty income is paid quarterly in accordance with the various royalty agreements.

***Investments***

Investments are carried at fair value consistent with the fair value policies described below.

Investment income reported in the statement of activities consists of interest and dividend income less external and direct internal investment management expenses.

Investment returns are reported as revenue based on the fair value of such investments at year end. Such returns are recorded as increase in net assets without donor restrictions.

***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. Items reported at fair value on a recurring basis include investments and interest rate swap obligation. Non-recurring measurements include items such as the initial recording of long-term grant receivables.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 – inputs are quoted prices in active markets for identical assets or liabilities that TSNE has the ability to access at measurement date.
- Level 2 – inputs are other than quoted prices included in Level 1 that are either directly or indirectly observable.
- Level 3 – inputs are derived from valuation methodologies, including pricing models, discounted cash flow models and similar techniques, and are not based on market, exchange, dealer, or broker-traded transactions. In addition, Level 3 valuations incorporate assumptions and projections that are not observable in the market and significant professional judgment is required in determining the fair value assigned to such assets or liabilities.

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

***Notes to Financial Statements***

***Note 2 - Summary of Significant Accounting Policies (Continued)***

***Fair Value Measurements (Continued)***

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. 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.

***Property and Equipment***

Property and equipment acquisitions are recorded at cost when the useful life is over one year and such amounts are equal to or greater than a management established threshold. 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.

***Bond Payable***

Included with bonds payable are certain costs related to the issuance of debt, which are amortized on the straight-line basis over the term of the bonds.

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

***Notes to Financial Statements***

***Note 2 - Summary of Significant Accounting Policies (Continued)***

***Interest Rate Swap***

The fair value of interest rate swaps is 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 is reflected as nonoperating activity.

***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.

***Net Assets***

The accompanying financial statements present information regarding TSNE’s financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes in net assets are classified and reported 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 without donor restrictions also includes amounts invested in property and equipment, net of related debt.

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

***Notes to Financial Statements***

***Note 2 - Summary of Significant Accounting Policies (Continued)***

***Net Assets (Continued)***

- *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.

Expenses are reported as decreases in net assets without donor restrictions.

***Revenue Recognition and Deferred Revenue***

TSNE has both earned revenues and contribution support which follow accounting practices as follows:

***Earned Revenues***

Earned revenues follow a principles-based process to assess and determine revenue recognition. This includes that entities: 1) identify the contract with the customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations; and 5) recognize revenue when (or as) performance obligations are satisfied.

Contract revenue is recorded as earned as the services are performed and billed based on the terms of the contracts. Contract revenue can be earned over time or at a point in time depending on certain factors within the arrangement. 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 over time when membership benefits are provided to its members.

For the year ended June 30, 2020, TSNE recognized approximately \$3,359,900 of revenue over time and \$11,533,500 at a point in time in accordance with the current accounting standards.

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

***Notes to Financial Statements***

***Note 2 - Summary of Significant Accounting Policies (Continued)***

***Revenue Recognition and Deferred Revenue (Continued)***

**Contributed Support**

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 described elsewhere in these notes. Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers. Contributions received pending designation by the donor are considered with donor restrictions until known at which time such are reclassified if required. 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. Amortization of the discount is included in contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. 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 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.

Contribution revenue earned on cost-reimbursement grants is recognized as related costs are incurred as revenue without donor restrictions, unless if for a fiscal sponsorship organization, in which case the revenue would be classified as being with donor restrictions. Revenue on contracts is recognized as value is transferred to customers which generally is indicated via the incurring of allowable costs under the contract.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions.

Funds received in excess of amounts earned are recognized as deferred revenue. Unbilled receivables represent expenditures in excess of amounts billed under contracts, grants and special funds. Included in deferred revenue is the unearned portion of the Paycheck Protection Program ("PPP") Loan.

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

***Notes to Financial Statements***

***Note 2 - Summary of Significant Accounting Policies (Continued)***

***Fundraising Expenses***

Included in expenses for fiscal sponsorship programs are approximately \$1,228,000 and \$1,064,000 of fundraising expenses for the years ended June 30, 2020 and 2019, 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.

***New Accounting Pronouncements Adopted***

In 2020, TSNE adopted Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers*, associated with revenue recognition. This standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The guidance is based on the principle that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

**THIRD SECTOR NEW ENGLAND, INC.  
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***Notes to Financial Statements***

***Note 2 - Summary of Significant Accounting Policies (Continued)***

***New Accounting Pronouncements Adopted (Continued)***

The standard addresses inconsistency in revenue recognition by outlining a principles-based system which requires that there be a contract with a customer, that performance obligations be identified, that transaction price be determined, that transaction price is allocated to performance obligations and that revenue be recorded when or as the performance obligations are satisfied over the contract term. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to fulfill a contract. TSNE adopted this standard using the modified retrospective approach on July 1, 2019, resulting in a reduction to the beginning net asset balance of \$797,217 and an increase in revenue for the same amount for the year ended June 30, 2020. This adjustment was recorded as a reduction to net assets with donor restrictions in 2020 as the prior year revenue that was adjusted relates to a fiscally sponsored organization, whose net assets are donor restricted. Deferred revenue would have been higher by the same amount at June 30, 2019.

Associated with the adoption of this standard, consideration was given the accounting treatment of certain costs to obtain and fulfill a contract. Certain incremental costs of obtaining a contract with a customer and costs incurred in fulfilling a contract with a customer, that are not in the scope of other existing guidance, should be analyzed for capitalization. There were no costs incurred to obtain and fulfill contracts and, accordingly, no change was made to this accounting.

TSNE also adopted ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

The contribution standard addresses inconsistency in revenue recognition when an item should be considered a contribution or an exchange type transaction. Exchanges would be accounted for using the revenue recognition standards above. It also provides guidance as to when a contribution should be considered conditional which, for example, the case is often when funds are received under federal grants and contracts. Conditional contributions have different revenue recognition when compared to non-reciprocal transfers of resources in that amounts are reflected as earned when barriers to entitlement are overcome with any difference being deferred or a receivable as applicable.

The contribution standard was applied using the modified retrospective method. This method was applied to transactions that were not complete or had otherwise already been recognized as of the beginning of fiscal year 2020. The impact related to the adoption of the new standard did not have a material impact on 2020 results. In evaluating the effects of the change, transactions in process as of the date of adoption were considered.

In addition, certain changes from adopting these new standards resulted in changes to terminology which impacted certain disclosures and presentation of amounts.

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

***Notes to Financial Statements***

***Note 2 - Summary of Significant Accounting Policies (Continued)***

***New Accounting Pronouncements Pending Adoption***

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which requires a lessee to recognize a right-of-use asset and a lease liability for all leases, initially measured at the present value of the lease payments, in its statement of financial position. The standard also requires a lessee to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, on a generally straight-line basis. The guidance also expands the required quantitative and qualitative disclosures surrounding leases. The ASU is effective for fiscal years beginning after December 15, 2021, or fiscal year 2023 for TSNE. Early adoption is permitted. TSNE is evaluating the impact of the new guidance on the financial statements.

***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.

***Reclassifications***

Certain reclassifications within the statements of activities and statements of functional expenses have been made to the 2019 financial statements to conform to presentations used in 2020.

***Note 3 - 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.

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

***Notes to Financial Statements***

***Note 3 - Liquidity and Availability (Continued)***

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 as of June 30:

	<b>2020</b>	<b>2019</b>
Financial assets at year end:		
Cash and cash equivalents	\$ 45,405,522	\$ 37,983,954
Assets limited as to use	510,300	784,037
Contributions, grants and notes receivable, net	20,088,938	20,981,455
Royalty fees receivable	1,191,717	695,498
Investments	21,980,158	23,336,840
<b>Total financial assets at year end</b>	<b>\$ 89,176,635</b>	<b>\$ 83,781,784</b>
Financial assets available to meet general expenditures over the next 12 months:		
Cash and cash equivalents	\$ 42,862,567	\$ 31,912,261
Contributions, grants and notes receivable without restrictions due in one year or less	18,498,598	17,360,264
Royalty fees receivable	1,191,717	695,498
Investments	21,980,158	23,336,840
<b>Total financial assets available to meet general expenditures over the next 12 months</b>	<b>\$ 84,533,040</b>	<b>\$ 73,304,863</b>

**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:

	<b>2020</b>	<b>2019</b>
Contributions and grants receivable:		
Due in one year or less	\$ 18,159,598	\$ 17,360,264
Between one year and five years	<u>1,274,500</u>	<u>3,418,809</u>
	19,434,098	20,779,073
 Notes receivable	 722,896	 825,119
 Less: discount for present value	 (5,318)	 (182,482)
Less: allowance for doubtful accounts	<u>(62,738)</u>	<u>(440,255)</u>
 <b>Contributions, grants and notes receivable, net</b>	 <b><u>\$ 20,088,938</u></b>	 <b><u>\$ 20,981,455</u></b>

As of June 30, 2020 and 2019, 32% and 22%, respectively, of accounts receivable consist of grants from two grantors.

As of June 30, 2020 and 2019, unbilled receivables were \$1,718,445 and \$2,986,599, respectively. Conditional promises to give at June 30, 2020 were approximately \$2,276,000, of which approximately \$1,246,000 represents the unforgiven portion of the PPP Loan (See Note 7).

**Note 5 - Investments**

The following is a summary of investments at June 30:

	<b>Fair Value Hierarchy</b>	<b>2020</b>	<b>2019</b>
Investments:			
Cash equivalents	Level 1	\$ 516,048	\$ 452,754
Common stock mutual funds - domestic	Level 1	10,715,727	19,777,584
Common stock mutual funds - international	Level 1	783,026	1,338,786
Equity mutual funds	Level 1	746,427	1,767,716
U.S. treasuries	Level 2	1,314,273	-
Agency securities	Level 2	512,304	-
Corporate bonds	Level 2	7,110,551	-
Municipal bonds	Level 2	<u>281,802</u>	<u>-</u>
 <b>Total assets at fair value</b>		 <b><u>\$ 21,980,158</u></b>	 <b><u>\$ 23,336,840</u></b>

**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:

	<b>2020</b>	<b>2019</b>
Land	\$ 5,576,737	\$ 6,178,688
Building	9,845,636	10,225,637
Building improvements	15,884,500	16,124,558
Furnishings and equipment	902,164	472,480
Software	503,994	442,864
Construction in progress	<u>829,232</u>	<u>-</u>
	33,542,263	33,444,227
Less accumulated depreciation	<u>(13,712,924)</u>	<u>(12,805,344)</u>
<b>Property and equipment, net</b>	<b><u>\$ 19,829,339</u></b>	<b><u>\$ 20,638,883</u></b>

Depreciation expense was \$992,433 and \$975,737 for the years ended June 30, 2020 and 2019, respectively. At June 30, 2020, there was approximately \$245,000 of property and equipment additions included in accounts payable and accrued expenses.

During the year ended June 30, 2020, TSNE transferred its property at 260 Washington Street to the Urban Guild, a not-for-profit entity, resulting in donation expense of \$1,700,825, which is included in nonoperating activities in the accompanying statements of activities. The transfer requires the Urban Guild to use the property for its stated mission and also has certain covenants restricting the sale of the property among other matters through January 29, 2025. If these provisions are violated prior to January 29, 2025 then the provisions of a \$1,100,000 note payable to TSNE will be triggered, otherwise the note will be forgiven. The note has not been recorded by TSNE due to its conditional nature.

**THIRD SECTOR NEW ENGLAND, INC.  
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***Notes to Financial Statements***

**Note 7 - Deferred Revenue**

TSNE obtained a forgivable Paycheck Protection Loan (PPP Loan) of \$5,902,210 during 2020 as provided under the Federal Coronavirus Aid, Relief and Economic Security Act. Under the terms of the loan, the balance is forgivable to the extent the proceeds are used for certain qualified costs during the 24-week period following the funding of the loan, and that certain employment levels are maintained. To the extent a portion of the loan does not meet the criteria to be forgiven, such amount is due on April 19, 2022 and carries a fixed interest rate of 1.0% annually. Through June 30, 2020, TSNE has incurred \$4,656,247 of the proceeds on qualified costs and such amount has been reported as federal grant revenue in the accompanying statements of activities with the remaining unspent amount of \$1,245,963 included in deferred revenue on the accompanying statements of financial position. TSNE anticipates using all of the proceeds for eligible costs and expects the entire loan to be forgiven. A formal request for forgiveness will be submitted after the performance period outlined above. The remaining deferred revenue is associated with deferred grants and contract revenue.

**Note 8 - Bond Payable**

Bond payable consists of the following at June 30:

	<b>2020</b>	<b>2019</b>
TD Bank 2010 Series A direct placement (amended and restated on February 1, 2020), Massachusetts Development Finance Agency Revenue Bond due February 1, 2040, interest rate equal to 81.5% * 1.35% plus one month LIBOR, with an adjustment due on November 1, 2029, principal 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.	\$ 12,402,508	\$ 12,840,000
Less bond issuance costs	<u>(302,291)</u>	<u>(242,740)</u>
<b>Bond payable, net</b>	<b><u>\$ 12,100,217</u></b>	<b><u>\$ 12,597,260</u></b>

Maturities of bond payable are as follows:

2021	\$ 479,401
2022	493,040
2023	507,066
2024	520,672
2025	536,304
Thereafter	<u>9,866,025</u>
	<b><u>\$ 12,402,508</u></b>

**THIRD SECTOR NEW ENGLAND, INC.  
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***Notes to Financial Statements***

***Note 8 - Bond Payable (Continued)***

Interest expense related to the bond payable amounted to \$470,308 and \$540,070 for the years ended June 30, 2020 and 2019, respectively.

***Note 9 - Derivative Instruments***

TSNE uses an interest rate swap to manage interest rate risk exposure. TSNE's interest rate swap mitigates exposure to interest rate risk, primarily through converting its variable rate debt under the bond agreement to a fixed 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.

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, 2020, 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:

<i>Date</i>	<i>Remaining Notional Amount</i>	<i>Termination Date</i>	<i>Interest Rate Received</i>	<i>Interest Rate Paid</i>	<i>Fair Value</i>
6/30/2020	\$ 12,402,508	8/01/2029	81% * 1.35% + one month LIBOR	2.770%	\$ 1,222,336
6/30/2019	\$ 12,560,000	8/01/2029	81% * 1.35% + one month LIBOR	2.770%	\$ 194,608

***Note 10 - Operating Leases***

TSNE occupies office space and leases office equipment under various operating leases and tenant-at-will agreements through January 2027. Certain of the leases contain provisions for the pass through of increases in operating costs. Total rent expense under lease agreements, including month-to-month leases, was \$1,225,493 and \$1,293,392 for the years ended June 30, 2020 and 2019, respectively.

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

***Notes to Financial Statements***

***Note 10 - Operating Leases (Continued)***

Total future minimum lease payments for the years ending June 30 are as follows:

2021	\$	503,633
2022		296,543
2023		172,999
2024		121,836
2025		60,707
Thereafter		<u>37,500</u>
	\$	<u><u>1,193,218</u></u>

***Note 11 - Rental Income***

TSNE rents certain office space in the building which it owns and operates to various nonprofit organizations under operating lease agreements that expire through September 2025. Rental income including operating expense escalations charged to tenants was \$3,301,291 and \$3,141,463 for the years ended June 30, 2020 and 2019, respectively.

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

2021	\$	2,717,408
2022		2,049,759
2023		1,959,226
2024		1,633,267
2025		946,226
Thereafter		<u>342,307</u>
	\$	<u><u>9,648,193</u></u>

***Note 12 - Retirement Benefits***

TSNE has a qualified 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 \$896,866 and \$845,928 during the years ended June 30, 2020 and 2019, respectively.

**THIRD SECTOR NEW ENGLAND, INC.  
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**Notes to Financial Statements**

**Note 13 - Net Assets**

Net assets are comprised of the following at June 30:

	<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Detail of Net Assets</b>			
Operating funds:			
Undesignated	\$ 22,402,381	\$ -	\$ 22,402,381
Investment in plant (net of related bonds)	7,729,122	-	7,729,122
Donor restricted for fiscal sponsor organizations	-	56,138,273	56,138,273
TSNE program support	-	186,916	186,916
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total net assets</b>	<b>\$ 30,131,503</b>	<b>\$ 56,325,189</b>	<b>\$ 86,456,692</b>

	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Detail of Net Assets</b>			
Operating funds:			
Undesignated	\$ 24,394,850	\$ -	\$ 24,394,850
Investment in plant (net of related bonds)	8,041,623	-	8,041,623
Donor restricted for fiscal sponsor organizations	-	51,488,221	51,488,221
TSNE program support	-	206,082	206,082
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total net assets</b>	<b>\$ 32,436,473</b>	<b>\$ 51,694,303</b>	<b>\$ 84,130,776</b>

Releases from donor-restricted net assets represent expenses incurred for the operation of Fiscal Sponsorship Organizations and certain TSNE operations with donor restrictions.

**THIRD SECTOR NEW ENGLAND, INC.  
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***Notes to Financial Statements***

***Note 14 - Commitments, Contingencies, Risks and Uncertainties***

***Construction Commitments***

TSNE has entered into a contract for a capital construction project with total costs remaining to complete of approximately \$1,194,000 at June 30, 2020.

***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.

***Risks and Uncertainties***

Management is currently unable to accurately forecast the future impact on operations resulting from the coronavirus (COVID-19) pandemic which could impact the availability of grant funds and other programmatic support on a forward basis. Based on information available through the date of this report, management has noted that the governmental restrictions on events and size of gatherings have impacted consulting, conference, training and space rental revenue, however, new virtual service delivery methods have been implemented. The effects of these matters could impact the future results of operations, however, the extent of the impact remains uncertain.

***Note 15 - Subsequent Events***

TSNE has evaluated subsequent events through December 11, 2020, 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.

In October 2020, TSNE obtained a letter of intent from a financial institution to provide a term loan for one of TSNE's fiscally sponsored organizations to finance a capital project. The term loan will be for approximately \$1,200,000 and will mature in 2023. Interest and payment terms of the loan have not been finalized as of the date of these financial statements.

***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, 2020

	<b>ACEs Connection Network</b>	<b>Ada Developers Academy</b>	<b>Alliance for Nonprofit Management</b>	<b>A Way Home - Washington</b>	<b>A Way Home America</b>	<b>Basics</b>	<b>Babb-Brott IPA</b>	<b>Blue Butterfly Collaborative</b>	<b>The BUILD Initiative</b>	<b>Building Movement Project</b>
Revenue:										
Federal grants and contracts	\$ -	\$ 252,334	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	2,450	371,199	2,986	4,119	1,890	81,525	-	1,125	-	133,133
Grants	450,174	167,843	25,000	4,035,638	963,401	736,000	-	2,600	4,379,050	868,523
CARES PPP loan forgiveness	264,185	305,527	3,704	185,438	83,217	76,211	-	-	213,303	175,939
Royalty and license fees	-	-	-	-	-	-	-	-	-	-
Contract revenue	406,844	4,096,976	-	-	2,500	-	-	215,723	1,989,911	251,739
Interest income	-	29,497	-	-	-	-	-	-	-	-
Conference revenue	-	15,766	65,768	-	-	(308)	-	-	16,100	12,100
Membership dues and program fees	-	-	23,775	-	-	-	-	-	-	-
Property rental income	-	-	-	-	-	-	-	-	-	-
Other revenue	-	4,213	35	-	-	8,695	-	-	-	-
<b>Total revenue</b>	<b>1,123,653</b>	<b>5,243,355</b>	<b>121,268</b>	<b>4,225,195</b>	<b>1,051,008</b>	<b>902,123</b>	<b>-</b>	<b>219,448</b>	<b>6,598,364</b>	<b>1,441,434</b>
Program expenses:										
Salaries and wages	1,224,746	1,371,546	14,515	846,249	425,459	345,590	114,773	183,607	1,832,284	1,020,936
Employee benefits	289,684	330,651	1,292	203,715	106,270	80,025	27,546	44,066	425,160	242,407
Grants, awards, contributions	-	30	-	550	-	-	-	-	255,045	1,251
Professional fees	46,751	1,141,528	23,824	530,494	910,529	255,631	-	516,104	2,631,514	287,245
Occupancy	972	226,815	-	92,162	14,834	8,794	20,250	-	-	70,429
Postage and supplies	4,499	37,206	241	22,146	15,687	47,851	-	779	141,305	36,039
Travel	16,317	4,738	2,731	53,963	109,334	142	16,857	6,137	214,237	90,011
Printing and publications	519	4,452	1,433	213	5,918	3,217	-	90	17,195	15,340
Conference and meeting expense	4,125	42,850	46,247	36,274	57,337	535	3,556	1,777	871,989	24,262
Contract expense	-	-	-	-	-	-	-	-	-	-
Other expenses	40,085	74,984	901	13,573	4,751	3,523	-	3,280	1,728	8,455
Telephone/communications	14,832	16,920	7,195	16,288	3,262	2,126	751	3,537	50,768	30,960
Training	140	8,257	-	3,773	491	-	-	-	2,480	8,203
Depreciation and amortization	-	13,023	-	2,791	-	-	-	-	-	-
Equipment rental and maintenance	-	132	-	2,317	65	-	-	-	-	570
Accounting and legal expense	195	21,378	3,785	77	2,577	1,437	41	218	2,979	47
Insurance	-	9	-	-	-	-	-	-	-	-
Facility expense	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Administration fee to TSNE	137,869	261,056	-	180,307	179,126	83,851	22,053	106,343	450,932	149,330
<b>Total expenses</b>	<b>1,780,734</b>	<b>3,555,575</b>	<b>102,164</b>	<b>2,004,892</b>	<b>1,835,640</b>	<b>832,722</b>	<b>205,827</b>	<b>865,938</b>	<b>6,897,616</b>	<b>1,985,485</b>
<b>Change in net assets</b>	<b>(657,081)</b>	<b>1,687,780</b>	<b>19,104</b>	<b>2,220,303</b>	<b>(784,632)</b>	<b>69,401</b>	<b>(205,827)</b>	<b>(646,490)</b>	<b>(299,252)</b>	<b>(544,051)</b>
Net assets, beginning as previously reported	1,462,231	1,807,744	51,335	1,421,401	1,559,299	603,354	208,340	1,390,475	3,239,577	3,971,154
Impact of adoption of ASU 2018-08	-	(797,220)	-	-	-	-	-	-	-	-
Net assets, beginning as adjusted	1,462,231	1,010,524	51,335	1,421,401	1,559,299	603,354	208,340	1,390,475	3,239,577	3,971,154
<b>Net assets, ending</b>	<b>\$ 805,150</b>	<b>\$ 2,698,304</b>	<b>\$ 70,439</b>	<b>\$ 3,641,704</b>	<b>\$ 774,667</b>	<b>\$ 672,755</b>	<b>\$ 2,513</b>	<b>\$ 743,985</b>	<b>\$ 2,940,325</b>	<b>\$ 3,427,103</b>

See Independent Auditors' Report.

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

Supplemental Schedule of Activities for Fiscal Sponsorship Programs and Services

Year Ended June 30, 2020

	<b>Campaign for a Commercial-Free Childhood</b>	<b>The Carrot Project</b>	<b>Center to Support Immigrant Organizing</b>	<b>Civil Liberties and Public Policy</b>	<b>Collaborative Health Solutions</b>	<b>Commonwealth Seminar</b>	<b>Community Boat Building</b>	<b>Community Votes</b>	<b>The Connecticut School Finance Project</b>	<b>Constellation Philanthropy</b>
Revenue:										
Federal grants and contracts	\$ -	\$ 68,748	\$ -	\$ -	\$ 181,787	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	274,670	52,925	12,762	484,118	-	5,220	271,865	-	-	156,000
Grants	345,942	469,366	172,910	464,025	9,651	55,790	243,470	94,150	893,440	146,000
CARES PPP loan forgiveness	88,308	35,721	31,933	101,733	17,325	9,311	35,056	-	201,252	29,971
Royalty and license fees	-	-	-	-	-	-	-	-	-	-
Contract revenue	-	3,675	4,181	2,238	97,860	-	20,400	5,000	100,227	-
Interest income	-	7,729	-	-	-	-	-	-	-	-
Conference revenue	8,080	5,905	225	-	-	-	25,282	-	-	-
Membership dues and program fees	-	-	-	-	-	1,515	-	-	-	-
Property rental income	-	-	-	-	-	-	-	-	-	-
Other revenue	312	-	-	70	-	57	9,249	-	-	-
<b>Total revenue</b>	<b>717,312</b>	<b>644,069</b>	<b>222,011</b>	<b>1,052,184</b>	<b>306,623</b>	<b>71,893</b>	<b>605,322</b>	<b>99,150</b>	<b>1,194,919</b>	<b>331,971</b>
Program expenses:										
Salaries and wages	360,945	232,613	133,837	361,156	185,538	40,101	174,008	47,815	1,069,759	185,116
Employee benefits	82,805	53,154	32,121	86,204	42,237	8,732	40,822	4,256	255,232	44,428
Grants, awards, contributions	-	51,375	-	2,500	-	-	-	12,000	-	-
Professional fees	40,966	55,876	9,995	128,203	-	-	-	2,500	58,397	73,495
Occupancy	27,662	-	11,800	-	-	-	7,346	-	52,728	-
Postage and supplies	7,725	7,231	7,364	7,922	3,273	-	17,394	146	19,233	1,004
Travel	7,487	9,172	3,984	52,008	5,898	-	818	65	27,014	2,123
Printing and publications	8,874	1,425	-	9,242	-	-	-	249	8,963	2,144
Conference and meeting expense	1,875	11,746	1,322	23,361	431	-	1,103	-	10,996	4,196
Contract expense	-	-	-	-	-	-	-	-	-	-
Other expenses	2,555	359	487	627	205	-	241,477	1,000	3,978	-
Telephone/communications	14,884	4,662	394	566	2,712	-	2,330	-	15,619	3,302
Training	2,070	18	-	1,693	122	-	380	-	425	-
Depreciation and amortization	-	-	-	-	-	-	-	-	1,924	-
Equipment rental and maintenance	-	170	36	439	-	-	1,020	-	-	-
Accounting and legal expense	4,854	420	65	2,022	-	66	288	-	2,126	-
Insurance	-	-	-	-	-	-	10,501	-	-	-
Facility expense	-	-	-	-	-	-	-	-	-	-
Debt service	-	9,584	-	-	-	-	-	-	-	-
Administration fee to TSNE	56,927	52,354	23,726	68,605	26,945	3,959	31,207	9,524	132,515	28,584
<b>Total expenses</b>	<b>619,629</b>	<b>490,159</b>	<b>225,131</b>	<b>744,548</b>	<b>267,361</b>	<b>52,858</b>	<b>528,694</b>	<b>77,555</b>	<b>1,658,909</b>	<b>344,392</b>
<b>Change in net assets</b>	<b>97,683</b>	<b>153,910</b>	<b>(3,120)</b>	<b>307,636</b>	<b>39,262</b>	<b>19,035</b>	<b>76,628</b>	<b>21,595</b>	<b>(463,990)</b>	<b>(12,421)</b>
Net assets, beginning as previously reported	375,945	159,635	186,035	145,500	3,843	25,598	98,485	59,282	1,691,977	136,195
Impact of adoption of ASU 2018-08	-	-	-	-	-	-	-	-	-	-
Net assets, beginning as adjusted	375,945	159,635	186,035	145,500	3,843	25,598	98,485	59,282	1,691,977	136,195
<b>Net assets, ending</b>	<b>\$ 473,628</b>	<b>\$ 313,545</b>	<b>\$ 182,915</b>	<b>\$ 453,136</b>	<b>\$ 43,105</b>	<b>\$ 44,633</b>	<b>\$ 175,113</b>	<b>\$ 80,877</b>	<b>\$ 1,227,987</b>	<b>\$ 123,774</b>

See Independent Auditors' Report.

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

Supplemental Schedule of Activities for Fiscal Sponsorship Programs and Services

Year Ended June 30, 2020

	<b>Design Studio for Social Intervention</b>	<b>Early Care and Education</b>	<b>Early Childhood Fundors Collaborative</b>	<b>Early Educator Investment Collaborative</b>	<b>Farm to Institution New England</b>	<b>First Teacher</b>	<b>Financial Transparency Coalition</b>	<b>FRESH New London</b>	<b>Future Chefs</b>	<b>Gardening the Community</b>
Revenue:										
Federal grants and contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ 13,079
Contributions	700	-	750	(10,571)	6,820	57,086	-	43,057	396,383	197,882
Grants	382,547	1,054,486	76,000	1,500,000	850,000	288,243	825,771	263,183	3,004,176	460,898
CARES PPP loan forgiveness	23,132	-	-	-	74,539	39,618	18,470	29,794	101,854	52,198
Royalty and license fees	-	-	-	-	-	-	-	-	-	-
Contract revenue	17,977	-	-	-	4,641	-	593	19,895	4,557	1,683
Interest income	-	-	-	-	-	-	-	-	-	-
Conference revenue	-	-	-	-	-	-	-	-	-	792
Membership dues and program fees	-	-	582,310	-	-	-	-	-	-	-
Property rental income	-	-	-	-	-	-	-	-	-	250
Other revenue	-	-	-	-	-	-	-	7,150	-	68,542
<b>Total revenue</b>	<b>424,356</b>	<b>1,054,486</b>	<b>659,060</b>	<b>1,489,429</b>	<b>936,000</b>	<b>384,947</b>	<b>844,834</b>	<b>368,079</b>	<b>3,506,970</b>	<b>795,324</b>
Program expenses:										
Salaries and wages	114,805	-	274,477	-	327,990	169,134	84,379	146,115	444,077	254,612
Employee benefits	26,656	-	65,874	-	75,906	29,513	20,251	32,681	93,261	56,915
Grants, awards, contributions	-	-	823,500	726,719	-	500	1,038,380	10,000	-	434
Professional fees	44,705	330,582	144,863	1,369,569	12,615	-	-	8,513	(67,128)	60,652
Occupancy	20,400	-	-	-	-	15,310	-	6,241	36,147	16,412
Postage and supplies	4,685	-	1,404	-	13,327	10,848	1,535	8,717	10,027	26,002
Travel	9,110	-	10,099	6,018	14,494	220	64,658	203	1,087	8,778
Printing and publications	1,097	-	99	-	4,665	367	-	237	2,169	6,729
Conference and meeting expense	1,170	-	97,621	-	7,959	3,407	35,015	789	1,067	5,348
Contract expense	-	-	-	-	-	-	147,362	-	-	-
Other expenses	145	-	3,004	-	930	614	514	943	7,040	56,534
Telephone/communications	4,680	-	3,615	968	6,802	3,161	5,597	440	6,891	9,436
Training	-	-	300	-	2,325	175	-	510	1,094	4,068
Depreciation and amortization	-	-	-	-	-	-	-	-	3,356	19,073
Equipment rental and maintenance	219	-	-	-	-	77	-	1,049	10,535	2,241
Accounting and legal expense	5	-	-	-	86	759	6,310	771	21,156	3,149
Insurance	-	-	-	-	-	-	-	2,151	14,771	(553)
Facility expense	-	-	-	-	-	-	-	1,900	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Administration fee to TSNE	20,455	16,383	87,062	63,098	49,040	27,156	86,634	18,272	60,164	59,681
<b>Total expenses</b>	<b>248,132</b>	<b>346,965</b>	<b>1,511,918</b>	<b>2,166,372</b>	<b>516,139</b>	<b>261,241</b>	<b>1,490,635</b>	<b>239,532</b>	<b>645,714</b>	<b>589,511</b>
<b>Change in net assets</b>	<b>176,224</b>	<b>707,521</b>	<b>(852,858)</b>	<b>(676,943)</b>	<b>419,861</b>	<b>123,706</b>	<b>(645,801)</b>	<b>128,547</b>	<b>2,861,256</b>	<b>205,813</b>
Net assets, beginning as previously reported	171,665	234,967	2,201,351	16,452,587	417,410	227,637	1,429,213	101,780	583,233	647,951
Impact of adoption of ASU 2018-08	-	-	-	-	-	-	-	-	-	-
Net assets, beginning as adjusted	171,665	234,967	2,201,351	16,452,587	417,410	227,637	1,429,213	101,780	583,233	647,951
<b>Net assets, ending</b>	<b>\$ 347,889</b>	<b>\$ 942,488</b>	<b>\$ 1,348,493</b>	<b>\$ 15,775,644</b>	<b>\$ 837,271</b>	<b>\$ 351,343</b>	<b>\$ 783,412</b>	<b>\$ 230,327</b>	<b>\$ 3,444,489</b>	<b>\$ 853,764</b>

See Independent Auditors' Report.

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

Supplemental Schedule of Activities for Fiscal Sponsorship Programs and Services

Year Ended June 30, 2020

	<i>Global Family Research Project</i>	<i>Healthy Places by Design</i>	<i>Integrity Initiatives International</i>	<i>ISED Solutions</i>	<i>Lawrence Dream Network</i>	<i>Maine Food Strategy</i>	<i>Massachusetts Coalition of Domestic Workers</i>	<i>Massachusetts Farm to School</i>	<i>Massachusetts Organization for Addiction Recovery</i>	<i>Massachusetts Voter Table</i>
Revenue:										
Federal grants and contracts	\$ -	\$ -	\$ 38,681	\$ 140,096	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	78,315	-	4,650	5,500	40	3,279	14,712	700
Grants	-	625,389	92,115	-	37,585	75,700	96,140	582,647	981,410	530,407
CARES PPP loan forgiveness	31,204	146,083	11,880	7,456	4,069	5,619	7,909	48,726	5,039	28,800
Royalty and license fees	194	-	-	-	-	-	-	-	-	-
Contract revenue	667	1,425,269	-	-	-	-	-	52,532	13,556	29,757
Interest income	-	-	-	-	-	-	-	-	-	-
Conference revenue	-	-	-	-	-	-	-	3,100	23,650	350
Membership dues and program fees	-	-	-	-	-	-	-	905	-	-
Property rental income	-	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-	800	-
<b>Total revenue</b>	<b>32,065</b>	<b>2,196,741</b>	<b>220,991</b>	<b>147,552</b>	<b>46,304</b>	<b>86,819</b>	<b>104,089</b>	<b>691,189</b>	<b>1,039,167</b>	<b>590,014</b>
Program expenses:										
Salaries and wages	312,538	740,125	64,643	80,787	12,084	37,312	54,340	210,987	585,819	124,276
Employee benefits	38,297	177,630	15,514	9,865	1,076	4,847	9,592	50,464	133,400	29,638
Grants, awards, contributions	-	400,000	-	-	-	-	-	-	1,633	-
Professional fees	2,360	71,657	500	5,345	500	8,208	-	20,746	42,150	5,230
Occupancy	-	19,359	859	-	-	-	3,150	-	59,860	7,508
Postage and supplies	665	4,222	282	3,042	3,489	132	2,984	6,842	27,255	221
Travel	4,199	138,135	21,050	6,797	106	-	67	11,883	28,123	1,999
Printing and publications	-	18	1,016	1,467	254	-	-	17,503	10,369	5,867
Conference and meeting expense	670	53,450	1,450	598	2,071	-	1,115	13,441	13,168	1,546
Contract expense	-	-	-	33,607	-	-	-	-	-	-
Other expenses	538	451	729	-	184	867	195	223	1,518	1,213
Telephone/communications	4,493	8,567	612	106	373	215	204	3,856	20,907	8,595
Training	-	428	-	-	88	-	-	40	974	75
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-
Equipment rental and maintenance	-	498	-	-	-	-	-	-	2,188	-
Accounting and legal expense	8	1	236	-	-	-	241	28	72	2
Insurance	-	-	-	-	-	-	-	-	-	-
Facility expense	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Administration fee to TSNE	46,559	120,477	11,402	14,793	2,262	6,435	8,957	39,686	112,929	18,884
<b>Total expenses</b>	<b>410,327</b>	<b>1,735,018</b>	<b>118,293</b>	<b>156,407</b>	<b>22,487</b>	<b>58,016</b>	<b>80,845</b>	<b>375,699</b>	<b>1,040,365</b>	<b>205,054</b>
<b>Change in net assets</b>	<b>(378,262)</b>	<b>461,723</b>	<b>102,698</b>	<b>(8,855)</b>	<b>23,817</b>	<b>28,803</b>	<b>23,244</b>	<b>315,490</b>	<b>(1,198)</b>	<b>384,960</b>
Net assets, beginning as previously reported	459,473	1,279,918	44,057	63,186	17,906	42,422	60,070	404,778	103,284	104,902
Impact of adoption of ASU 2018-08	-	-	-	-	-	-	-	-	-	-
Net assets, beginning as adjusted	459,473	1,279,918	44,057	63,186	17,906	42,422	60,070	404,778	103,284	104,902
<b>Net assets, ending</b>	<b>\$ 81,211</b>	<b>\$ 1,741,641</b>	<b>\$ 146,755</b>	<b>\$ 54,331</b>	<b>\$ 41,723</b>	<b>\$ 71,225</b>	<b>\$ 83,314</b>	<b>\$ 720,268</b>	<b>\$ 102,086</b>	<b>\$ 489,862</b>

See Independent Auditors' Report.

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

Supplemental Schedule of Activities for Fiscal Sponsorship Programs and Services

Year Ended June 30, 2020

	<b>MLPB</b>	<b>Matahari Women Workers' Center</b>	<b>Mattapan Food and Fitness Coalition</b>	<b>Network for Public Health Law</b>	<b>National Network of Fiscal Sponsors</b>	<b>New Entry Sustainable Farming Project</b>	<b>Nonprofit Centers Network</b>	<b>Open Books Open Minds</b>	<b>Opportunities Exchange</b>	<b>Population Health Improvement Partners</b>
Revenue:										
Federal grants and contracts	\$ -	\$ -	\$ -	\$ 4,629	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 515,902
Contributions	9,160	30,382	35,823	1,000	67,750	15,594	17,277	20,250	-	-
Grants	10,950	548,761	209,153	6,726,314	-	(101,681)	10,070	46,134	(93,418)	375,289
CARES PPP loan forgiveness	110,326	42,856	16,715	247,138	-	-	-	-	-	89,896
Royalty and license fees	-	-	-	-	-	-	-	-	-	-
Contract revenue	1,091,594	26,750	22,310	282,737	-	13,574	75,258	-	(155,410)	289,486
Interest income	-	-	-	-	-	-	-	-	-	-
Conference revenue	-	3,150	-	86,943	42,809	655	20,198	-	-	-
Membership dues and program fees	-	-	-	-	-	-	41,053	-	-	-
Property rental income	-	-	-	-	-	-	-	-	-	-
Other revenue	-	-	499	-	-	153,076	493	-	-	-
<b>Total revenue</b>	<b>1,222,030</b>	<b>651,899</b>	<b>284,500</b>	<b>7,348,761</b>	<b>110,559</b>	<b>81,218</b>	<b>164,349</b>	<b>66,384</b>	<b>(248,828)</b>	<b>1,270,573</b>
Program expenses:										
Salaries and wages	612,304	184,711	70,452	1,100,192	-	103,070	125,051	-	25,871	783,416
Employee benefits	146,953	44,331	13,496	263,862	-	23,445	29,665	-	2,303	191,002
Grants, awards, contributions	-	-	-	1,504,354	-	-	-	58,674	-	-
Professional fees	67,274	2,560	36,237	181,518	42,600	29,597	6,795	-	41,404	57,568
Occupancy	44,478	15,763	19,708	46,146	-	4,766	8,351	-	2,148	4,800
Postage and supplies	13,896	1,807	25,315	29,552	-	6,371	18,938	997	-	9,099
Travel	13,648	4,953	4,282	56,534	5,170	2,292	6,280	-	2,438	20,604
Printing and publications	1,231	470	1,885	1,767	-	3,406	596	-	-	311
Conference and meeting expense	10,714	989	853	127,942	50,846	1,215	9,496	2,357	(279)	4,682
Contract expense	-	-	-	-	-	7,125	-	-	-	-
Other expenses	8,088	120	541	22,887	-	116,328	2,811	-	240	-
Telephone/communications	11,470	10,518	3,929	15,157	1,093	5,633	4,021	-	-	11,784
Training	889	100	40	573	-	1,084	214	-	-	4,888
Depreciation and amortization	-	-	-	-	-	6,144	-	-	-	-
Equipment rental and maintenance	-	-	-	-	-	1,679	-	-	-	-
Accounting and legal expense	10,279	687	69	7,434	422	2,299	2,156	-	132	-
Insurance	2,901	-	-	-	-	-	-	-	-	-
Facility expense	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Administration fee to TSNE	93,281	31,382	19,211	237,902	-	29,241	21,439	4,962	8,169	111,146
<b>Total expenses</b>	<b>1,037,406</b>	<b>298,391</b>	<b>196,018</b>	<b>3,595,820</b>	<b>100,131</b>	<b>343,695</b>	<b>235,813</b>	<b>66,990</b>	<b>82,426</b>	<b>1,199,300</b>
<b>Change in net assets</b>	<b>184,624</b>	<b>353,508</b>	<b>88,482</b>	<b>3,752,941</b>	<b>10,428</b>	<b>(262,477)</b>	<b>(71,464)</b>	<b>(606)</b>	<b>(331,254)</b>	<b>71,273</b>
Net assets, beginning as previously reported	435,596	73,905	184,891	904,321	132,372	262,477	71,464	5,755	331,254	142,266
Impact of adoption of ASU 2018-08	-	-	-	-	-	-	-	-	-	-
Net assets, beginning as adjusted	435,596	73,905	184,891	904,321	132,372	262,477	71,464	5,755	331,254	142,266
<b>Net assets, ending</b>	<b>\$ 620,220</b>	<b>\$ 427,413</b>	<b>\$ 273,373</b>	<b>\$ 4,657,262</b>	<b>\$ 142,800</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,149</b>	<b>\$ -</b>	<b>\$ 213,539</b>

See Independent Auditors' Report.

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

Supplemental Schedule of Activities for Fiscal Sponsorship Programs and Services

Year Ended June 30, 2020

	<b>Providence Children and Youth Cabinet</b>	<b>Prosecutor Impact</b>	<b>Real Food Challenge</b>	<b>Rhode Island Food Policy Council</b>	<b>Rhode Island Land Trust Council</b>	<b>Safe Havens</b>	<b>Station1</b>	<b>The Teacher Collaborative</b>	<b>The TIMBo Collective</b>	<b>Truth, Racial Healing, and Transformation Process</b>
Revenue:										
Federal grants and contracts	\$ 539,440	\$ -	\$ -	\$ 18,782	\$ -	\$ 296,557	\$ -	\$ -	\$ -	\$ -
Contributions	-	(76,754)	31,594	-	25,192	119,331	10	-	2,618	-
Grants	680,874	(933,035)	714,751	300,957	119,970	6,736	400,000	(193,678)	250	-
CARES PPP loan forgiveness	43,952	-	100,189	12,947	21,695	38,257	27,137	-	-	-
Royalty and license fees	-	-	-	-	-	-	-	-	3,618	-
Contract revenue	244,480	104,284	2,369	4,830	750	24,200	41,920	-	48,086	172,695
Interest income	-	-	-	-	-	-	-	-	-	-
Conference revenue	-	-	630	-	5,000	650	-	-	2,520	-
Membership dues and program fees	-	-	-	-	-	-	-	-	-	-
Property rental income	-	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-	1,781	-
<b>Total revenue</b>	<b>1,508,746</b>	<b>(905,505)</b>	<b>849,533</b>	<b>337,516</b>	<b>172,607</b>	<b>485,733</b>	<b>469,067</b>	<b>(193,679)</b>	<b>58,873</b>	<b>172,695</b>
Program expenses:										
Salaries and wages	443,150	335,543	457,401	124,424	95,933	230,625	31,200	181,668	31,126	116,659
Employee benefits	106,356	80,461	104,366	29,363	23,024	51,981	5,066	41,637	6,679	27,998
Grants, awards, contributions	-	5,000	100	-	-	-	-	-	-	-
Professional fees	599,714	371,565	16,687	197,878	36,895	37,606	86,456	51,854	4,678	-
Occupancy	32,327	8,204	7,275	900	7,500	21,000	107,355	30,574	-	-
Postage and supplies	20,643	7,994	5,532	3,536	2,240	8,047	7,066	4,913	381	698
Travel	13,590	98,008	33,847	4,657	1,248	22,007	10,401	1,231	4,390	1,650
Printing and publications	3,223	763	947	1,789	-	14,473	-	-	2,696	-
Conference and meeting expense	3,766	38,424	3,862	3,771	-	3,089	1,531	9,029	11,965	-
Contract expense	-	-	-	-	-	15,772	-	-	-	-
Other expenses	3,109	1,758	1,159	1,893	874	1,688	392	1,358	579	401
Telephone/communications	2,637	293	13,025	1,996	760	4,560	2,424	1,838	888	1,762
Training	-	-	5,161	1,495	930	985	-	177	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-
Equipment rental and maintenance	501	-	190	-	-	-	-	-	-	-
Accounting and legal expense	-	252	566	-	19	18	261	1	2,824	-
Insurance	-	-	-	-	-	-	-	-	-	-
Facility expense	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Administration fee to TSNE	144,812	113,881	60,482	47,729	17,728	47,007	22,502	45,399	7,945	17,900
<b>Total expenses</b>	<b>1,373,828</b>	<b>1,062,146</b>	<b>710,600</b>	<b>419,431</b>	<b>187,151</b>	<b>458,858</b>	<b>274,654</b>	<b>369,679</b>	<b>74,151</b>	<b>167,068</b>
<b>Change in net assets</b>	<b>134,918</b>	<b>(1,967,651)</b>	<b>138,933</b>	<b>(81,915)</b>	<b>(14,544)</b>	<b>26,875</b>	<b>194,413</b>	<b>(563,358)</b>	<b>(15,278)</b>	<b>5,627</b>
Net assets, beginning as previously reported	276,628	1,968,423	279,453	248,808	295,668	183,228	201,440	563,358	16,381	25,441
Impact of adoption of ASU 2018-08	-	-	-	-	-	-	-	-	-	-
Net assets, beginning as adjusted	276,628	1,968,423	279,453	248,808	295,668	183,228	201,440	563,358	16,381	25,441
<b>Net assets, ending</b>	<b>\$ 411,546</b>	<b>\$ 772</b>	<b>\$ 418,386</b>	<b>\$ 166,893</b>	<b>\$ 281,124</b>	<b>\$ 210,103</b>	<b>\$ 395,853</b>	<b>\$ -</b>	<b>\$ 1,103</b>	<b>\$ 31,068</b>

See Independent Auditors' Report.

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

Supplemental Schedule of Activities for Fiscal Sponsorship Programs and Services

Year Ended June 30, 2020

	<b>Worcester Regional Food Hub</b>	<b>Workers Justice Project</b>	<b>Limited Projects</b>	<b>Total</b>
Revenue:				
Federal grants and contracts	\$ -	\$ -	\$ -	\$ 2,075,035
Contributions	250	61,354	(21,584)	2,994,537
Grants	242,875	248,511	(31,104)	35,538,349
CARES PPP loan forgiveness	-	-	-	3,245,632
Royalty and license fees	-	-	-	3,812
Contract revenue	8,725	1,347,061	(15,750)	12,398,350
Interest income	-	-	-	37,226
Conference revenue	-	4,500	-	343,865
Membership dues and program fees	-	37,975	-	687,533
Property rental income	33,212	-	-	33,462
Other revenue	83,913	-	750	339,635
<b>Total revenue</b>	<b>368,975</b>	<b>1,699,401</b>	<b>(67,688)</b>	<b>57,697,436</b>
Program expenses:				
Salaries and wages	117,754	642,995	-	20,022,638
Employee benefits	27,440	154,318	-	4,645,933
Grants, awards, contributions	7,901	-	469,154	5,369,100
Professional fees	10,086	141,753	105,580	10,900,424
Occupancy	25,715	141,908	-	1,247,956
Postage and supplies	44,594	148,133	(466)	862,010
Travel	624	24,260	-	1,282,176
Printing and publications	115	45,973	960	211,736
Conference and meeting expense	610	38,286	(276)	1,706,739
Contract expense	-	-	-	203,866
Other expenses	199,965	2,155	-	843,956
Telephone/communications	1,585	20,868	(100)	396,767
Training	45	898	-	55,608
Depreciation and amortization	-	4,717	-	51,028
Equipment rental and maintenance	62,936	17,177	-	104,039
Accounting and legal expense	445	3,982	8	107,253
Insurance	2,607	396	-	32,783
Facility expense	-	-	-	1,900
Debt service	-	-	-	9,584
Administration fee to TSNE	33,782	171,489	31,743	4,194,674
<b>Total expenses</b>	<b>536,204</b>	<b>1,559,308</b>	<b>606,603</b>	<b>52,250,170</b>
<b>Change in net assets</b>	<b>(167,229)</b>	<b>140,093</b>	<b>(674,291)</b>	<b>5,447,266</b>
Net assets, beginning as previously reported	167,229	219,616	853,052	51,488,221
Impact of adoption of ASU 2018-08	-	-	-	(797,220)
Net assets, beginning as adjusted	167,229	219,616	853,052	50,691,001
<b>Net assets, ending</b>	<b>\$ -</b>	<b>\$ 359,709</b>	<b>\$ 178,761</b>	<b>\$ 56,138,267</b>

See Independent Auditors' Report.

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

Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Health and Human Services Direct Program:</b>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	\$ -	\$ 539,440
<b>Total U.S. Department of Health and Human Services Direct Program</b>			<u>-</u>	<u>539,440</u>
<b>U.S. Department of Health and Human Services Pass-Through Programs:</b>				
Passed-through The University of North Carolina at Chapel Hill Maternal and Child Health Federal Consolidated Program	93.110	UE7MC26282	-	64,941
Passed-through Trustees of Boston University Maternal and Child Health Federal Consolidated Program	93.110	7 UJ6MC32737-01-00	-	200,104
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	-	23,790
Passed-through National Association of Community Health Centers Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	CDC-861.01	-	23,549
Passed-through North Carolina Area Health Education Centers Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426	NU58DP006513	-	122,448
Passed-through State of Minnesota, Minnesota Department of Health Grants to States to Support Oral Health Workforce Activities	93.236	30000130618	-	4,629
Passed-through North Carolina Farmworkers Project Grants for New and Expanded Services under the Health Center Program	93.527	9349	-	12,000
Passed-through American Academy 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	-	16,150
Passed-through The Regents of the University of California Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	6 NU62PS004583-05-02	-	70,136
Passed-through Abt Associates Inc. Data and Technical Assistance Task Order to Support the Infant Mortality Achieving Public Health Impact Through Research	93.Unknown	HHSP2332095624WC	-	144,746
Total Abt Associates, Inc. Pass-Through Program	93.Unknown	200-2014-61267	<u>-</u>	<u>19,825</u>
			<u>-</u>	<u>164,571</u>
<b>Total U.S. Department of Health and Human Services Pass-Through Programs</b>			<u>-</u>	<u>702,318</u>
<b>Total U.S. Department of Health and Human Services Programs</b>			<u>-</u>	<u>1,241,758</u>
<b>U.S. Department of Housing &amp; Urban Development Pass-Through Programs:</b>				
Passed-through City of New London Community Development Block Grants/Entitlement Grants	14.218	221.6517-465.33-09	-	5,000
<b>Total U.S. Department of Housing and Urban Development Pass-Through Programs</b>			<u>-</u>	<u>5,000</u>
<b>U.S. Department of Justice Direct Program:</b>				
OVW Technical Assistance Initiative	16.526	N/A	<u>15,771</u>	<u>296,558</u>
<b>Total U.S. Department of Justice Direct Program</b>			<u>15,771</u>	<u>296,558</u>
<b>U.S. Department of Northern Border Regional Commission Pass-Through Programs:</b>				
Passed-through Vermont Housing and Conservation Board Northern Border Regional Development	90.601	NBRC19GRF08	-	26,010
<b>Total U.S. Department of Northern Border Regional Commission Pass-Through Program:</b>			<u>-</u>	<u>26,010</u>
<b>Balance Forward</b>			<u>\$ 15,771</u>	<u>\$ 1,569,326</u>

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

**Schedule of Expenditures of Federal Awards (Continued)**

Year Ended June 30, 2020

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Federal Expenditures</i>
<b>Balance Forward</b>			<b>\$ 15,771</b>	<b>\$ 1,569,326</b>
<b>U.S. Department of Labor Pass-Through Program:</b>				
Passed-through Seattle Central College				
H-1B Job Training Grants	17.268	HG-29361-16-60-A-53	-	252,334
<b>Total U.S. Department of Labor Pass-Through Program</b>			<b>-</b>	<b>252,334</b>
<b>U.S. Department of Agriculture Direct Programs:</b>				
Beginning Farmer and Rancher Development Program	10.311	N/A	-	1,156
Rural Business Development Grant	10.351	N/A	-	41,168
Risk Management Education Partnerships	10.460	N/A	33,607	79,285
Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers	10.443	N/A	-	60,811
<b>Total U.S. Department of Agriculture Direct Programs</b>			<b>33,607</b>	<b>182,420</b>
<b>U.S. Department of Agriculture Pass-Through Programs:</b>				
Passed-through Community Involved in Sustaining Agriculture				
Farmers Market and Local Food Promotion Program	10.175	AM190100XXXXG150	-	13,079
Passed-through University of Delaware				
Cooperative Extension Service	10.500	2018-70027-28588	-	19,195
<b>Total U.S. Department of Agriculture Pass-Through Programs</b>			<b>-</b>	<b>32,274</b>
<b>Total U.S. Department of Agriculture Programs</b>			<b>33,607</b>	<b>214,694</b>
<b>U.S. Department of State Pass-Through Program:</b>				
Passed-through National Endowment for Democracy				
International Programs to Support Democracy, Human Rights and Labor	19.345	2019-1404; 2018-0368	-	38,681
<b>Total U.S. Department of State Programs</b>			<b>-</b>	<b>38,681</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 49,378</b>	<b>\$ 2,075,035</b>

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

***Notes to Schedule of Expenditures of Federal Awards***

***Year Ended June 30, 2020***

***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, 2020. 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, 2020, 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 11, 2020.

***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) as a basis for designing 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 financial statements. 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.*

December 11, 2020  
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 program for the year ended June 30, 2020. TSNE's major federal program is 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 program 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 program. 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 program for the year ended June 30, 2020.

### **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 program 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.*

December 11, 2020  
Boston, Massachusetts

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

***Schedule of Findings and Questioned Costs***

***Year Ended June 30, 2020***

**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:  |               |

**Assistance Listing Number**

**Name of Federal Program**

93.243

Substance Abuse and Mental Health Services Projects  
of Regional and National Significance

- |   |           |
|---|-----------|
| 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, 2020***

**Section 2**

**Financial Statement Findings**

None noted.

**Section 3**

**Federal Award Findings and Questioned Costs**

None noted.