Kevin P. Martin & Associates, P.C

Boston Chinatown Neighborhood Center, Inc.

Financial Statements

June 30, 2021

Boston Chinatown Neighborhood Center, Inc.

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June 30, 2021

Kevin P. Martin & Associates, P.C.
ASSURANCE | TAX | RISK MANAGEMENT | IT ADVISORY

Independent Auditors' Report

To the Board of Directors of
Boston Chinatown Neighborhood Center, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Boston Chinatown Neighborhood Center, Inc. (a nonprofit organization), (the Organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows 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.

Auditors' 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 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 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 the Organization as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplemental and Other Information

Our audit was 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*, is presented for purposes of additional analysis and is 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 audit 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.

Prior Period Financial Statements

The financial statements of the Organization as of and for the year ended June 30, 2020, were audited by other auditors whose report dated November 3, 2020, expressed an unmodified opinion on those financial statements. The prior year summarized comparative information is not intended to constitute a presentation in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2021, on our consideration of the Organization'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 that report is solely 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 the effectiveness of the Organization's 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 the Organization's internal control over financial reporting and compliance.

Braintree, Massachusetts
November 18, 2021

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*

To the Board of Directors of
Boston Chinatown Neighborhood Center, Inc.

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 Boston Chinatown Neighborhood Center, Inc. (a nonprofit organization), (the Organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the Organization'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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nunin P. Martin & Amato P.C.

Braintree, Massachusetts
November 18, 2021

Kevin P. Martin & Associates, P.C.
ASSURANCE | TAX | RISK MANAGEMENT | IT ADVISORY

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

To the Board of Directors of
Boston Chinatown Neighborhood Center, Inc.

Report on Compliance for Each Major Federal Program

We have audited Boston Chinatown Neighborhood Center, Inc.'s (a nonprofit organization),(the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2021. The Organization'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 the requirements of 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 each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (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 the Organization'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 the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization 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, 2021.

Report on Internal Control Over Compliance

Management of the Organization 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 the Organization’s internal control over compliance with the types of requirements that could have a direct and material effect on the 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 the Organization’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.

Purpose of this Report

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.

Braintree, Massachusetts
November 18, 2021

Boston Chinatown Neighborhood Center, Inc.

Statement of Financial Position

As of June 30, 2021
With Comparative Totals as of June 30, 2020

Current Assets	2021	2020
Cash and cash equivalents	$ 3,068,893	$ 2,519,760
Accounts receivable, net	195,922	27,943
Grants receivable, net	760,605	859,102
Contributions receivable, net	279,651	217,552
Other receivables	69,306	55,728
Prepaid expenses	46,805	77,969
Agency funds	82,083	89,904
Total current assets	4,503,265	3,847,958
Fixed Assets		
Land	225,000	225,000
Building and improvements	2,985,438	2,985,438
Leasehold improvements	1,509,620	1,494,870
Furniture and equipment	627,543	627,543
Total fixed assets	5,347,601	5,332,851
Less: accumulated depreciation	(2,124,238)	(1,932,005)
Total net fixed assets	3,223,363	3,400,846
Other Assets		
Grants receivable, net of current portion	291,173	175,000
Contributions receivable, net of current portion	-	191,930
Investments	2,259,435	1,650,717
Security deposits	13,000	13,000
Total other assets	2,563,608	2,030,647
Total Assets	$ 10,290,236	$ 9,279,451

Boston Chinatown Neighborhood Center, Inc.

Statement of Financial Position - continued

As of June 30, 2021
With Comparative Totals as of June 30, 2020

Current Liabilities		2021		2020
Accounts payable and accrued expenses	$	569,775	$	356,815
Note payable Paycheck Protection Program (PPP), current portion		-		340,355
Funds held in trust		82,083		89,904
Deferred revenue		17,724		1,594
Total current liabilities		669,582		788,668
Long Term Liabilities				
Note payable Paycheck Protection Program (PPP), net of current portion		-		428,645
Total long term liabilities		-		428,645
Total liabilities		669,582		1,217,313
Net Assets				
Without donor restrictions				
Board designated		500,000		500,000
Undesignated		6,362,916		4,899,771
Total without donor restrictions		6,862,916		5,399,771
With donor restrictions		2,757,738		2,662,367
Total net assets		9,620,654		8,062,138
Total Liabilities and Net Assets	$	10,290,236	$	9,279,451

Boston Chinatown Neighborhood Center, Inc.

Statement of Activities

For the Year Ended June 30, 2021
With Comparative Totals for the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Revenue and Support				
Contributions:				
Individuals	$ 306,138	$ 3,125	$ 309,263	$ 316,946
Capital campaign	-	-	-	1,026
Grants	955,060	1,251,134	2,206,194	1,272,784
Special events	756,236	-	756,236	527,458
Released from restrictions	1,265,510	(1,265,510)	-	-
Service fees:				
Contracts	3,161,388	-	3,161,388	2,663,196
Parent tuition fees	166,676	-	166,676	587,507
Class and membership fees	20,484	-	20,484	66,638
Rental income	130,158	-	130,158	140,277
Investment revenue, net	190,563	106,622	297,185	99,766
Total revenue and support before in-kind	6,952,213	95,371	7,047,584	5,675,598
In-kind	659,745	-	659,745	691,822
Total revenue and support	7,611,958	95,371	7,707,329	6,367,420
Expenses				
Program services:				
Child care	2,048,664	-	2,048,664	2,252,571
Family services	746,573	-	746,573	226,666
Youth	376,849	-	376,849	387,310
Adult education	1,218,511	-	1,218,511	1,129,395
Arts and cultural	480,647	-	480,647	567,887
Recreation and fitness	530,706	-	530,706	570,758
Total program services	5,401,950	-	5,401,950	5,134,587
Support services:				
General and administrative	1,079,997	-	1,079,997	941,681
Fundraising	435,866	-	435,866	422,802
Total support services	1,515,863	-	1,515,863	1,364,483
Total expenses	6,917,813	-	6,917,813	6,499,070
Change in net assets before forgivness of debt	694,145	95,371	789,516	(131,650)
PPP loan forgiveness	769,000	-	769,000	-
Total Change in Net Assets	1,463,145	95,371	1,558,516	(131,650)
Net Assets at Beginning of Year	5,399,771	2,662,367	8,062,138	8,193,788
Net Assets at End of Year	$ 6,862,916	$ 2,757,738	$ 9,620,654	$ 8,062,138

The accompanying notes are an integral part of the financial statements.

Boston Chinatown Neighborhood Center, Inc.

Statement of Cash Flows

For the Year Ended June 30, 2021
With Comparative Totals for the Year Ended June 30, 2020

Cash Flows from Operating Activities		2021		2020
Total Change in Net Assets	$	1,558,516	$	(131,650)
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation		192,233		208,899
Bad debt expense		-		23,072
Net unrealized and realized gains on investments		(294,989)		(78,925)
Donated securities		-		(6,965)
Sales of donated securities		-		7,315
PPP loan forgiveness		(769,000)		-
Decrease (increase) in assets				
Accounts receivable		(167,979)		69,234
Grants receivable		(21,503)		185,649
Contributions receivable		133,658		301,395
Other receivables		(13,578)		25,658
Agency funds		7,821		(3,780)
Prepaid expenses		31,164		21,414
Security deposits		-		5,152
Increase (decrease) in liabilities				
Accounts payable and accrued expenses		212,960		28,737
Deferred revenue		16,130		(37,528)
Funds held in trust		(7,821)		3,780
Net Cash Provided by Operating Activities		877,612		621,457
Cash Flows from Investing Activities				
Purchase of fixed assets		(14,750)		(53,181)
Purchase of investments		(313,729)		(348,788)
Net Cash Used in Investing Activities		(328,479)		(401,969)
Cash Flows from Financing Activities				
Paycheck protection programs loan proceeds		-		769,000
Net Cash (Used in) Provided by Financing Activities		-		769,000
Net Increase in Cash, Cash Equivalents and Restricted Cash		549,133		988,488
Cash, Cash Equivalents and Restricted Cash - Beginning		2,519,760		1,531,272
Cash, Cash Equivalents and Restricted Cash - Ending	$	3,068,893	$	2,519,760

The accompanying notes are an integral part of the financial statements.

Boston Chinatown Neighborhood Center, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2021
With Comparative Totals for the Year Ended June 30, 2020

	Program Services							Support Services			
	Child care	Family services	Youth	Adult education	Arts and cultural	Recreation and fitness	Total	General and administrative	Fundraising	2021 Total	2020 Total
Functional Expenses											
Salaries and wages	$ 1,251,813	$ 166,204	$ 203,313	$ 774,540	$ 172,152	$ -	$ 2,568,022	$ 548,693	$ 290,495	$ 3,407,210	$ 3,336,762
Payroll taxes	109,384	14,171	18,919	65,845	15,342	501	224,162	38,466	24,650	287,278	294,137
Benefits	162,803	20,428	28,602	101,987	23,536	631	337,987	93,761	36,802	468,550	419,035
Total payroll, taxes and benefits	1,524,000	200,803	250,834	942,372	211,030	1,132	3,130,171	680,920	351,947	4,163,038	4,049,934
Advertising	1,031	-	95	-	-	-	1,126	650	105	1,881	2,317
Bad debt	-	-	-	-	-	-	-	-	1,001	1,001	23,072
Bank charges	-	70	228	-	221	-	519	10,676	1,222	12,417	16,370
Consultants	48,364	256,732	21,183	45,151	52,482	121	424,033	165,673	14,240	603,946	426,131
Depreciation	45,103	-	16,582	26,532	59,584	-	147,801	43,103	1,329	192,233	208,899
Equipment/software	5,208	568	786	2,664	596	54	9,876	1,967	11,369	23,212	26,249
Field trips	-	1,855	-	-	-	-	1,855	-	-	1,855	8,970
Food	23,918	580	241	-	64	-	24,803	1,958	214	26,975	52,386
Insurance	14,671	908	4,811	8,660	423	14	29,487	11,681	1,017	42,185	44,147
Marketing and public relations	-	-	-	1,500	-	-	1,500	2,028	-	3,528	875
Miscellaneous	-	-	-	-	-	-	-	1,221	-	1,221	2,035
Office expense	10,019	1,717	870	8,616	830	453	22,505	12,431	2,561	37,497	53,743
Pass-through awards	-	244,141	-	-	-	-	244,141	-	-	244,141	-
Payroll processing	8,767	1,134	1,598	5,170	1,220	40	17,929	3,061	1,963	22,953	18,757
Permits and fees	1,242	-	-	-	276	-	1,518	876	-	2,394	2,685
Professional fees	-	-	-	-	-	-	-	27,600	-	27,600	31,900
Program and other supplies	26,502	16,319	5,415	41,194	13,773	335	103,538	3,097	6,716	113,351	114,593
Providers	187,368	-	-	-	-	-	187,368	-	-	187,368	170,356
Rent	-	10,785	32,354	64,709	117,922	-	225,770	-	-	225,770	229,293
Repairs and maintenance	20,990	880	7,334	11,734	2,921	-	43,859	19,068	587	63,514	76,924
Special events	-	-	-	-	10,656	-	10,656	388	38,933	49,977	51,017
Staff trainings	5,028	7,268	356	3,936	619	150	17,357	8,302	1,162	26,821	24,516
Telephone and internet	13,669	962	6,102	34,731	3,729	-	59,193	12,463	402	72,058	49,266
Travel and transportation	5	262	-	360	-	-	627	256	39	922	5,444
Utilities	36,009	1,589	13,239	21,182	4,301	-	76,320	32,831	1,059	110,210	117,369
Total before in-kind	1,971,894	746,573	362,028	1,218,511	480,647	2,299	76,947	1,040,250	435,866	6,258,068	5,807,248
In-kind											
Salaries and wages	8,150	-	14,821	-	-	495,582	518,553	2,815	-	521,368	532,370
Facilities	68,620	-	-	-	-	32,825	101,445	30,882	-	132,327	132,327
T-passes and supplies	-	-	-	-	-	-	-	6,050	-	6,050	27,125
Total in-kind	76,770	-	14,821	-	-	528,407	619,998	39,747	-	659,745	691,822
Total Functional Expenses	$ 2,048,664	$ 746,573	$ 376,849	$ 1,218,511	$ 480,647	$ 530,706	$ 5,401,950	$ 1,079,997	$ 435,866	$ 6,917,813	$ 6,499,070

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

(1) Summary of Significant Accounting Policies

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The significant accounting policies followed by Boston Chinatown Neighborhood Center, Inc. (the Organization) are described below to enhance the usefulness of the financial statements to the reader.

(a) Nature of Activities

The Organization was incorporated in 1969 as the Quincy School Community Council, Inc. In May 2002, the Organization filed articles with the Secretary of the Commonwealth to change its corporate name to the Boston Chinatown Neighborhood Center, Inc. (BCNC). The stated purpose of BCNC is to be a community center for Boston's Chinatown community. The mission of BCNC is to provide services that help the children, youth and families they serve to attain greater economic stability and social well-being. BCNC serves the greater Boston area at a primary services site in Boston's Chinatown, and a satellite service site in the neighboring City of Quincy.

The Child Care Program includes the Acorn Center for Early Education and Care, the Red Oak After School Program and the Family Child Care Program.

The Acorn Center for Early Education and Care provides bilingual Cantonese/English full day child care for toddlers and preschoolers. Acorn program hours are year-round, Monday through Friday from 7:30 a.m. to 5:30 p.m. and the program is accredited by the National Association for the Education of Young Children (NAEYC) and licensed by the state's Department of Early Education and Care (EEC). Acorn offers children a safe and nurturing environment and an educational curriculum that is inclusive of the heritage of all children.

The Red Oak After School Program, licensed by EEC, provides year-round after school care, education and enrichment services for school age children, and expands to full-day programming during school vacations and the summer months, Red Oak has a multicultural and arts focus and provides homework instruction, recreational and enrichment activities, and acculturation support for children of all backgrounds.

Family Child Care recruits, trains, and licenses Chinese speaking Asian Americans interested in opening family child care businesses, and provides ongoing professional support to those who are already licensed. The program runs the first and only state funded Chinese family child care system in Massachusetts and provides over 40 subsidized child care slots for low-income families.

The Child Care Program accounted for 38% of total program expenditures for the year ended June 30, 2021.

In Boston and Quincy, the Adult Education and Workforce Initiatives Program offers beginning to advanced English for Speakers of Other Languages (ESOL) courses, instruction in digital/technical literacy, academic and career counseling, job search skills, placement and employment retention support, and other related topics to prepare participants to enter the American workforce and post-secondary education. The Adult Education Program accounted for 23% of total program expenditures for the year ended June 30, 2021.

(1) Summary of Significant Accounting Policies - continued

(a) Nature of Activities - continued

Through arts, culture and education, the Pao Arts Center brings together community members across generations to reclaim a critical piece of Chinatown history to create healthy families and a vibrant community. In partnership with Bunker Hill Community College, BCNC opened the Pao Arts Center in 2017 to be Chinatown's first community-based arts center and Boston's newly dedicated Asian American and Asian immigrant cultural space. The Arts Program accounted for 18% of total program expenditures for the year ended June 30, 2021.

Family Services helps immigrant families, including families with children with special needs, cope with challenging issues and adjust to their new lives in the United States by providing parent education, case management, counseling and support services, and community engagement. The program works closely with other BCNC programs and external partners to provide comprehensive support for children and families. The Family Services Program accounted for 14% of total program expenditures for the year ended June 30, 2021.

The Youth Center provides individuals ages 13 - 18 with year-round youth development, college access, and leadership programs where they can develop 21st century skills needed to thrive in college and the workforce. The Youth Program accounted for 7% of total program expenditures for the year ended June 30, 2021.

(b) Basis of Presentation

The statement of activities reports all changes in net assets, including changes in net assets without donor restrictions from operating activities. Operating revenues consist of those monies received and other contributions attributable to the Organization's ongoing efforts. Debt forgiveness is reported as non-operating revenue.

(c) Standards of Accounting and Reporting

The Organization's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The statement of financial position presents two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Organization are presented as follows:

<u>Net Assets Without Donor Restrictions</u> - Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions consist of assets and contributions available for the support of operations. These net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

(1) Summary of Significant Accounting Policies - continued

(c) Standards of Accounting and Reporting - continued

Net Assets with Donor Restrictions - Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Net assets with donor restrictions also includes the original amount of gifts and investment earnings required by the donor to be permanently retained. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

(d) Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

The Organization maintains its cash balances at several financial institutions located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of June 30, 2021.

(e) Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Interest and dividends are recorded when earned. Gains and losses are recognized as incurred or based on fair value changes during the period. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct investment expenses. Investments are exposed to risks such as interest rate, credit and overall market volatility.

(1) Summary of Significant Accounting Policies - continued

(f) Revenue Recognition - continued

The Organization earns revenue as follows:

The Organization generally measures revenue based on the amounts of consideration it expects to be entitled for the transfers of goods and services to a customer, then recognizes its revenue as performance obligations are satisfied under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Organization evaluates its revenue contracts with customers based on the five-step model under Topic 606: (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 separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

Contracts - Federal and state contracts that are considered reciprocal transactions or purchases of services, the results of which are turned over to the grantor, are recognized as the work under the contract is performed. Contracts that are considered nonreciprocal transactions that further the programs of the Organization are recorded when the Organization receives notification of the contract, or if, conditions for performance are imposed, revenue is recognized when conditions have been met. All contracts consist of two types, unit-rate and cost reimbursement contracts, all with ceiling amounts. Unit-rate contracts provide that revenue is to be earned and recognized at a negotiated or class rate for each unit-of-service that is provided for under the terms of the contract. Under the cost-reimbursement contracts, revenue recognition takes place as costs related to the services provided are incurred. The performance obligation is the delivery of the service in accordance with the contract. Billings on the contracts are subject to final approval by the governmental agency. The majority of the Organization's contracts are nonreciprocal transactions.

Grants - The Organization receives funding from federal and state governmental agencies and various other grantors for direct and indirect program costs associated with specific programs and projects. Various grants are subject to certain barriers as outlined in the agreement. Revenue is recognized as the barrier is met. For unconditional grants, revenue is recognized as contribution revenue that increases net assets with donor restrictions at the time the grant is received or pledged and the funds are released from restriction when the restriction has been met.

Contributions - In accordance with ASC Sub Topic 958-605, *Revenue Recognition*, the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

(1) Summary of Significant Accounting Policies - continued

(f) Revenue Recognition - continued

Contributions without donor restrictions are recognized as revenue when received or unconditionally pledged. Contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as services are performed and costs are incurred pro-rata over the period covered by the grant or contribution as time restrictions lapse.

Donated Property and Equipment - Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated Services - Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. Other donated services received that do not meet the criteria for recognition, include a substantial number of volunteers who have donated significant amounts of time on the Organization's behalf.

Special Events - Special events revenue is from the Organization's fundraising events and revenues are recognized at the time the event takes place. Special event income consists of both contributions and sales. The contribution portion of the special event income is recognized as revenue when unconditionally committed or received. The sales portion of the special event income is derived from various components, including registration fees, sponsorships, and program ads, in which the transaction price is determined annually. Registration fees for these events are set by the Organization and have not been allocated as the events are each considered to be separate performance obligations. Fees collected in advance of the special events are initially recorded as deferred revenue (contract liabilities) and are only recognized in the consolidated statements of activities after the special event has occurred and the performance obligation has been met. Special events are incidental to the Organization's operations and the related direct expenses have been reported with expenses in the accompanying statement of activities.

Parent Tuition, Class and Membership Fees - Program service fee revenue is earned and recognized by the Organization when units or services are provided and the performance obligation has been met.

Rental - Rental income is derived from commercial tenant rent from a sub-lease relationship. Rental revenue is recognized as rentals come due and are accounted for under Leases (Topic 840). All leases between the Organization and its tenants are operating leases.

(1) Summary of Significant Accounting Policies - continued

(f) Revenue Recognition - continued

Deferred revenue represents program service fee income received prior to year-end. These amounts are deferred and recognized over the periods to which the fees relate.

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the year ended June 30, 2021, the Organization derived approximately 37% of its total revenue from governmental and other agencies, 50% from donors (including in-kind and special events), 4% from investment returns and 9% from other sources. All revenue is recorded at the estimated net realizable amounts.

Covid-19 related grants: The Organization received approximately $460,000 in one-time Covid-19 related grants from public and private funders to provide activities including vaccine education, relief funding and financial assistance. The Organization recognizes the exceptional nature of the past fiscal year and will expend these funds throughout the subsequent 2022 fiscal year and beyond to provide direct support related to COVID-19, as well as to increase the Organization's capacity to respond to critical needs and novel challenges that have arisen as a result of the pandemic.

(g) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2021, management has determined any allowance would be immaterial.

The Organization does not have a policy to accrue interest on receivables. The Organization has no policies requiring collateral or other security to secure the accounts receivable.

As of June 30, 2021, substantially all of the Organization's accounts receivable is due from governmental and other agencies.

(h) Grants and Contributions Receivable

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date.

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collections trends that differ from scheduled collections on individual promises. As of June 30, 2021, the allowance is immaterial and management has determined that any discount would also be immaterial.

(1) Summary of Significant Accounting Policies - continued

(i) Land, Building and Equipment (Fixed Assets)

Fixed assets are recorded at cost or if donated, fair value on the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

The Organization computes depreciation using the straight-line method over the following estimated lives:

Building and improvements	10-40 years
Leasehold improvements	5-20 years
Furniture and equipment	3-20 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator or possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value.

(j) Designation of Net Assets Without Donor Restrictions

It is the policy of the Board of Directors of the Organization to review its plans for future needs from time to time and to designate appropriate sums of net assets without donor restrictions to assure adequate financing of such needs (see Note 8(b)).

(1) Summary of Significant Accounting Policies - continued

(k) Fair Value Measurements

GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels used to measure fair value are as follows:

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Observable inputs other than quoted prices included in Level 1. Assets and liabilities included in this level are valued using quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant inputs to the valuation model are unobservable.

Recurring Fair Value Measurements
In accordance with GAAP, certain assets and liabilities are required to be recorded at fair value on a recurring basis. The Organization's assets that are adjusted to fair value on a recurring basis are described below. The Organization currently has no liabilities that are adjusted to fair value on a recurring basis.

The following sections describe the valuation methodologies used to measure financial assets and liabilities at fair value on a recurring basis.

Investments in Debt and Equity Securities: Quoted market prices, a Level 1 input, are used to determine the fair value of investment securities. See Note 2 for details of the Organization's investments in debt and equity securities. Investments valued using Level 1 inputs totaled $1,876,599 as of June 30, 2021.

Promises to Give: Promises to give are discounted using risk-adjusted interest rates, a Level 2 input, applicable to the year in which the promises to give were received. No promises have been discounted (see Note 1(i)) as of June 30, 2021 and therefore there are none to include in the table below.

The Organization's policy is to recognize transfers in and out of levels as of the date an event or change in circumstances causes the transfer.

Nonrecurring Fair Value Measurements
In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Organization records assets and liabilities at fair value on a nonrecurring basis as required by GAAP. The Organization currently has no assets or liabilities that are adjusted to fair value on a nonrecurring basis.

(1) Summary of Significant Accounting Policies - continued

(l) Fundraising Expense

Fundraising expense relates to the activities of raising general and specific contributions to the Organization and promoting special events. Fundraising expenses as a percentage of total contribution and special event revenue was 13% for the year ended June 30, 2021. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

(m) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Payroll and associated costs are allocated to functions based upon actual time charges. Other costs are allocated based upon utilization estimates made by management.

(n) Use of Estimates

In preparing the Organization's financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure 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.

(o) Income Taxes

The Organization qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally not subject to income tax. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization is not a private foundation under Section 509(a)(1) of the IRC.

(p) Summarized Financial Information for 2020

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, there is no presentation of the statement of functional expenses for the year ended June 30, 2020. In addition, the financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information is derived.

(1) Summary of Significant Accounting Policies - continued

(q) Recent Accounting Standards Adopted

On July 1, 2020, the Organization adopted ASU 2018-13, *Fair Value Measurement (Topic 820), Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this update removed the following disclosure requirements from Topic 820: (1) the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, (2) the policy for timing of transfers between levels, (3) the valuation processes for Level 3 fair value measurements and (4) the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the reporting period. The following disclosure requirements were modified in Topic 820: (1) in lieu of a roll forward for Level 3 fair value measurements, a nonpublic entity is required to disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities, (2) for investments in certain entities that calculate net asset value, an entity is required to disclose the timing of liquidation of an investee's assets and the date when restrictions from redemption might lapse only if the investee has communicated the timing to the entity or announced the timing publicly and (3) the amendments clarity that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date. The disclosures to the financial statements were updated to reflect the amendments in this update.

(r) Recent Accounting Standards

In June 2020, FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*. ASU 2020-05 deferred the implementation date of ASU 2016-02 and ASU 2014-09 by one year. The Organization had already adopted ASU 2014-09. ASU 2016-02 is described below.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)* which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU was set to be effective on January 1, 2021, with early adoption permitted. The effective date was extended to fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact the adoption of this new standard will have on its financial statements.

(1) Summary of Significant Accounting Policies - continued

(r) Recent Accounting Standards - continued

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets.* The amendments in this update address presentation and disclosure of contributed nonfinancial assets. The ASU is effective for annual periods beginning after June 15, 2021. The Organization is currently evaluating the impact the adoption of this new standard will have on its financial statements.

(s) Reclassifications

In addition to the reclassifications described in the above disclosure, certain amounts in the prior year have been reclassified to conform to the current year presentation.

(t) Paycheck Protection Program Loan

As described at Note 4, the Organization received a Paycheck Protection Program (PPP) loan during the fiscal year ended June 30, 2020. The Organization has elected to follow the guidance regarding Debt found in FASB ASC 470 - *Not-for Profit Entities - Debt* to account for its PPP Loan. As a result, during the year ended June 30, 2020, the Organization recognized $769,000 of debt. During the year ended June, 30, 2021, the loan was forgiven and is included in non-operating revenue.

(2) Investments

Investments are valued at fair value using Level 1 inputs, unadjusted quoted prices in active markets, and are comprised of the following as of June 30, 2021:

Domestic mutual funds	$	1,205,359
Exchange traded funds		671,240
Total investments at fair value		1,876,599
Certificates of deposit		240,002
Money market funds		142,834
Total	$	2,259,435

Investment Policy and Guidelines

The Organization's goals and objectives are to identify, monitor and invest all surplus funds available for investment subject to (in order of priority):

Safety - The preservation of principal provided by the investment in high-quality instruments with minimum credit risk.

Liquidity - The investment in instruments with scheduled maturities that ensure the timely availability of cash to meet the Organization's operating and investing requirements.

Yield - The maximum return on investment consistent with safety and liquidity.

(3) Property and Equipment

Property and equipment consist of the following as of June 30, 2021:

Land	$	225,000
Building and improvements		2,985,438
Furniture and equipment		627,543
Leasehold improvements		1,509,620
Total property and equipment		5,347,601
Less: accumulated depreciation		(2,124,238)
Net property and equipment	$	3,223,363

(4) Debt

(a) Line of Credit

The Organization has a $500,000 revolving line of credit with East Boston Savings Bank. The line of credit is charged to interest based on the bank's prime rate plus 1%, and it is subject to being called on demand. This line of credit is secured by all of the Organization's assets and will renew annually subject to the bank's review. As of the date of these financial statements, no advances have been made under this line of credit.

(b) Paycheck Protection Program Note Payable

During the year ended June 30, 2020, the Organization received a PPP loan established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) and administered by the Small Business Administration (SBA). The loan was passed through Citizens Bank N.A. No collateral or personal guarantees were required. The loan bore interest at a rate of 1%, which was deferred for the first six months, and was scheduled to mature on April 23, 2022. The SBA disclosed criteria for forgiveness which included but was not limited to maintaining the full-time equivalent number of employees over certain time period and expending the funds on eligible expenses over the covered period. The Organization recognized forgiveness of the loan in full when the SBA determined the amount of forgiveness and notified the Organization. As of June 30, 2021, the outstanding balance was zero as the loan was fully forgiven and no interest was incurred or paid.

(5) Operating Lease Commitments

(a) Lessor

The Organization sublets classroom space within the Arts and Cultural Center to Bunker Hill Community College. Rent is charged in quarterly installments equivalent to the Organization's costs for rent expense and other operating costs under the agreement. The sublease agreement is in effect through July 31, 2021 with an option to extend for two years at the expiration of the original term. Rental income amounted to $126,148 for the year ended June 30, 2021. Future minimum annual rental income expected to be received from the lease agreement will approximate $66,250 annually with a 3% auto escalation each year thereafter, plus operating costs.

(5) Operating Lease Commitments - continued

(b) Lessee

The Organization leases office equipment under an operating lease which will expire in June 2022. Equipment rental and maintenance fees under this lease totaled $12,862 for the year ended June 30, 2021.

In August 2018, the Organization signed a six-year lease commitment for classroom space in Quincy, MA. Rent expense under these leases for the year ended June 30, 2021 was $107,472.

In August 2016, the Organization signed a lease agreement for community space in Chinatown to be used for the Arts and Cultural Center. The lease commitment is for a seven-year term commencing August 1, 2016, with an option to extend the term for three years at a fixed rent and two additional options to extend for successive periods of five years at a fixed rent. Rent and operating costs under this lease for the year ended June 30, 2021 $118,298.

The minimum annual operating non-cancelable lease commitments on property for the Organization are as follows:

2022	$	198,760
2023		193,774
2024		123,846
2025		58,644
2026		-

(6) Employee Benefits

The Organization has a defined contribution pension plan that qualifies as a tax-sheltered account under Section 403(b)(7) of the IRC for the benefit of eligible employees. Under the plan, benefit eligible employees can invest pre-tax dollars. The employees are not taxed on contributions or earnings until they receive distributions from the account. The Organization made matching contributions of $78,655 during the year ended June 30, 2021.

(7) Commitments and Contingencies

Governmental Funding

The Organization receives a portion of its funding from government agencies. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed, if any, and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

The Organization's operations are concentrated in the social service provider field. As such, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to the following:

U.S. Department of Agriculture
U.S. Department of Education
U.S. Department of Health and Human Services
U.S. Department of Housing and Urban Development
Massachusetts Department of Public Health
Massachusetts Department of Early Education and Care
Massachusetts Department of Elementary and Secondary Education
Massachusetts Operational Services Division
Massachusetts Rehabilitation Commission

Such administrative directives, rules and regulations are subject to change by an act of Congress, act of the state and local legislature or an administrative change mandated by, the United States Departments or Commonwealth of Massachusetts Departments listed above. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change. Additionally, contractual funding may decrease or be withdrawn with little notice.

(8) Net Assets

(a) Net Assets With Donor Restrictions

Net assets with donor restrictions consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of June 30, 2021, net assets with donor restrictions are restricted for the following purposes or periods:

Endowment funds	$	413,955
Capital campaign initiatives (see Note 12)		935,013
Pao Arts and Cultural Center		153,750
Child care program		25,000
Youth program		239,200
General operating (including time restrictions)		390,250
Adult education program		247,500
Family services		353,070
Total Net Assets with Donor Restrictions	$	2,757,738

Net assets released from restrictions during the year ended June 30, 2021 totaled $1,265,510, of which $1,207,779 was from program restrictions, $50,000 was from time restrictions and $7,731 was from investment returns on donor restricted endowment funds in accordance with the spending policy (see Note 9).

Net assets with donor restrictions that are required to be maintained in perpetuity consist of:

Family services endowment fund	$	20,000
Felix Lai endowment fund		30,475
Victor and Maisie Lee endowment fund		50,000
Chin Tunn Fon endowment fund		90,053
Fung Family endowment fund		100,000
Total Net Assets with Donor Restrictions	$	290,528

These funds represent donor designated endowment contributions, whereby the original gifts must remain invested and may not be spent. The income generated from the family services endowment is restricted in support of that program. The income generated from these funds may be spent in accordance with the Organization’s spending policy (see Note 9).

(8) Net Assets - continued

(b) Net Assets Without Donor Restrictions

The Organization's net assets without donor restrictions is comprised of undesignated and Board designated amounts for the following purposes as of June 30, 2021:

		2021
Undesignated	$	6,362,916
Board designated for Quasi-Endowment (see Note 9)		500,000
Total	$	6,862,916

(9) Endowment

The Organization accepts endowment gifts under the stipulation that the funds are invested in perpetuity. Unless otherwise restricted by the donor, the investment income is to be used in accordance with the Organization's endowment spending policy. The Organization's Board of Directors oversees the establishment and revision of goals, spending plans and asset allocations for endowments.

The Organization's endowment consists of five individual donor-restricted endowment funds established for a variety of purposes (see Note 8(a)) and a fund designated by the Board to function as an endowment for the purpose of securing the Organization's long-term financial viability and continuing to meet the future needs of the Organization including, but not limited to, technology improvements, facilities and leasehold improvements and expansion of program capacity. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The spending policy related to the endowment funds are as follows:

Donor Restricted Endowment Funds (With Donor Restriction)
On a fiscal year end annual basis, an allocation of 2% of the pooled endowment value shall be eligible for distribution, on the condition that the fair market value of the related investments increases by at least 4% in that given year. The 2% spending rate shall be calculated and distributed based on three-year average of the pooled donor restricted endowment funds fair market value, excluding any funds that have been held for less than three years. The annual distribution can be changed at the discretion and approval of the Finance Committee of the Board of Directors.

Board Designated Endowment Funds (Without Donor Restriction)
The Organization's Board has designated funds to be set aside to establish and maintain a quasi-endowment. On a discretionary basis, the Board may approve distributions for the purpose of securing the Organization's long-term financial viability and continuing to meet the future needs of the Organization including, but not limited to, technology improvements, facilities and leasehold improvements and expansion of program capacity.

(9) Endowment - continued

(a) Uniform Prudent Management of Institutional Funds Act

The Organization's management and investment of donor-restricted endowment funds are subject to the provisions of the Uniform Management of Institutional Funds Act (UMIFA). In 2006, the Uniform Law Commission approved the model act, Uniform Prudent Management of Institutional Funds Act (UPMIFA), which serves as a guideline to states to use enacting legislation. UPMIFA was adopted by the Commonwealth of Massachusetts effective June 30, 2009. Among UPMIFA's most significant changes is the elimination of UMIFA's important concept of historic dollar value threshold, the amount below which an organization could not spend from the fund, in favor of a more robust set of guidelines about what constitutes prudent spending.

The Board has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Further, per the interpretation, the UPMIFA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in the permanent portion of net assets with donor restrictions is classified in the temporary portion of net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

(b) Appropriation of Endowment Assets for Expenditure

The Organization considers the following factors in making a determination to appropriate endowment funds for expenditure:

(1) The duration and preservation of the fund
(2) The purposes of the Agency and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Agency
(7) The investment policies of the Agency
(8) The role of each investment in the whole portfolio group

See previous disclosures for spending policy.

(c) Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that invest in a thoughtful and prudent manner. The oversight of the endowment funds is the responsibility of the Board. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to preserve the endowment funds' principal, considering inflation and to regulate the long-term ability and short term needs to distribute income.

(9) Endowment - continued

(d) Strategies Employed for Achieving Investment Objectives

To satisfy the long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current year (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve the long-term objectives withing prudent risk constraints.

(e) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. These deficiencies may result from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in net assets without donor restrictions. There were no such deficiencies as of June 30, 2021.

(f) Composition and Reconciliation of Endowment Funds

A reconciliation of the Organization's endowment by net asset class for the year ending June 30, 2021 is presented as follows:

	Without Donor Restrictions (Board Designated)	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 500,000	$ 311,939	$ 811,939
Contributions and transfers in	-	3,125	3,125
Investment return	77,921	106,622	184,543
Appropriation available for expenditure	(77,921)	(7,731)	(85,652)
Endowment net assets, end of year	$ 500,000	$ 413,955	$ 913,955

(10) Liquidity and Availability of Resources

The Organization has a policy to manage its liquidity and reserves following two principle guidelines, which include operating within a prudent range of financial stability, and maintaining adequate liquidity to fund near-term operations. The financial assets available to meet cash needs for general expenditures are outlined below for the year ended June 30, 2021.

	2021
Cash and cash equivalents	$ 3,068,893
Accounts receivable, net	195,922
Grants receivable, net	760,605
Contributions receivable, net	279,651
Other receivables	69,306
Investments	2,259,435
Total financial assets, excluding long-term receivables	6,633,812
Less imposed restrictions:	
Endowment fund investments	(913,955)
Program related restrictions	(2,343,783)
Total financial assets available to meet general expenditures within one year	$ 3,376,074

In addition to these financial assets available to meet general expenditures within one year, the Organization can vote to use board designated endowment funds of $500,000 if needed. Also, there is a $500,000 line of credit available if needed.

(11) Funds Held in Trust

During the year ended June 30, 2021, the Organization was acting as the fiscal sponsor for the Chinatown Coalition and other small programs. Under the terms of the agreements, the Organization received project funding, which it maintains as part of the agency funds and oversees the fiscal aspects of each pass-through grant. As of June 30, 2021, $82,083 remains available for completion of these projects.

(12) Capital Campaign

During the year ended June 30, 2016, the Organization embarked on a capital campaign, "Build a Better Life" to raise funds for the following initiatives:

- To meet evolving community needs through the lease and build out of the Pao Arts Center facility, an arts and cultural center aimed at preserving and strengthening Chinatown's cultural vitality; and expansion of other services.

- To enhance innovative services 1) by strengthening the Organization's family-centered approach through increasing case management capacity for vulnerable families in crisis, 2) by enhancing the Organization's workforce initiatives, and 3) by investing in technology and operations.

- To build sustainability through a reserve and endowment fund to strengthen the Organization's financial health and ensure continual, high-quality programs and services.

As of June 30, 2021, the Organization has raised $3,643,871 in connection with the campaign, which has driven the large increase in net assets over a four-year period in fiscal years 2016-2019. Approximately $1.3 million of the $3.4 million capital campaign funds were paid directly for the buildout of the Pao Arts Center. The leasehold improvements of $1.3 million are being amortized over the life of the lease of 20 years. In addition, the Organization has invested approximately $1.1 million in programming and other operating costs. As of June 30, 2021, $935,013 remains restricted for future initiatives of the capital campaign.

(13) COVID-19 - *Risks and Uncertainties*

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. As described in Notes 1(u) and 4, the Organization received PPP loan funds. Further, the Organization's liquidity as of June 30, 2021 is documented at Note 10. The Organization is not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on the Organization's operations continue for an extended period of time the Organization may have to seek alternative measures to finance its operations. The Organization does not believe that the impact of COVID-19 would have a material adverse effect on its financial condition or liquidity.

(14) Schedule of Federal Awards

Determination of federal major programs was made using a risk-based approach. For the fiscal year ended June 30, 2021, the Organization qualified as a low-risk auditee. The major program tested is disclosed as such in the schedule of findings and questioned costs.

(15) Subsequent Events

The Organization has performed an evaluation of subsequent events through November 18, 2021, which is the date the Organization's financial statements were available to be issued. No material subsequent events have occurred since June 30, 2021 that required recognition or disclosure in these financial statements.

Boston Chinatown Neighborhood Center, Inc.

Schedule of Findings and Questioned Costs

June 30, 2021

(1) Summary of Auditors' Results

Financial Statements:

Type of Auditors' Report Issued:	Unmodified opinion
Internal Control Over Financial Reporting: Material Weakness(es) Identified?	______ yes __X__ no
Significant Deficiency(ies) Identified?	______yes __X__ none reported
Noncompliance Material to Financial Statements Noted?	______ yes __X__no

Federal Awards:

Internal Control Over Major Programs: Material Weakness(es) Identified?	_______ yes __X__no
Significant Deficiency(ies) Identified?	_______ yes __X__none reported
Type of Auditors' Report Issued on Compliance for Major Programs:	Unmodified
Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR Section 200.516(a)?	_______ yes __X__no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
93.558	Temporary Assistance for Needy Families

Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	$ 750,000
Auditee Qualified as Low-Risk Auditee?	__X__ yes _____ no

(2) Findings - Financial Statement Audit

No significant deficiencies or material weaknesses reported.

(3) Findings and Questioned Costs - Major Federal Programs Audit

No significant deficiencies or material weaknesses reported.

(4) Status of Prior Year Findings

No significant deficiencies or material weaknesses reported.

Boston Chinatown Neighborhood Center, Inc.

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture:				
Passed through Massachusetts Department of Elementary and Secondary Education				
Child and Adult Care Food Program	10.558	SCDOE21758J70532117A	$ -	$ 1,086
		SCDOE21758L70532117A	-	1,047
		SCDOE21758Q70532117A	-	422
			-	2,555
National School Lunch Program	10.555	SCDOE21758G70532112B	-	22,383
		SCDOE2175K70532112B	-	3,368
		SCDOE21758L70532112B	-	4,376
		SCDOE21758N70572112B	-	5,537
			-	35,664
Total Child Care and Food Program Cluster			-	38,219
U.S. Department of Education:				
Passed through Massachusetts Department of Elementary and Secondary Education				
Adult Education - Basic Grants to States	84.002	340	-	52,868
U.S. Department of Health and Human Services:				
Passed through Action for Boston Community Development, Inc.				
Head Start (Cluster)	93.600	18-8975	-	62,510
Passed through Massachusetts Department of Early Education and Care				
Temporary Assistance for Needy Families	93.558	2021FLEXPOOLINCOMEEL	-	30,774
		60010BOSTONCHIN061E	-	450,746
				481,520
			-	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.575	2021FLEXPOOLINCOMEEL	-	13,307
Child Care and Development Block Grant		60010BOSTONCHIN061E	-	194,906
			-	208,213
	93.596	2021FLEXPOOLINCOMEEL	-	1,855
		60010BOSTONCHIN061E	-	27,173
			-	29,028
Total Child Care and Development Fund (CCDF) Cluster			-	237,241
U.S. Department of Housing and Urban Development:				
Passed through City of Boston				
Community Development Block Grants/Entitlement Grants	14.218	DNDC16001	-	58,681
Total Expenditures of Federal Awards			$ -	$ 931,039

Notes to the Schedule of Expenditures of Federal Awards

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Boston Chinatown Neighborhood Center, Inc. (the Organization) under programs of the federal government for the year ended June 30, 2021. 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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

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. The Organization has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.