

Boston Chinatown Neighborhood Center, Inc.

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

June 30, 2024

Boston Chinatown Neighborhood Center, Inc.

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Boston Chinatown Neighborhood Center, Inc. (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Boston Chinatown Neighborhood Center, Inc. as of June 30, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Boston Chinatown Neighborhood Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Boston Chinatown Neighborhood Center, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Boston Chinatown Neighborhood Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Boston Chinatown Neighborhood Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Boston Chinatown Neighborhood Center, Inc.'s June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 30, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2025, on our consideration of Boston Chinatown Neighborhood Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Boston Chinatown Neighborhood Center, Inc.'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 Boston Chinatown Neighborhood Center, Inc.'s internal control over financial reporting and compliance.



Braintree, Massachusetts
February 11, 2025

Boston Chinatown Neighborhood Center, Inc.

Statement of Financial Position

June 30, 2024

With Comparative Totals as of June 30, 2023

	<u>Assets</u>	
	<u>2024</u>	<u>2023</u>
Current assets		
Cash and cash equivalents	\$ 1,795,751	\$ 1,417,242
Accounts receivable	357,764	397,487
Grants receivable - current portion	1,712,339	1,418,563
Contributions receivable	40,623	88,351
Other receivables	153,960	196,756
Prepaid expenses	43,789	46,089
Agency funds	108,285	72,968
Investments - current portion	<u>-</u>	<u>482,843</u>
Total current assets	<u>4,212,511</u>	<u>4,120,299</u>
Fixed assets		
Land	225,000	225,000
Building and improvements	3,728,250	2,985,438
Leasehold improvements	1,522,606	1,512,450
Furniture and equipment	<u>689,478</u>	<u>661,714</u>
Total fixed assets	6,165,334	5,384,602
Less: accumulated depreciation	<u>(2,711,121)</u>	<u>(2,481,419)</u>
Total net fixed assets	<u>3,454,213</u>	<u>2,903,183</u>
Other assets		
Grants receivable - net of current portion	807,659	1,047,573
Investments - net of current portion	7,017,554	5,886,556
Security deposits	13,000	13,000
Right-of-use asset - operating leases	<u>255,032</u>	<u>471,908</u>
Total other assets	<u>8,093,245</u>	<u>7,419,037</u>
Total assets	<u>\$ 15,759,969</u>	<u>\$ 14,442,519</u>

See Notes to Financial Statements.

Boston Chinatown Neighborhood Center, Inc.

Statement of Financial Position

June 30, 2024

With Comparative Totals as of June 30, 2023

Liabilities and Net Assets

	<u>2024</u>	<u>2023</u>
Current liabilities		
Accounts payable and accrued expenses	\$ 826,833	\$ 644,056
Funds held in trust	108,285	72,968
Deferred revenue	18,852	22,115
Lease liability - operating leases - current portion	<u>171,095</u>	<u>76,590</u>
Total current liabilities	<u>1,125,065</u>	<u>815,729</u>
Long-term liabilities		
Lease liability - operating leases - net of current portion	<u>95,545</u>	<u>420,054</u>
Total long-term liabilities	<u>95,545</u>	<u>420,054</u>
Total liabilities	<u>1,220,610</u>	<u>1,235,783</u>
Net assets		
Without donor restrictions		
Board designated	500,000	500,000
Undesignated	<u>10,151,900</u>	<u>8,289,262</u>
Total without donor restrictions	10,651,900	8,789,262
With donor restrictions	<u>3,887,459</u>	<u>4,417,474</u>
Total net assets	<u>14,539,359</u>	<u>13,206,736</u>
Total liabilities and net assets	<u>\$ 15,759,969</u>	<u>\$ 14,442,519</u>

See Notes to Financial Statements.

Boston Chinatown Neighborhood Center, Inc.

**Statement of Activities
Year Ended June 30, 2024
With Comparative Totals for the Year Ended June 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
Revenue and support				
Contributions:				
Individuals	\$ 489,226	\$ -	\$ 489,226	\$ 365,487
Grants	1,337,519	1,001,791	2,339,310	3,123,223
Special events	480,389	-	480,389	797,375
Released from restrictions	1,591,278	(1,591,278)	-	-
Service fees:				
Contracts	6,133,855	-	6,133,855	4,686,209
Parent tuition fees	376,136	-	376,136	425,250
Class and membership fees	136,761	-	136,761	73,728
Rental income	149,175	-	149,175	147,909
Investment revenue, net	529,431	59,472	588,903	286,968
Total revenue and support before in-kind	11,223,770	(530,015)	10,693,755	9,906,149
In-kind	71,387	-	71,387	152,649
Total revenue and support	11,295,157	(530,015)	10,765,142	10,058,798
Expenses				
Program services:				
Child care	3,019,179	-	3,019,179	2,634,404
Family services	1,888,842	-	1,888,842	549,111
Youth	358,759	-	358,759	387,740
Adult education	1,329,525	-	1,329,525	1,144,487
Arts and cultural	721,828	-	721,828	643,374
Total program services	7,318,133	-	7,318,133	5,359,116
Support services:				
General and administrative	1,414,410	-	1,414,410	1,753,827
Fundraising	699,976	-	699,976	552,772
Total support services	2,114,386	-	2,114,386	2,306,599
Total expenses	9,432,519	-	9,432,519	7,665,715
Change in net assets	1,862,638	(530,015)	1,332,623	2,393,083
Net assets, beginning	8,789,262	4,417,474	13,206,736	10,813,653
Net assets, end	\$ 10,651,900	\$ 3,887,459	\$ 14,539,359	\$ 13,206,736

See Notes to Financial Statements.

Boston Chinatown Neighborhood Center, Inc.

Statement of Functional Expenses
Year Ended June 30, 2024
With Comparative Totals for the Year Ended June 30, 2023

	Program Services						Support Services		Total 2024	Total 2023
	Child care	Family Services	Youth	Adult Education	Arts and Cultural	Total	General and Administrative	Fundraising		
Functional expenses										
Salaries and wages	\$ 1,856,290	\$ 434,966	\$ 207,142	\$ 958,104	\$ 268,968	\$ 3,725,470	\$ 772,047	\$ 367,349	\$ 4,864,866	\$ 4,391,503
Payroll taxes	151,695	36,091	17,521	78,657	22,111	306,075	60,598	30,024	396,697	360,905
Benefits	240,526	53,018	30,149	120,642	28,582	472,917	181,584	48,236	702,737	554,152
Total payroll, taxes and benefits	2,248,511	524,075	254,812	1,157,403	319,661	4,504,462	1,014,229	445,609	5,964,300	5,306,560
Advertising	976	-	-	185	-	1,161	8,741	780	10,682	1,886
Bad debt	1,957	-	-	-	-	1,957	-	100	2,057	95
Bank charges	-	-	152	-	20	172	10,649	2,055	12,876	20,461
Consultants	36,637	429,547	5,527	32,629	117,999	622,339	102,507	60,086	784,932	645,814
Subcontract	-	726,000	-	-	-	726,000	-	-	726,000	-
Depreciation	56,001	-	20,590	32,943	65,000	174,534	53,518	1,650	229,702	179,424
Equipment/software	-	-	-	-	-	-	-	17,771	17,771	21,976
Food	57,402	12,629	4,969	1,904	1,074	77,978	4,584	2,281	84,843	91,882
Insurance	22,305	2,858	4,071	6,773	606	36,613	6,275	1,870	44,758	39,035
Marketing and public relations	-	518	-	-	-	518	1,856	46,060	48,434	1,788
Miscellaneous	-	-	-	-	-	-	11,068	-	11,068	30,453
Office expense	5,527	2,774	744	2,585	2,242	13,872	18,108	5,269	37,249	49,468
Pass-through awards	-	4,000	-	-	-	4,000	500	-	4,500	19,500
Payroll processing	27,751	6,554	3,280	14,257	3,986	55,828	11,150	5,461	72,439	51,525
Permits and fees	1,482	-	-	-	250	1,732	466	-	2,198	3,531
Professional fees	-	-	-	-	-	-	32,938	-	32,938	29,368
Program and other supplies	132,046	59,886	4,449	31,514	10,988	238,883	7,074	3,088	249,045	171,820
Providers	102,729	-	-	-	-	102,729	-	-	102,729	84,610
Lease expense	136,444	-	-	-	138,709	275,153	11,478	-	286,631	283,410
Repairs and maintenance	45,526	4,463	8,645	11,093	19,860	89,587	14,807	2,505	106,899	109,844
Special events	-	64,850	-	-	26,263	91,113	4,545	95,421	191,079	131,903
Staff trainings	10,924	21,805	2,595	2,775	2,665	40,764	68,324	3,983	113,071	39,450
Telephone and internet	19,555	2,358	4,950	11,178	3,973	42,014	4,950	1,122	48,086	45,775
Travel and transportation	7,384	12,234	2,114	5,071	251	27,054	543	527	28,124	23,260
Utilities	75,596	7,730	14,975	19,215	7,731	125,247	19,136	4,338	148,721	130,228
Total before in-kind	2,988,753	1,882,281	331,873	1,329,525	721,278	7,253,710	1,407,446	699,976	9,361,132	7,513,066
In-kind										
Salaries and wages	17,826	3,240	21,486	-	-	42,552	1,964	-	44,516	133,795
T-passes and supplies	12,600	3,321	5,400	-	550	21,871	5,000	-	26,871	18,854
Total in-kind	30,426	6,561	26,886	-	550	64,423	6,964	-	71,387	152,649
Total functional expenses	\$ 3,019,179	\$ 1,888,842	\$ 358,759	\$ 1,329,525	\$ 721,828	\$ 7,318,133	\$ 1,414,410	\$ 699,976	\$ 9,432,519	\$ 7,665,715

Boston Chinatown Neighborhood Center, Inc.

Statement of Cash Flows
Year Ended June 30, 2024
With Comparative Totals for the Year Ended June 30, 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 1,332,623	\$ 2,393,083
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	229,702	179,424
Net unrealized and realized gain on investments	(261,196)	(267,296)
Interest and dividends reinvested	(291,036)	-
Amortization of right-of-use asset - operating leases	216,876	222,626
Decrease (increase) in assets		
Accounts receivable	39,723	(216,644)
Grants receivable	(53,862)	(1,066,829)
Contributions receivable	47,728	178,681
Other receivables	42,796	24,526
Agency funds	(35,317)	(3,878)
Prepaid expenses	2,300	306
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	118,076	26,101
Deferred revenue	(3,263)	3,922
Funds held in trust	35,317	3,878
Lease liability - operating leases	<u>(230,004)</u>	<u>(197,890)</u>
Net cash provided by operating activities	<u>1,190,463</u>	<u>1,280,010</u>
Cash flows from investing activities		
Purchase of fixed assets	(716,031)	(37,001)
Proceeds from the sale of investments	482,843	-
Purchase of investments	<u>(578,766)</u>	<u>(3,383,843)</u>
Net cash used in investing activities	<u>(811,954)</u>	<u>(3,420,844)</u>
Net increase (decrease) in cash and cash equivalents	378,509	(2,140,834)
Cash and cash equivalents, beginning	<u>1,417,242</u>	<u>3,558,076</u>
Cash and cash equivalents, end	\$ <u><u>1,795,751</u></u>	\$ <u><u>1,417,242</u></u>
Supplement disclosure of cash flow information		
See Note 15.		
Supplement disclosure of noncash investing and financing activities		
See Note 14.		

See Notes to Financial Statements.

Boston Chinatown Neighborhood Center, Inc.

Notes to Financial Statements June 30, 2024

Note 1 - Organization and nature of operations

Boston Chinatown Neighborhood Center, Inc. (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 of Massachusetts 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 it serves to attain greater economic stability and social well-being. BCNC serves the greater Boston area at a primary service site in Boston's Chinatown, and a satellite service site in the neighboring City of Quincy.

Child Care Program - 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 ("Acorn") 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 ("Red Oak"), 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 approximately 41% of total program expenditures for the year ended June 30, 2024.

Family Services Program – The Family Services program 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 approximately 26% of total program expenditures for the year ended June 30, 2024.

Adult Education Program - 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 approximately 18% of total program expenditures for the year ended June 30, 2024.

Boston Chinatown Neighborhood Center, Inc.

Notes to Financial Statements June 30, 2024

Arts Program - 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 approximately 10% of total program expenditures for the year ended June 30, 2024.

Youth Program - 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 approximately 5% of total program expenditures for the year ended June 30, 2024.

Note 2 - Summary of significant accounting policies

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.

Method of accounting

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 ("U.S. GAAP").

Use of estimates

In preparing the Organization's financial statements in conformity with U.S. 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.

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:

Net assets without donor restrictions - 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.

Boston Chinatown Neighborhood Center, Inc.

Notes to Financial Statements

June 30, 2024

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. Contributions, gains and investment income that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the contributions are recognized.

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.

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.

Revenue recognition

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 Accounting Standards Codification ("ASC") 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, contributions and grants - In accordance with ASC Topic 958, 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 a measurable performance-related barrier or other measurable barriers, 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.

Boston Chinatown Neighborhood Center, Inc.

**Notes to Financial Statements
June 30, 2024**

A portion of the Organization's revenue is derived from cost-reimbursable government contracts and grants (government contracts and grants revenue), which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. These contracts and grants are considered nonreciprocal transactions because the Organization's community and customers receive the benefit as a result of the assets transferred.

Grants and contributions without donor restrictions are recorded as revenue when unconditionally received or pledged. Revenues from donor restricted grants and contributions are recorded as revenue and net assets with donor restrictions when the Organization receives a commitment. 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 as costs are incurred or time or program restrictions have lapsed. Donor restricted grants and pledges whose restrictions are met in the year they are received or pledged are recorded as net assets without donor restrictions.

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 fundraising 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 statement 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.

Boston Chinatown Neighborhood Center, Inc.

Notes to Financial Statements June 30, 2024

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 842)*. All leases between the Organization and its tenants are operating leases.

Deferred revenue represents program service fee revenue received prior to year-end for future fiscal periods. These amounts are deferred and recognized over the periods to which the fees relate. As of June 30, 2024 and 2023, deferred revenue was \$18,852 and \$22,115, respectively.

All revenue is recorded at the estimated net realizable amounts.

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the year ended June 30, 2024, the Organization derived approximately 57% of its total revenue from governmental and other agencies, 38% from donors (including in-kind and special events) and 5% from investment returns.

Accounts receivable

The Organization carries its accounts receivable at an amount equal to uncollected but earned revenue less an allowance for credit losses. The Organization has tracked historical loss information for its accounts receivable and compiled historical credit loss percentages for different aging categories (current, 1-30 days past due, 31-60 days past due, 61-90 days past due, and more than 90 days past due). Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for accounts receivable held at June 30, 2024 because the composition of the accounts receivable at that date is consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time).

Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. Contracts and grant accounts are written off upon notification by the governmental and/or not-for-profit agency that amounts are uncollectible. The Organization does not have a policy to accrue interest on accounts receivable or to require collateral or other security to secure the accounts receivable. As of June 30, 2024, management has determined that any allowance would be immaterial. As of June 30, 2024, substantially all of the Organization's accounts receivable are due from governmental and other agencies.

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.

Boston Chinatown Neighborhood Center, Inc.

Notes to Financial Statements June 30, 2024

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, 2024, the allowance is immaterial and management has determined that any discount would also be immaterial.

Land, building and equipment

Land, building and equipment are recorded at cost or, if donated, at 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

The Organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the property and equipment to the future net undiscounted cash flow expected to be generated by the property and equipment and any estimated proceeds from the eventual disposition of the property and equipment. If the property and equipment are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property and equipment exceeds the fair value. There was no impairment loss recognized during the year ended June 30, 2024.

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 9).

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 21% for the year ended June 30, 2024. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

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.

Boston Chinatown Neighborhood Center, Inc.

Notes to Financial Statements June 30, 2024

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

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.

Management has analyzed the tax positions taken by the Organization and has concluded that, as of June 30, 2024, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. Generally, the Organization's information/tax returns remain open for possible examination for three years after the filing date. While no information/tax returns are currently being examined, fiscal years since 2021 remain open.

Advertising costs

Advertising costs are expensed as incurred and were immaterial for the year ended June 30, 2024.

Leases

All contracts that implicitly or explicitly involve property, plant and equipment are evaluated to determine whether they are or contain a lease.

At lease commencement, the Organization recognizes a lease liability, which is measured at the present value of future lease payments, and a corresponding right-of-use asset equal to the lease liability, adjusted for prepaid lease costs, initial direct costs and lease incentives. The Organization has elected and applies the practical expedient available to lessees to combine non-lease components with their related lease components and account for them as a single combined lease component for all its leases. The Organization remeasures lease liabilities and related right-of-use assets whenever there is a change to the lease term and/or there is a change in the amount of future lease payments, but only when such modification does not qualify to be accounted for as a separate contract.

The Organization determines an appropriate discount rate to apply when determining the present value of the remaining lease payments for purposes of measuring or remeasuring lease liabilities. The Organization has elected and applies the practical expedient available to lessees to use a risk-free rate as the discount rate for all its leases. The Organization's risk-free rate, which is determined at either lease commencement or when a lease liability is remeasured, is the rate on U.S. government securities over a period commensurate with the lease term.

For accounting purposes, the Organization's leases commence on the earlier of (i) the date upon which the Organization obtains control of the underlying asset and (ii) the contractual effective date of a lease. Lease commencement for most of the Organization's leases coincides with the contractual effective date. The Organization's leases generally have minimum base terms with renewal options or fixed terms with early termination options. Such renewal and early termination options are exercisable at the option of the Organization and, when exercised, usually provide for rental payments during the extension period at then current market rates or at pre-determined rental amounts.

Boston Chinatown Neighborhood Center, Inc.

Notes to Financial Statements June 30, 2024

Unless the Organization determines that it is reasonably certain that the term of a lease will be extended, such as through the exercise of a renewal option or non-exercise of an early termination option, the term of a lease begins at lease commencement and spans for the duration of the minimum non-cancellable contractual term. When the exercise of a renewal option or non-exercise of an early termination option is reasonably certain, the lease term is measured as ending at the end of the renewal period or on the date an early termination may be exercised.

The Organization includes variable rental payments based on a rate or an index such as the Consumer Price Index ("CPI") in its measurement of lease payments based on the rate or index in effect at lease commencement. Other types of variable lease payments are expensed as incurred.

Fair value measurements

U.S. 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

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. Level 1 securities primarily include publicly traded debt and equity securities (see Note 3).

Summarized financial information for 2023

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the financial statements do not include a full presentation of the statement of functional expenses, as certain prior year summarized comparative information is presented in total but not by functional classification. The prior year summarized comparative information also does not include a full presentation of the statement of activities as it does not include the change in net assets with donor restrictions. 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information is derived.

Boston Chinatown Neighborhood Center, Inc.

**Notes to Financial Statements
June 30, 2024**

New accounting pronouncement

On July 1, 2023, the Organization adopted Accounting Standards Update No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, and its related amendments. The new standard changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments, including trade receivables, from an incurred loss model to a current and expected loss model and adds certain new required disclosures. Under the current and expected loss ("CECL") model, entities recognize credit losses to be incurred over the entire contractual term of the instrument rather than delaying recognition of credit losses until it is probable the loss has been incurred.

In accordance with ASC 326, the Organization evaluates certain criteria, including aging and historical write-offs, current economic condition of specific customers and future economic conditions to determine the appropriate allowance for credit losses. The adoption of ASC 326 did not have a material impact on the Organization's change in net assets for the year ended June 30, 2024.

Note 3 - 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, 2024:

Mutual funds	\$ 1,424,160
Exchange traded funds	866,245
Total investments at fair value	<u>2,290,405</u>
 Certificates of deposit	 279,701
Money market funds	<u>4,447,448</u>
 Total	 \$ <u>7,017,554</u>

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.

Note 4 - Land, building and equipment

Property and equipment consist of the following as of June 30, 2024:

Land	\$ 225,000
Building and improvements	3,728,250
Furniture and equipment	689,478
Leasehold improvements	<u>1,522,606</u>
Total land, building and equipment	<u>6,165,334</u>
Less: accumulated depreciation	<u>(2,711,121)</u>
 Net land, building and equipment	 \$ <u>3,454,213</u>

Boston Chinatown Neighborhood Center, Inc.

**Notes to Financial Statements
June 30, 2024**

For the year ended June 30, 2024, depreciation expense was \$229,702.

Note 5 - Debt

Lines of credit

The Organization had a \$500,000 revolving line of credit with Rockland Trust. The line of credit was charged to interest based on the bank's prime rate plus 1%, and it was subject to being called on demand. The line of credit was secured by all of the Organization's assets and renewed annually subject to the bank's review. No advances were made under the line of credit during the year ended June 30, 2024. During the year ended June 30, 2024, the line of credit was closed.

During 2024, the Organization entered into a \$500,000 revolving line of credit with South Shore Bank. The line of credit is charged to interest based on the bank's prime rate minus 0.25%, 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. No advances were made under the line of credit during the year ended June 30, 2024.

Note 6 - Leases

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, 2026. Rental income amounted to \$149,175 for the year ended June 30, 2024. 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.

Lessee

The Organization leases program space in Quincy Massachusetts under a lease agreement which expires in December 2024. The lease provides the Organization a right to use the program space for an original lease term of 72 months beginning on the commencement date, as defined in the lease agreement. The initial monthly lease payment is \$9,561 and increases annually. The lease is classified as an operating lease. The lease term remaining at June 30, 2024 is 6 months.

The Organization leases program space in Boston Massachusetts under a lease agreement which originally expired in July 2023. During the year ended June 30, 2023, the lease was extended through July 2026. The lease provides the Organization a right to use the program space for an original lease term of 84 months beginning on the commencement date, as defined in the lease agreement. The initial monthly lease payment is \$6,559 and increases annually. The lease is classified as an operating lease. The lease term remaining at June 30, 2024 is 25 months.

The Organization leases office equipment under a lease agreement which expires in June 2026. The lease provides the Organization a right to use the office equipment for an original lease term of 96 months beginning on the commencement date, as defined in the lease agreement. The initial monthly lease payment is \$937. The lease is classified as an operating lease. The lease term remaining at June 30, 2024 is 24 months.

The weighted average remaining lease term at June 30, 2024 is 20 months.

The right-of-use asset at June 30, 2024 was \$255,032 and relates to the operating leases.

Boston Chinatown Neighborhood Center, Inc.

**Notes to Financial Statements
June 30, 2024**

Lease payments

Lease payments included in the measurement of the lease liability at June 30, 2024 include the following items:

- Fixed payments.

Lease payments are scheduled to be paid monthly on the payment interval payment dates, as defined in the lease agreements.

Lease liability

The lease liability at June 30, 2024 of \$266,640 is the present value of remaining scheduled lease payments discounted using the Organization's discount rate. The weighted average discount rate ranges from 2.88% to 4.49% and is based on the risk-free rate and the related terms of the lease agreements. The weighted average discount rate at June 30, 2024 for the operating leases is 4.08%. It does not include any deferred lease payable amounts.

Future remaining scheduled lease payments during the lease term are shown in the table below. The annual payment amounts are presented on an undiscounted basis along with a reconciliation to the lease liability on June 30, 2024, which is recorded on a present value basis, as described above.

2025	\$ 178,144
2026	97,973
2027	<u>7,167</u>
	283,284
Less: effects of discounting	<u>(16,644)</u>
Lease liability	266,640
Less: current portion	<u>(171,095)</u>
Noncurrent portion	\$ <u>95,545</u>

The Organization's operating lease cost of \$286,631 consists of lease expense and is included in lease expense on the statement of functional expenses.

Note 7 - 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 accrued matching contributions of \$84,626 for the year ended June 30, 2024.

Boston Chinatown Neighborhood Center, Inc.

**Notes to Financial Statements
June 30, 2024**

Note 8 - 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.

Note 9 - Net assets

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, 2024, net assets with donor restrictions are restricted for the following purposes or periods:

Endowment funds	\$	543,226
Capital campaign initiatives		935,013
Pao Arts and Cultural Center		886,859
Child care program		91,562
Youth program		436,313
General operating (including time restrictions)		304,125
Adult education program		102,250
Family services		<u>588,111</u>
Total net assets with donor restrictions	\$	<u>3,887,459</u>

Boston Chinatown Neighborhood Center, Inc.

**Notes to Financial Statements
June 30, 2024**

Net assets released from restrictions during the year ended June 30, 2024 totaled \$1,591,278, of which \$1,279,278 was from program restrictions and \$312,000 was from general operating (including time restrictions).

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	32,275
Victor and Maisie Lee endowment fund	100,000
Chin Tunn Fon endowment fund	90,053
Fung Family endowment fund	<u>120,000</u>
Total net assets with donor restrictions	\$ <u>362,328</u>

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 11).

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, 2024:

Undesignated	\$ 10,151,900
Board designated for Quasi-Endowment	<u>500,000</u>
Total	\$ <u>10,651,900</u>

Note 10 - Contributed goods and materials

Contributed goods and materials for the year ended June 30, 2024 were \$71,387 and consisted of \$44,516 of donated services and \$26,871 of donated equipment and school supplies. Donated services are used in program services and are recognized at fair value based on current rates for similar services. Donated equipment and school supplies are used in program services and are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution. All donated goods and services received during the year ended June 30, 2024 were unrestricted and were expensed during the year ended June 30, 2024.

Note 11 - 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.

Boston Chinatown Neighborhood Center, Inc.

Notes to Financial Statements June 30, 2024

The Organization's endowment consists of five individual donor-restricted endowment funds established for a variety of purposes (see Note 9) 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 is 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.

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.

Boston Chinatown Neighborhood Center, Inc.

Notes to Financial Statements June 30, 2024

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.

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.

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 within prudent risk constraints.

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 U.S. 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 with donor restrictions. There were no such deficiencies as of June 30, 2024.

Boston Chinatown Neighborhood Center, Inc.

Notes to Financial Statements
June 30, 2024

Composition and reconciliation of endowment funds

A reconciliation of the Organization's endowment by net asset class for the year ending June 30, 2024 is presented as follows:

	Without Donor Restrictions (Board Designated)	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 500,000	\$ 462,754	\$ 962,754
Deposits	-	21,000	21,000
Investment return	42,709	59,472	102,181
Appropriation available for expenditure	<u>(42,709)</u>	<u>-</u>	<u>(42,709)</u>
Endowment net assets, end of year	\$ <u>500,000</u>	\$ <u>543,226</u>	\$ <u>1,043,226</u>

Note 12 - 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, 2024:

Cash and cash equivalents	\$ 1,795,751
Accounts receivable	357,764
Grants receivable	1,712,339
Contributions receivable	40,623
Other receivables	153,960
Investments	<u>7,017,554</u>
Total financial assets, excluding long-term receivables	11,077,991
Less imposed restrictions:	
Endowment fund investments	(1,043,226)
Program related restrictions	<u>(3,344,233)</u>
Total financial assets available to meet general expenditures within one year	\$ <u>6,690,532</u>

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.

Boston Chinatown Neighborhood Center, Inc.

**Notes to Financial Statements
June 30, 2024**

Note 13 - Funds held in trust

During the year ended June 30, 2024, 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, 2024, \$108,285 remains available for completion of these projects.

Note 14 - Supplemental disclosure of noncash investing and financing activity

Fixed asset additions in accounts payable	\$ 64,701
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Note 15 - Supplemental disclosure of cash flow information

Cash paid for amounts included in the measurement of lease liabilities

Operating leases	\$ 231,437
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Note 16 - Concentration of credit risk

The Organization maintains its cash balances at several financial institutions. The cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each bank. 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, 2024.

Note 17 - Subsequent events

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Organization through February 11, 2025 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary Information

Boston Chinatown Neighborhood Center, Inc.

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Child Nutrition Cluster				
<i>National School Lunch Program (NSLP)</i>	10.555			
Passed through the Massachusetts Department of Elementary and Secondary Education		SCDOE24758T70532112B	\$ -	\$ 15,372
Passed through the Massachusetts Department of Elementary and Secondary Education		SCDOE24758N70532112B	-	6,296
Passed through the Massachusetts Department of Elementary and Secondary Education		SCDOE24758S70532112B	-	9,156
Passed through the Massachusetts Department of Elementary and Secondary Education		SCDOE24758R70532112B	-	29,732
			-	60,556
Total Child Nutrition Cluster			-	60,556
<i>Child and Adult Care Food Program (CACFP)</i>	10.558			
Passed through the Massachusetts Department of Elementary and Secondary Education		SCDOE24758T70532117A	-	750
Passed through the Massachusetts Department of Elementary and Secondary Education		SCDOE24758N70532117A	-	3,855
			-	4,605
Total U.S. Department of Agriculture			-	65,161
U.S. Department of Housing and Urban Development				
CDBG - Entitlement Grants Cluster				
<i>Community Development Block Grants/Entitlement Grants</i>	14.218			
Passed through the City of Boston		DNDC16001	-	70,000
Total CDBG - Entitlement Grants Cluster			-	70,000
Total U.S. Department of Housing and Urban Development			-	70,000
U.S. Department of the Treasury				
<i>Coronavirus State and Local Fiscal Recovery Funds</i>	21.027			
Passed through the City of Boston		000000000000000000057182	-	150,000
Total U.S. Department of the Treasury			-	150,000
U.S. Department of Health and Human Services				
<i>Temporary Assistance for Needy Families (TANF)</i>	93.558			
Passed through the Massachusetts Department of Early Education and Care		2024FLEXPOOLINCOMEEL	-	12,974
Passed through the Massachusetts Department of Early Education and Care		600010BOSTONCHIN06IE	-	292,059
			-	305,033
Child Care and Development Fund (CCDF) Cluster				
<i>Child Care and Development Block Grant</i>	93.575			
Passed through the Massachusetts Department of Early Education and Care		2024FLEXPOOLINCOMEEL	-	2,875
Passed through the Massachusetts Department of Early Education and Care		600010BOSTONCHIN06IE	-	64,715
			-	67,590
<i>Child Care Mandatory and Matching Funds of the Child Care and Development Fund</i>	93.596			
Passed through the Massachusetts Department of Early Education and Care		2024FLEXPOOLINCOMEEL	-	2,506
Passed through the Massachusetts Department of Early Education and Care		600010BOSTONCHIN06IE	-	56,419
			-	58,925
Total Child Care and Development Fund (CCDF) Cluster			-	126,515
Head Start Cluster				
<i>Head Start</i>	93.600			
Passed through Action for Boston Community Development, Inc.		18-8975	-	64,920
Total Head Start Cluster			-	64,920
Total U.S. Department of Health and Human Services			-	496,468
Total Expenditures of Federal Awards			\$ -	\$ 781,629

Boston Chinatown Neighborhood Center, Inc.

**Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024**

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. under programs of the federal government for the year ended June 30, 2024. 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 Boston Chinatown Neighborhood Center, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Boston Chinatown Neighborhood Center, Inc.

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. Boston Chinatown Neighborhood Center, Inc. has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Independent Auditor's 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 and Management 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 not-for-profit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 11, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Boston Chinatown Neighborhood Center, Inc.'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 Boston Chinatown Neighborhood Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Boston Chinatown Neighborhood Center, Inc.'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 over 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boston Chinatown Neighborhood Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

Braintree, Massachusetts
February 11, 2025

Independent Auditor's Report on Compliance for the Major Program and Report on
Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors and Management of
Boston Chinatown Neighborhood Center Inc.

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Boston Chinatown Neighborhood Center Inc.'s (a not-for-profit organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Boston Chinatown Neighborhood Center, Inc.'s major federal program for the year ended June 30, 2024. Boston Chinatown Neighborhood Center, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Boston Chinatown Neighborhood Center, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Boston Chinatown Neighborhood Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Boston Chinatown Neighborhood Center, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Boston Chinatown Neighborhood Center, Inc.'s major federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on Boston Chinatown Neighborhood Center, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that for resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Boston Chinatown Neighborhood Center, Inc.'s compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Boston Chinatown Neighborhood Center, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of Boston Chinatown Neighborhood Center, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Boston Chinatown Neighborhood Center, Inc.'s internal control. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of the entity's internal control over compliance. Accordingly, no such opinion is expressed.

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
February 11, 2025

Boston Chinatown Neighborhood Center, Inc.

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

Section I - Summary of Auditor's Results

Financial Statements

Type of Report the Auditor Issued on Whether the
Financial Statements Audited were Prepared in
Accordance with U.S. GAAP:

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 Federal Programs:
Material Weakness(es) Identified?

_____ yes X no

Significant Deficiency(ies) Identified?

_____ yes X none reported

Type of Auditor's Report Issued on Compliance
for Major Federal Programs:

Unmodified opinion

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 Federal Programs:

Federal Assistance
Listing Number(s)

Name of Federal Program or Cluster

93.558

Temporary Assistance for Needy Families (TANF)

Dollar Threshold Used to Distinguish
Between Type A and Type B Programs:

\$ 750,000

Auditee Qualified as Low-Risk Auditee?

 X yes _____ no

Boston Chinatown Neighborhood Center, Inc.

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

Section II - Financial Statement Findings

None reported.

Section III - Federal Awards Findings and Questioned Costs

None reported.



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