MOODY, FAMIGLIETTI & ANDRONICO
Certified Public Accountants & Consultants

THE MASSACHUSETTS INSTITUTE FOR A NEW COMMONWEALTH, INC. AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

Proactive CPA and Consulting Firm

To the Board of Directors
The Massachusetts Institute for a New Commonwealth, Inc. and Affiliate
Boston, Massachusetts

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated financial statements of The Massachusetts Institute for a New Commonwealth, Inc. ("MassINC") and Affiliate (collectively referred to as the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Massachusetts Institute for a New Commonwealth, Inc. and Affiliate as of December 31, 2013 and 2012, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Moody, Famigliette & Andronico, LLP

Moody, Famiglietti & Andronico, LLP
Tewksbury, Massachusetts
November 7, 2014

December 31	2013	2012
Assets		
Current Assets:		
Cash and Equivalents	$ 439,808	$ 220,868
Assets Whose Use is Limited	634	1,870
Contributions Receivable	100,000	-
Trade Receivables	45,750	32,744
Prepaid Expenses	4,891	1,324
Deferred Income Taxes	8,200	-
Total Current Assets	599,283	256,806
Restricted Cash	50,000	50,000
Property and Equipment, Net of Accumulated Depreciation	32,011	31,563
Intangible Assets, Net of Accumulated Amortization	53,194	106,035
Total Assets	$ 734,488	$ 444,404
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable and Accrued Expenses	$ 74,855	$ 132,367
Deferred Rent	46,026	10,569
Unearned Revenue	52,500	61,700
Total Current Liabilities	173,381	204,636
Net Assets:		
Unrestricted	(522,474)	(258,251)
Temporarily Restricted	1,052,765	480,795
Total Net Assets of the MassINC	530,291	222,544
Unrestricted Net Assets of Noncontrolling Interest of Polling Group	30,816	17,224
Total Net Assets	561,107	239,768
Total Liabilities and Net Assets	$ 734,488	$ 444,404

For the Years Ended December 31	2013	2012
Changes in Unrestricted Net Assets		
Unrestricted Revenues:		
Grants and Contributions	**$ 966,422**	$ 1,020,045
Net Assets Released from Restrictions	**439,542**	576,596
Polling Income	**282,357**	242,557
Advertising	**201,489**	211,735
Rental Income	**-**	6,670
Total Unrestricted Revenues	**1,889,810**	2,057,603
Expenses:		
Polling Expenses	**180,214**	200,550
Program Services:		
Magazine	**891,621**	919,819
Policy	**268,222**	322,897
Marketing and Outreach	**144,484**	131,912
Total Program Services	**1,304,327**	1,374,628
Supporting Services:		
Management and General	**398,416**	362,950
Fundraising	**265,684**	301,305
Total Supporting Services	**664,100**	664,255
Total Expenses	**2,148,641**	2,239,433
Decrease in Unrestricted Net Assets	**(258,831)**	(181,830)
Changes in Temporarily Restricted Net Assets		
Grants and Contributions	**1,011,512**	480,795
Net Assets Released from Restrictions	**(439,542)**	(576,596)
Increase (Decrease) in Temporarily Restricted Net Assets	**571,970**	(95,801)
Increase (Decrease) in Net Assets Before Benefit from Income Taxes	**313,139**	(277,631)
Benefit From Income Taxes	**(8,200)**	-
Increase (Decrease) in Net Assets	**321,339**	(277,631)
Less: Increase in Net Assets Attributable to the Noncontrolling Interest	**13,592**	7,787
Increase (Decrease) in Net Assets Attributable to MassINC	**$ 307,747**	$ (285,418)

For the Year Ended December 31 **2013**

		Programs				Supporting Services		
	Polling Expenses	Magazine	Policy	Marketing and Outreach	Total Programs	Management and General	Fundraising	Total
Personnel	$ -	$ 456,509	$ 136,763	$ 73,600	$ 666,872	$ 258,730	$ 135,590	$ 1,061,192
Professional and Consulting Fees	-	93,384	28,113	15,147	136,644	30,507	27,842	194,993
Polling Expenses - Consultants	180,214	-	-	-	-	-	-	180,214
Occupancy	-	67,150	20,117	10,826	98,093	13,707	19,945	131,745
Office Supplies	-	51,000	15,279	8,222	74,501	13,780	15,149	103,430
Printing and Publication Costs	-	47,258	14,172	7,629	69,059	9,661	14,047	92,767
Employee Benefits	-	41,716	12,498	6,726	60,940	8,515	12,391	81,846
Payroll Taxes	-	38,799	11,624	6,255	56,678	7,920	11,525	76,123
Depreciation and Amortization	-	31,449	9,422	5,070	45,941	7,556	9,342	62,839
Postage	-	18,459	5,530	2,976	26,965	3,779	5,483	36,227
Insurance	-	3,883	1,163	626	5,672	16,609	1,154	23,435
Special Event Costs	-	11,877	3,558	1,915	17,350	2,424	3,527	23,301
Telephone	-	10,053	3,012	1,621	14,686	2,052	2,986	19,724
Internet Services	-	9,395	2,815	1,515	13,725	1,918	2,790	18,433
Research	-	7,691	3,258	1,873	12,822	2,584	3,019	18,425
Taxes	-	-	-	-	-	14,323	-	14,323
Travel	-	2,998	898	483	4,379	4,311	894	9,584
Advertising	-	-	-	-	-	40	-	40
Total Expenses	$ 180,214	$ 891,621	$ 268,222	$ 144,484	$ 1,304,327	$ 398,416	$ 265,684	$ 2,148,641

The accompanying notes are an integral part of these consolidated financial statements.

For the Year Ended December 31 **2012**

		Programs				Supporting Services		
	Polling Expenses	Magazine	Policy	Marketing and Outreach	Total Programs	Management and General	Fundraising	Total
Personnel	$ -	$ 437,577	$ 153,225	$ 62,596	$ 653,398	$ 215,993	$ 142,979	$ 1,012,370
Professional and Consulting Fees	-	88,461	30,977	12,655	132,093	27,536	28,905	188,534
Polling Expenses - Consultants	200,550	-	-	-	-	-	-	200,550
Occupancy	-	105,425	36,917	15,081	157,423	24,507	34,448	216,378
Office Supplies	-	58,007	20,312	8,298	86,617	14,191	18,954	119,762
Printing and Publication Costs	-	46,780	16,381	6,692	69,853	10,874	15,285	96,012
Employee Benefits	-	40,753	14,270	5,830	60,853	9,473	13,316	83,642
Payroll Taxes	-	36,152	12,659	5,172	53,983	8,404	11,813	74,200
Depreciation and Amortization	-	26,113	9,951	4,065	40,129	6,606	9,285	56,020
Postage	-	16,524	5,786	2,364	24,674	3,846	5,399	33,919
Insurance	-	3,792	1,328	543	5,663	15,527	1,239	22,429
Special Event Costs	-	18,466	6,466	2,642	27,574	4,293	6,034	37,901
Telephone	-	13,572	4,752	1,941	20,265	3,155	4,434	27,854
Internet Services	-	2,843	996	407	4,246	661	929	5,836
Research	-	21,949	7,685	3,139	32,773	5,102	7,172	45,047
Taxes	-	-	-	-	-	10,134	-	10,134
Travel	-	3,405	1,192	487	5,084	2,471	1,113	8,668
Advertising	-	-	-	-	-	177	-	177
Total Expenses	$ 200,550	$ 919,819	$ 322,897	$ 131,912	$ 1,374,628	$ 362,950	$ 301,305	$ 2,239,433

The accompanying notes are an integral part of these consolidated financial statements.

	MassINC							
		Unrestricted		Temporarily Restricted		Noncontrolling Interest of Polling Group		Consolidated Total
Net Assets at December 31, 2011	$	(68,634)	$	576,596	$	9,437	$	517,399
Changes in Net Assets		(189,617)		(95,801)		7,787		(277,631)
Net Assets at December 31, 2012		(258,251)		480,795		17,224		239,768
Changes in Net Assets		(264,223)		571,970		13,592		321,339
Net Assets at December 31, 2013	$	(522,474)	$	1,052,765	$	30,816	$	561,107

For the Years Ended December 31	2013	2012
Cash Flows from Operating Activities:		
Increase (Decrease) in Net Assets	**$ 321,339**	$ (277,631)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation and Amortization	**62,839**	56,020
Deferred Income Taxes	**(8,200)**	-
Decrease in Assets Whose Use is Limited	**1,236**	1,661
(Increase) Decrease in Contributions Receivable	**(100,000)**	379,913
Increase in Trade Receivables	**(13,006)**	(25,844)
Decrease in Other Receivables	**-**	3,968
(Increase) Decrease in Prepaid Expenses	**(3,567)**	1,627
(Decrease) Increase in Accounts Payable and Accrued Expenses	**(57,512)**	53,465
Increase in Deferred Rent	**35,457**	10,569
Decrease in Unearned Revenue	**(9,200)**	(2,500)
Net Cash Provided by Operating Activities	**229,386**	201,248
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	**(10,446)**	(33,028)
Increase in Restricted Cash	**-**	(50,000)
Increase in Intangible Assets	**-**	(822)
Net Cash Used in Investing Activities	**(10,446)**	(83,850)
Net Increase in Cash and Equivalents	**218,940**	117,398
Cash and Equivalents, Beginning of Year	**220,868**	103,470
Cash and Equivalents, End of Year	**$ 439,808**	$ 220,868

Supplemental Disclosure of Non-Cash Investing Activities:

During the years ended December 31, 2013 and 2012, the Organization disposed of fully depreciated property and equipment with an original cost of $31,658 and $151,109, respectively.

During the year ended December 31, 2012, the Organization disposed of fully amortized intangible assets with an original cost of $237,341.

1. Organization and Summary of Significant Accounting Policies:

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of Massachusetts Institute for a New Commonwealth, Inc. ("MassINC"), and its 80% owned affiliate, MassINC Polling Group, Inc. (the "Polling Group"), collectively referred to as the "Organization." All significant inter-company balances and transactions have been eliminated in consolidation.

Reporting Entity: MassINC was incorporated on April 15, 1995 and is a nonprofit organization established to educate the public with respect to events and policies of concern to Massachusetts residents and to assist in the improvement of social and economic conditions in Massachusetts.

The Polling Group is a Massachusetts for-profit corporation incorporated on October 5, 2010, which is an independent non-partisan organization providing public opinion research, analysis and strategic communication services.

Method of Accounting: The consolidated financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Noncontrolling Interest: As of December 31, 2013 and 2012, the noncontrolling interest included in the accompanying consolidated statements of financial position reflects the noncontrolling party's equity interest in the Polling Group. Noncontrolling interest in the consolidated statements of activities represent the results of operations attributable to the noncontrolling party's interest in the operations of the Polling Group.

Classification and Reporting of Net Assets: The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. A description of the three net asset classes follows:

- Unrestricted net assets represent the portion of net assets of Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for support of Organization.

- Temporarily restricted net assets represent contributions and other inflows of assets whose use by Organization is limited by donor-imposed stipulations and that either expire by passage of time or can be fulfilled and removed by actions of Organization pursuant to those stipulations, or by law.

- Permanently restricted net assets represent contributions and other inflows of assets whose use by Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of Organization. As of December 31, 2013 and 2012, the Organization had no permanently restricted net assets.

Fair Value: The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

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

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;

- Quoted prices for identical or similar assets or liabilities in inactive markets;

- Inputs other than quoted prices that are observable for the asset or liability; and

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

1. Organization and Summary of Significant Accounting Policies (Continued):

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Cash and Equivalents: The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has a cash management program, which provides for the investment of excess cash balances primarily in short-term money market accounts, which are valued using Level 1 inputs. The Organization considers such highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Restricted Cash: In conjunction with the Organization's lease agreement, the Organization is required to maintain a letter of credit in the amount of $50,000. As of December 31, 2013 and 2012, restricted cash amounted to $50,000.

Assets Whose Use is Limited: The Organization has custody of the Section 125 Plan Flexible Spending Account assets of its employees and the assets held for the plan are segregated from the general assets of the Organization. The funds are shown on the consolidated statements of financial position as an asset and a corresponding liability, included within accrued expenses, in the consolidated amounts of $634 and $1,870 as of December 31, 2013 and 2012, respectively.

Concentration of Credit Risk: Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash, cash equivalents and contributions and trade receivables. The Organization maintains its cash and cash equivalents with high-credit quality financial institutions. Contributions and trade receivables include revenues that have been recognized, but not yet received, which are carried at the amount the Organization expects to receive, net of any allowance for uncollectible amounts. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as type of contribution and the funding source. An allowance for uncollectible contributions and trade receivables is based upon management's assessment of collectability, which considers historical write-off experience and any specific risks identified in customer collection matters. As of December 31, 2013 and 2012, the Organization has no allowance for uncollectible contributions or trade receivables.

Contributions: Contributions, including unconditional promises to give, are recognized as revenue at fair value at the date the promise is received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the temporarily restricted net asset class. Contributions received with donor-imposed restrictions that are met subsequent to the year in which they are received are also reported as revenues of the temporarily restricted net asset class. Reclassification to unrestricted net assets is made to reflect the expiration of such restrictions in the year the restriction is met.

Contributions of services are reported as revenue and expenses of the unrestricted net asset class at the fair value of the services received only if the services create or enhance a nonfinancial asset or would typically need to be purchased by the Organization if they had not been provided by contribution, require specialized skills, and are provided by individuals with those skills. Contributions of goods and services to be used in program operations are reported as revenue and expenses of the unrestricted net asset class at the time the goods or services are received.

Revenue Recognition: Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. MassINC derives revenue from advertising, which is recognized when the advertisement appears in print. Funds received in advance of services performed are recorded as unearned revenue until the advertisement appears in print. The Polling Group derives revenue from providing polling services and related consulting and reporting. Revenue is recognized when persuasive

1. **Organization and Summary of Significant Accounting Policies (Continued):**

evidence of an arrangement exists, the fee is fixed and determinable, the service has been delivered, and collectability is probable.

Property and Equipment: Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, as follows:

Office Furniture and Equipment	5 Years
Computer Equipment	3 Years
Telephone Equipment	5 Years

Intangible Assets: The Organization capitalizes certain costs associated with its website development. Capitalized costs include external direct costs of materials and services associated with the project incurred during the application and infrastructure development stage. Capitalization of such costs ceases at the point at which the project is substantially complete and ready for its intended use. Website development costs are amortized using the straight-line method over the estimated useful life of five years.

Impairment of Long-Lived Assets: It is required that long-lived assets be reviewed for possible impairment whenever events take or changes in circumstances indicate the carrying amount of an asset to be held and used is measured by comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is to be measured by the amount which the carrying amount of the assets exceeds the fair value of the assets. As of December 31, 2013 and 2012, the Organization has determined that long-lived assets including property and equipment and intangible assets are not impaired.

Deferred Rent: The Organization records rent expense related to its office facility based on a constant periodic rate over the term of the lease agreement. The excess of the cumulative rent expense incurred over the cumulative amounts due under the lease agreement is deferred and recognized over the term of the lease.

Advertising Costs: The Organization expenses advertising costs as incurred. During the years ended December 31, 2013 and 2012, the Organization incurred advertising expense in the amounts of $40 and $177, respectively.

Income Taxes: MassINC is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on trade or business profits generated by activities related to MassINC's exempt function. MassINC may be subject to federal and state income taxes for profits generated from trade or business activities unrelated to the its exempt function. As of December 31, 2013 and 2012, management believes that MassINC has not generated any profits relative to unrelated income, for which it is liable for income taxes.

The Polling Group uses an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the Polling Group's financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

The Organization assesses the recording of uncertain tax positions by evaluating the minimum recognition threshold and measurement requirements a tax position must meet before being recognized as a benefit in the consolidated financial statements. The Organization's policy is to recognize interest and penalties accrued on any uncertain tax positions as a component of income tax expense, if any, in its consolidated statements of activities.

The Organization has not recognized any liabilities for uncertain tax positions or unrecognized benefits as of December 31, 2013 or 2012. The Organization does not expect any material change in uncertain tax benefits within the next twelve months.

1. Organization and Summary of Significant Accounting Policies (Continued):

As of December 31, 2013, MassINC is not currently under examination by any taxing jurisdiction. The Organization's U.S. federal and Massachusetts tax returns are generally open for examination for three years from the date of filing.

As of December 31, 2013, the Polling Group is not currently under examination by any taxing jurisdiction and is open to examination in the U.S. federal and certain state jurisdictions for tax years ended December 31, 2013, 2012, and 2011.

Use of Estimates: The Organization has used estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities in its preparation of the consolidated financial statements in accordance with GAAP. Actual results experienced by the Organization may differ from those estimates.

Subsequent Events: Management has evaluated subsequent events spanning the period from December 31, 2013 through November 7, 2014, the latter representing the issuance date of these consolidated financial statements.

2. Property and Equipment:

Property and equipment as of December 31, 2013 and 2012 consists of the following:

	2013	2012
Office Furniture and Equipment	$ 33,028	$ 58,151
Computer Equipment	14,037	10,126
Telephone Equipment	837	837
	47,902	69,114
Less: Accumulated Depreciation	15,891	37,551
	$ 32,011	$ 31,563

Depreciation expense for the years ended December 31, 2013 and 2012 amounted to $9,998 and $4,242, respectively.

3. Intangible Assets:

As of December 31, 2013 and 2012, intangible assets consist of website development costs with an original cost of $260,110 at December 31, 2013 and 2012 and accumulated amortization of $206,916 and $154,075 at December 31, 2013 and 2012, respectively.

Future amortization expense related to website development costs as of December 31, 2013 is as follows:

Year Ending December 31,	
2014	$ 51,807
2015	1,195
2016	164
2017	28
	$ 53,194

Amortization expense for the years ended December 31, 2013 and 2012 amounted to $52,841 and $51,778, respectively.

4. Lines of Credit:

The Organization has a $40,000 demand line of credit agreement, subject to annual renewal, bearing interest at prime plus 1.5% (4.75% at December 31, 2013), secured by substantially all of the Organization's assets. There were no amounts outstanding as of December 31, 2013 and 2012.

The Organization has a $50,765 demand line of credit agreement, subject to annual renewal, bearing interest at prime plus 3.0% (6.25% at December 31, 2013), secured by substantially all of the Organization's assets. There were no amounts outstanding as of December 31, 2013 and 2012.

5. Temporarily Restricted Net Assets:

MassINC has the following programs:

Magazine: A magazine published quarterly that focuses on the politics, ideas and civil life in Massachusetts.

Policy: Conducts, sponsors and distributes non-partisan analysis and reports and presents discussion groups, forums, panels, lectures and other similar programs.

Outreach: Educating the general public on the activities of MassINC, as well as increasing participation by elected officials, opinion leaders, business leaders and other individuals in the programs of MassINC.

The temporarily restricted net assets in the consolidated statements of financial position are subject to donor-imposed stipulations such that all funds must be used to support the mission of the related program. Temporarily restricted net assets, which include unexpended contributions, as of December 31, 2013 and 2012, consist of the following restrictions:

	2013	2012
Policy:		
Massachusetts Gateway Cities	$ 665,515	$ 174,724
Criminal Justice	337,251	227,050
Transportation	50,000	79,021
	$1,052,766	$ 480,795

6. Net Assets Released from Restrictions:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. Net assets released from restriction during the years ended December 31, 2013 and 2012 consist of the following:

	2013	2012
Policy:		
Criminal Justice	$ 185,797	$ -
Massachusetts Gateway Cities	174,724	-
Transportation	79,021	-
Artplace	-	109,465
Energy and Environment	-	76,608
Tramsformative Investments	-	10,610
	439,542	196,683
Time Restricted:		
Grants Receivable	-	379,913
	$ 439,542	$ 576,596

7. Common Stock of the Polling Group:

As of December 31, 2013 and 2012, the Polling Group has 275,000 shares of par value $0.001 authorized common stock. During the period ended December 31, 2010, the Polling Group issued 27,500 shares of restricted common stock and 27,500 shares of unrestricted common stock with a par value of $0.001, to a certain employee in exchange for cash in the amount of $0.001 per share. Restrictions on the restricted shares lapse upon the achievement of certain performance targets and are subject to repurchase at par upon the earlier of a termination of employment or the non-achievement of the targets by October 29, 2014. During the year ended December 31, 2013, 13,750 shares became vested upon achievement of certain performance targets. As of December 31, 2013, 13,750 shares remain unvested.

8. Operating Leases:

During December 2012, MassINC entered into an eight-year noncancelable lease agreement, expiring in May 2020. The lease requires monthly minimum lease payments plus certain expenses, and provides for escalating payments. In accordance with the noncancelable lease agreement, MassINC is also required to maintain a letter of credit in the original amount of $50,000, which is included in restricted cash, within the accompanying consolidated statements of financial position as of December 31, 2013 and 2012.

MassINC leased its office facilities under a seven-year noncancelable lease agreement, expiring in November 2012. The lease agreement required monthly minimum lease payments plus real estate taxes.

Future minimum lease payments due under this noncancelable lease agreement as of December 31, 2013, are as follows:

Year Ending December 31,	
2014	$ 104,256
2015	129,256
2016	133,941
2017	138,627
2018	143,314
Thereafter	210,480
	$ 859,874

During the years December 31, 2013 and 2012, rent expense incurred under these lease agreements amounted to $131,745 and $216,378, respectively.

MassINC had a sublease agreement with a tenant through November 2012. Rental income for the year ended December 31, 2012 amounted to $6,670.

9. Income Taxes:

The provision for income taxes for the Polling Group during the years ended December 31, 2013 and 2012 consists of the following:

	2013	2012
Deferred:		
Federal	$ 31,300	$ (23,800)
State	3,800	(4,100)
	35,100	(27,900)
Change in Valuation Allowance	(43,300)	27,900
	$ (8,200)	$ -

Deferred income taxes reflect the impact of temporary differences between the amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. The temporary differences and carryforwards, which give rise to a significant portion of the Polling Group's deferred tax asset as of December 31, 2013 and 2012, are as follows:

	2013	2012
Deferred Tax Asset:		
Net Operating Loss Carryforwards	$ 17,800	$ 46,800
Cash to Accrual Difference	(9,600)	(3,500)
	8,200	43,300
Less: Valuation Allowance	-	43,300
	$ 8,200	$ -

9. Income Taxes (Continued):

As of December 31, 2013, the Polling Group has federal and state net operating loss carryforwards of approximately $109,000, which expire through 2037. As of December 31, 2013, no allowance was established as future realization of the deferred tax asset is expected. As of December 31, 2012, the Polling Group has established a full valuation allowance in the amount $43,300 against its deferred tax assets because the future realization of such benefits was uncertain. The Internal Revenue Code contains provisions that may limit the net operating loss carryforwards available to be used in any given year in the event of any significant changes in ownership of the Polling Group.

10. Concentrations:

For the years ended December 31, 2013 and 2012, contributions from individually significant contributors, which represent contributors donating $25,000 or more, amounted to approximately 83% and 98% of total contributions, respectively. For the years ended December 31, 2013 and 2012, contributions from members of the Board of Directors or companies they control amounted to $303,000 and $241,000, respectively. As of December 31, 2013, 100% of contributions receivable is due from one donor.

During the years ended December 31, 2013 and 2012, the Polling Group received 73% and 75% of its revenue from four and three customers, respectively.

11. Employee Benefit Plan:

The Organization has a defined contribution profit sharing plan under Internal Revenue Code Section 401(k) and substantially all eligible employees of the Organization may participate in this plan. The Organization provides a maximum matching contribution of 100% of the first 6% of salary invested in the plan by a participant. The Organization made matching contributions in the amounts of $25,321 and $30,716 for the years ended December 31, 2013 and 2012, respectively.

12. Indemnifications:

In the ordinary course of business, the Organization enters into various agreements containing standard indemnification provisions. The Organization's indemnification obligations under such provisions are typically in effect from the date of execution of the applicable agreement through the end of the applicable statute of limitations. The aggregate maximum potential future liability of the Organization under such indemnification provisions is uncertain. As of December 31, 2013 and 2012, no amounts have been accrued related to such indemnification provisions.

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