

**WriteBoston, Inc.**  
Financial Statements  
and  
Independent Auditors' Report  
June 30, 2015



## **Daniel Dennis & Company LLP**

*Certified Public Accountants*

### *Independent Auditors' Report*

To the Board of Directors of  
**WriteBoston, Inc.**

We have audited the accompanying financial statements of WriteBoston, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and functional expenses for the year 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.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditor's 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 WriteBoston, Inc. as of June 30, 2015, and the changes in its net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Daniel Dennis + Company LLP*

*May 9, 2016*

**WriteBoston, Inc.**  
Statement of Financial Position  
June 30, 2015

*Assets*

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*Current Assets*

Grants receivable \$ 163,584

Total current assets 163,584

Total assets \$ 163,584

*Liabilities and Net Assets*

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*Current Liabilities*

Accounts payable \$ 4,256

Accrued expenses 896

Due to related party 158,432

Total current liabilities 163,584

*Net Assets*

Unrestricted -

Temporarily restricted -

Total net assets -

Total liabilities and net assets \$ 163,584

*See accompanying notes to financial statements.*

**WriteBoston, Inc.**  
Statement of Activities  
For the Year Ended June 30, 2015

	<i>Unrestricted</i>
<i>Revenue and Other Support</i>	
Grants	\$ 234,308
Contributions	498,745
Special event income (net of \$8,529 expenses)	56,912
In-kind contributions	<u>7,667</u>
Total revenue and other support	<u>797,632</u>
<i>Expenses</i>	
Program services	487,763
Administration	166,962
Fundraising	<u>142,907</u>
Total expenses	<u>797,632</u>
Change in net assets	-
Net assets, beginning of the year	<u>-</u>
Net assets, end of year	<u><u>\$ -</u></u>

*See accompanying notes to financial statements.*

**WriteBoston, Inc.**  
Statement of Functional Expenses  
For the Year Ended June 30, 2015

	<i>Program Services</i>	<i>Admin- istration</i>	<i>Fund- Raising</i>	<i>Total Expenses</i>
Salaries and wages	\$ 335,898	\$116,210	\$ 94,766	\$ 546,874
Payroll taxes and fringe benefits	97,175	32,914	26,645	156,734
Occupancy	23,161	7,845	6,351	37,357
Office expenses	19,150	6,486	5,251	30,887
Professional development	5,043	1,341	8,140	14,524
Professional services	5,826	1,973	1,597	9,396
Travel	940	-	-	940
Miscellaneous Expense	<u>570</u>	<u>193</u>	<u>157</u>	<u>920</u>
Total	<u>\$ 487,763</u>	<u>\$166,962</u>	<u>\$142,907</u>	<u>\$ 797,632</u>

*See accompanying notes to financial statements.*

**WriteBoston, Inc.**  
Notes to Financial Statements  
June 30, 2015

1. *Nature of Operations*

WriteBoston, Inc. (the Corporation) was incorporated in October 2012 as a nonprofit organization, created to administer the activities of WriteBoston, a former program of the City of Boston administered by the Office of Workforce Development (OWD) division of Economic Development and Industrial Corporation of Boston (EDIC). The purposes of the Corporation are (i) to improve the writing proficiency of Massachusetts students' writing skills; (ii) to work with individual teachers, content area teams, administrators to help schools design curricula and assessments which effectively integrate writing to enhance student achievement and self-expression; and (iii) to transform schools from within and develop a culture of writing across academic disciplines by offering one-on-one coaching of teachers, writing centers, professional development for faculty, and opportunities for students to publish through a city-wide teen newspaper. The Corporation focuses on teacher coaching and professional development, in-school writing, and out-of-school activities for youth.

2. *Summary of Significant Accounting Policies*

*Basis of Accounting*

The Corporation prepares its financial statement on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Corporation's financial statements do not include a statement of cash flows since all cash activity flows through EDIC, the Corporation's fiscal agent (Note 3).

*Revenue and Expense Recognition*

The majority of the Corporation's revenue is from grants with the City of Boston and EDIC, and contributions from corporations and foundations. Revenue from cost reimbursement grants is recognized on the statement of activities when program expenses are incurred. Expenses are recognized when goods or services are received.

Contributions are recorded when received or pledged as unrestricted or temporarily restricted revenue, depending on the existence and nature of any donor imposed restrictions. Temporarily restricted contributions received where related restrictions are met in the same reporting period are classified as unrestricted revenue. All other restricted contributions are classified as temporarily restricted revenue in the year received. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. As of June 30, 2015, the Corporation did not have any temporary restricted net assets.

*Contributed Services*

The Corporation recognizes the fair value of contributed services received if such services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Corporation receives services from a large number of volunteers who give significant amounts of their time to the Corporation's programs and fund-raising activities, which do not meet the criteria for financial statement recognition.

**WriteBoston, Inc.**

Notes to Financial Statements - *Continued*

June 30, 2015

2. *Summary of Significant Accounting Policies - Continued*

*Grants Receivable*

Grants receivable represent uncollected billed, and earned unbilled, amounts from grant funding sources, and are presented net of allowance for doubtful accounts. Management's periodic evaluation of the adequacy of the allowance is based on the past experience of the City of Boston program as described in Note 1, and receivables are charged off when deemed uncollectible. Management has determined that all grants receivable are collectible at June 30, 2015; therefore, no related allowance has been recorded.

*Income Taxes*

The Corporation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from state income taxes under Chapter 180 of the Massachusetts General Laws. Unrelated business income, of which there was none for the fiscal year ended June 30, 2015 would be subject to Federal and state income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

The Corporation evaluates the tax positions taken or expected to be taken in their tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold, along with accrued interest and penalties thereon, would be recorded as an expense in the current year financial statements. The Corporation has evaluated the tax positions expected to be taken in its fiscal year 2015 returns and believe they are more-likely-than-not of being sustained if examined by Federal or state tax authorities.

*Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

*Estimates and Assumptions*

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Subsequent Events*

The Corporation has evaluated subsequent events through May 9, 2016, which is the date the financial statements were available to be issued.

## **WriteBoston, Inc.**

Notes to Financial Statements - *Continued*

June 30, 2015

### **3. *Related Party Transactions***

On August 27, 2015, the Corporation entered into a memorandum of agreement with EDIC regarding fiscal agent services provided to the Corporation for programmatic and administrative purposes as directed by the Corporation. The agreement is effective for fiscal year 2015 and shall continue from year to year so long as grant funding is available. The agreement stipulates that EDIC will receive administrative fee based on 15% of all revenue after all program costs are satisfied. As of June 30, 2015, there was no administrative fee due to EDIC as no fee was earned for the year then ended.

The Corporation's contracted employees are paid through EDIC's payroll system and are covered under EDIC's fringe benefit policies. These costs, together with program, administrative and fundraising expenses paid by EDIC on the Corporation's behalf, are billed to the Corporation, totaling \$797,632 for the year ended June 30, 2015. Amounts payable to EDIC at June 30, 2015 totaling \$158,432 represent the difference between the excess of Corporation expenses disbursed by EDIC over amounts deposited into EDIC bank accounts from the Corporation's grant and contribution receipts. In addition, EDIC provided grant funding to the Corporation totaling \$60,844 during the year ended June 30, 2015.

EDIC is a tenant at a building located at 7 Palmer Street, Boston, MA. The Corporation reimbursed EDIC for their use of space in this building for a portion of fiscal year 2015, totaling \$29,689.

### **4. *Donated Facilities***

The Corporation recorded in-kind contribution revenue and related occupancy expense totaling \$7,667 for the year ended June 30, 2015, representing the estimated fair-value of office space provided by the Boston Public School District for a portion of fiscal year 2015.

### **5. *Leasing Commitments***

Write has an equipment lease, which is classified as an operating lease. The terms of the long-term equipment lease extend through fiscal year 2018. Rent expense relating to this lease was \$1,299 for the year ended June 30, 2015. Future minimum payments under this long-term equipment lease agreement as of June 30, 2015 totaled; \$3,117 for the next two years, and \$1,818 for the third year.

### **6. *Concentrations of Risk***

The Corporation contracts with governmental agencies, the contracts of which are subject to audit by the respective funding source and could result in the recapture of revenue previously reported by the Corporation. Management does not believe that any such disallowance, if found would be material to the Corporation's financial statements. Accordingly, no provision for any liability that may result has been made in the financial statements.