



DAVIS**KELLY** CERTIFIED
PUBLIC
ACCOUNTANTS
CREATING VALUE FROM NUMBERS

CAMBRIDGE COMMUNITY CENTER, INC.

Financial Statements

Year Ended June 30, 2016

A Certified WBE Massachusetts and New York Statewide Contractor

1745 Broadway | 17th Floor, New York, NY 10019
Phone: 617-390-5734

4238 Washington Street | Suite 307, Boston, MA 02131
E-Mail: info@daviskellycpas.com

CAMBRIDGE COMMUNITY CENTER, INC.

Financial Statements

June 30, 2016

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DAVISKELLY CERTIFIED
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Independent Auditors' Report

To the Board of Directors
Cambridge Community Center, Inc.
Cambridge, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Cambridge Community Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cambridge Community Center, Inc. as of June 30, 2016, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2016, on our consideration of Cambridge Community 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cambridge Community Center, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Cambridge Community Center, Inc.'s 2015 financial statements, and our report dated November 4, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

DavisKelly, LLC

DavisKelly, LLC
Boston, Massachusetts
November 15, 2016

CAMBRIDGE COMMUNITY CENTER, INC.

Statement of Financial Position

As of June 30, 2016

(with comparative totals as of June 30, 2015)

| | 2016 | 2015 |
|--|-------------------|-------------------|
| <i>Assets</i> | | |
| Current assets | | |
| Restricted cash - capital campaign | \$ 126,298 | \$ 281,555 |
| Cash held for others | 391 | 10,352 |
| Pledges receivable, current | 7,250 | 74,750 |
| Contracts receivable | 48,356 | 36,696 |
| Other receivables | - | 6,589 |
| Prepaid expenses | 1,457 | 3,337 |
| | 183,752 | 413,279 |
| Noncurrent assets | | |
| Fixed assets, net | 574,931 | 445,606 |
| Loan cost, net | - | 400 |
| | 574,931 | 446,006 |
| | \$ 758,683 | \$ 859,285 |
| <i>Liabilities and Net Assets</i> | | |
| Current liabilities | | |
| Accounts payable | \$ 18,957 | \$ 80,572 |
| Accrued expenses | 18,482 | 37,305 |
| Other liabilities | 8,524 | - |
| Due to capital campaign fund | 32,584 | 10,265 |
| Due to others | 391 | 10,352 |
| Deferred revenue | 2,313 | 14,074 |
| Loan payable - current | 2,644 | - |
| | 83,895 | 152,568 |
| Long-term liabilities | | |
| Note payable | 321,665 | 323,637 |
| Loan payable - non current | 9,790 | - |
| | 331,455 | 323,637 |
| | 415,350 | 476,205 |
| Net assets | | |
| Unrestricted | 177,201 | 26,775 |
| Temporarily restricted | 166,132 | 356,305 |
| | 343,333 | 383,080 |
| | \$ 758,683 | \$ 859,285 |

The accompanying notes are an integral part of these financial statements

CAMBRIDGE COMMUNITY CENTER, INC.

Statement of Activities

For the Year Ended June 30, 2016

(with summarized comparative totals for the year ended June 30, 2015)

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total 2016</u> | <u>Total 2015</u> |
|---|-----------------------|-----------------------------------|-----------------------|-----------------------|
| <i>Revenue and support</i> | | | | |
| Contributions and grants | \$ 309,692 | \$ 30,599 | \$ 340,291 | \$ 295,888 |
| Contract revenue | 346,162 | - | 346,162 | 372,225 |
| Service fee revenue | 91,256 | - | 91,256 | 85,616 |
| Rental revenue | 57,429 | - | 57,429 | 51,537 |
| Net assets released from restrictions | <u>220,772</u> | <u>(220,772)</u> | <u>-</u> | <u>-</u> |
| Total revenue and support | <u>1,025,311</u> | <u>(190,173)</u> | <u>835,138</u> | <u>805,266</u> |
| <i>Expenses</i> | | | | |
| Program services | 548,794 | - | 548,794 | 567,267 |
| Fundraising | 109,149 | - | 109,149 | 79,072 |
| General and administrative | <u>216,942</u> | <u>-</u> | <u>216,942</u> | <u>207,077</u> |
| Total expenses | <u>874,885</u> | <u>-</u> | <u>874,885</u> | <u>853,416</u> |
| <i>Change in net assets</i> | 150,426 | (190,173) | (39,747) | (48,150) |
| <i>Net assets, beginning of year</i> | <u>26,775</u> | <u>356,305</u> | <u>383,080</u> | <u>431,230</u> |
| <i>Net assets, end of year</i> | <u>\$ 177,201</u> | <u>\$ 166,132</u> | <u>\$ 343,333</u> | <u>\$ 383,080</u> |

CAMBRIDGE COMMUNITY CENTER, INC.

Statement of Cash Flows

For the Year Ended June 30, 2016

(with summarized comparative totals for the year ended June 30, 2015)

| | 2016 | 2015 |
|---|------------------|-----------------|
| <i>Cash flows from operating activities</i> | | |
| Change in net assets | \$ (39,747) | \$ (48,150) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 33,211 | 26,223 |
| Amortization | 400 | 800 |
| Changes in assets and liabilities: | | |
| Restricted cash | 155,257 | (9,155) |
| Cash held for others | 9,961 | 30 |
| Contracts receivable | (11,660) | (31,572) |
| Pledges receivable | 67,500 | 40,600 |
| Other receivables | 6,589 | (6,589) |
| Prepaid expenses | 1,880 | 10,000 |
| Accounts payables | (61,615) | 32,307 |
| Accrued expenses | (18,823) | (5,077) |
| Other liabilities | 8,524 | - |
| Due to capital campaign fund | 22,319 | 10,265 |
| Due to others | (9,961) | (30) |
| Deferred revenue | (11,761) | 5,561 |
| Deferred compensation | 12,434 | (14,769) |
| <i>Net cash provided by operating activities</i> | 164,508 | 10,444 |
| <i>Cash flows from investing activities</i> | | |
| Purchases of fixed assets | (162,536) | (47,606) |
| <i>Net cash used in investing activities</i> | (162,536) | (47,606) |
| <i>Cash flows from financing activities</i> | | |
| Repayment of note payable | (1,972) | (12,035) |
| <i>Net cash used in financing activities</i> | (1,972) | (12,035) |
| <i>Net change in cash and cash equivalents</i> | - | (49,197) |
| <i>Cash and cash equivalents, beginning of year</i> | - | 49,197 |
| <i>Cash and cash equivalents, end of year</i> | \$ - | \$ - |

The accompanying notes are an integral part of these financial statements

CAMBRIDGE COMMUNITY CENTER, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2016

(with summarized comparative totals for the year ended June 30, 2015)

| | <u><i>Out of School Programs</i></u> | <u><i>Community Programs</i></u> | <u><i>Total Program Expenses</i></u> | <u><i>Fundraising Expenses</i></u> | <u><i>General and Administrative Expenses</i></u> | <u><i>2016 Total</i></u> | <u><i>2015 Total</i></u> |
|------------------------------|--|--------------------------------------|--|--|---|--------------------------|--------------------------|
| Salaries | \$ 306,591 | \$ 59,756 | \$ 366,347 | \$ 90,717 | \$ 19,171 | \$ 476,235 | \$ 498,142 |
| Payroll taxes | 25,382 | 6,007 | 31,389 | 7,407 | 2,772 | 41,568 | 46,915 |
| Fringe benefits | 1,612 | 1,631 | 3,243 | 2,726 | - | 5,969 | 14,443 |
| Advertising | 2,308 | 1,487 | 3,795 | 767 | 244 | 4,806 | 3,339 |
| Bank charges | - | - | - | - | 2,469 | 2,469 | 2,158 |
| Consultants | 8,878 | 9,825 | 18,703 | - | 3,598 | 22,301 | 20,460 |
| Depreciation | 33,211 | - | 33,211 | - | - | 33,211 | 26,223 |
| Amortization | - | - | - | - | 400 | 400 | 800 |
| Dues and fees | 265 | 125 | 390 | 3,102 | 835 | 4,327 | 6,025 |
| Equipment rental | 1,235 | - | 1,235 | - | 2,300 | 3,535 | 5,651 |
| Food | 19,919 | - | 19,919 | - | 3,269 | 23,188 | 20,324 |
| Insurance | 9,865 | 6,338 | 16,203 | 2,466 | 6,111 | 24,780 | 29,424 |
| Interest | 258 | - | 258 | - | 15,796 | 16,054 | 16,232 |
| Maintenance and repairs | 1,645 | 5,958 | 7,603 | - | 3,544 | 11,147 | 5,152 |
| Miscellaneous | 415 | 30 | 445 | - | 712 | 1,157 | 1,080 |
| Office supplies | 409 | 46 | 455 | 115 | 3,465 | 4,035 | 2,820 |
| Postage | - | - | - | 1,100 | - | 1,100 | 723 |
| Professional fees | 50 | - | 50 | - | 63,670 | 63,720 | 57,500 |
| Program expense | 32,263 | 11,935 | 44,198 | 692 | - | 44,890 | 66,917 |
| Program supplies | - | - | - | - | 6,603 | 6,603 | 1,996 |
| Telephone | - | - | - | - | 4,625 | 4,625 | 2,852 |
| Training | 1,185 | 165 | 1,350 | 57 | 1,231 | 2,638 | 2,425 |
| Utilities | - | - | - | - | 21,127 | 21,127 | 21,815 |
| Bad debt expense | - | - | - | - | 55,000 | 55,000 | 100 |
| <i>Total expenses</i> | <u>\$ 445,491</u> | <u>\$ 103,303</u> | <u>\$ 548,794</u> | <u>\$ 109,149</u> | <u>\$ 216,942</u> | <u>\$ 874,885</u> | <u>\$ 853,516</u> |

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

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Financial Statements

For the Year Ended June 30, 2016

(with summarized comparative totals for the year ended June 30, 2015)

Note 1 - Organization and Background

Cambridge Community Center, Inc. (“the Center”) was incorporated in the Commonwealth of Massachusetts as a nonprofit corporation in 1929. In the 86 years since its incorporation, the Center has initiated many Riverside neighborhood firsts, including the establishment of the first nursery school and the first varsity basketball games open to African Americans. In subsequent decades, the Center has hosted HeadStart Program classrooms, the Riverside Health Care Facility, and a wide variety of community, political, and social events. Today, the Center’s mission is to promote community cooperation and unity and empower youth, individuals, and families.

Community Programs

The Center offers a variety of community programs which includes the following:

- Cambridge Winter Farmers Market
- Riverside Art Gallery @ CCC
- The Coast Kitchen, a free monthly meals program
- The Hip Hop Transformation, a music program for teens
- Rentals for community groups and events
- Senior Thanksgiving Luncheon
- Holiday Toy Drive

Out-of-School Time Programs

CCC Enriches is a K-5 program that is open when school is closed. In groups no larger than 13 kids, children receive one-on-one homework help, a healthy snack, and can select from over 15 electives, including MinecraftEdu computer programming, cooking, and sports league.

CCC Inspires is the middle school out-of-school time program at CCC. The program includes the many opportunities the K-5 program offers, but is designed to respond to the needs and interests of middle school students, offering youth weekly STEAM (Science, Technology, Engineering, Art, and Math) opportunities.

CCC Empowers provides high school students with volunteer opportunities to gain valuable work experience while engaging with their community. Teens participating in the Empowers program coach in Sports League, work at the Cambridge Winter Farmers Market, and provide administrative and technical support at the Center.

Cowemoki Summer Enrichment Program is a full-day K-8 summer program that also offers volunteer and work opportunities for high school students. Every week, children are offered art classes, gym classes, soccer lessons, swimming, and over 10 additional electives. Every Friday is “Field Trip Friday,” with destinations which include the New England Aquarium, Farrington Nature Linc, Salem Willows, and Castle Island.

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Financial Statements

For the Year Ended June 30, 2016

(with summarized comparative totals for the year ended June 30, 2015)

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting and Presentation

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

The financial statements presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, Financial Statements of Not-for-Profit Organizations. The Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets - consists of assets, public support, program revenues and investment earnings which are available and used for charitable activities, operations and programs. Unrestricted net assets represent the portion of net assets of the Center that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Temporarily Restricted Net Assets - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and are satisfied either by the passage of time or by actions of the Center. Resources of this nature originate from gifts, grants, bequests and investment income earned on restricted funds (Note7).

Permanently Restricted Net Assets - includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the Center to expend part or all of the income derived from the donated assets. The Center did not have any permanently restricted net assets at June 30, 2016.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Center considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Revenue and Expenses

Revenue and expenses are recognized on the accrual basis of accounting. Under the unit rate governmental contracts, a unit rate per client served becomes the basis for billing and recognizing revenue. Accordingly, excess/(deficit) of revenue over expense can be recognized, subject to certain limitation on the use of the excess revenue. Under cost reimbursement, contracts revenue equals expenses up to the allowable contract awards.

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Financial Statements

For the Year Ended June 30, 2016

(with summarized comparative totals for the year ended June 30, 2015)

Note 2 - Summary of Significant Accounting Policies (Continued)

Contributions

The Center follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, *Accounting for Contributions Received and Contributions Made*. This financial accounting standard requires that contributions be recorded as receivables and revenues and requires the Center to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction until restriction conditions are satisfied, at which time temporarily restricted net assets are reclassified to unrestricted net assets.

Contract and Grant Revenue

The Center derives revenues through contracts and grants received through the Commonwealth of Massachusetts Department of Early Education and Care, Department of Elementary and Secondary Education and from various private foundations and grantor agencies. Accordingly, the Center is subject to the regulations and reporting requirements of the applicable governmental and grantor agencies. Contract and grant revenue is recorded in accordance with the provisions of the applicable award amounts, including the recognition of any purpose or time restriction on the use of the proceeds.

Financial awards from federal, state and local governmental entities in the form of grants are subject to special audits. Such audits could result in claims against the Center for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

Contributed Goods and Services

The Center records various types of in-kind support including contributed facilities and professional services. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as "in-kind revenue" are offset by amounts included in expenses or fixed assets.

Additionally, the Center may receive amounts of skilled, contributed time, which does not meet the two recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Financial Statements

For the Year Ended June 30, 2016

(with summarized comparative totals for the year ended June 30, 2015)

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as unrestricted support. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material.

The Center reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Center reports gifts of land, building, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Allowance for Doubtful Accounts

When necessary, the Center provides an allowance for doubtful accounts equal to estimated bad debt losses. The estimated losses are based on historical collection experience together with a review of the current status of the existing receivables.

Fixed Assets

Property, equipment, furnishing, and improvement are capitalized at cost, if purchased, or if donated, at fair market value at the date of receipt. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. Building improvements are depreciated by the straight-line method over the respective service life of the improvements. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in revenues. The estimated useful lives are as follows:

| | |
|-------------------------|-----------|
| Building | 39 years |
| Improvements | 20 years |
| Computers and equipment | 3-5 years |
| Fixtures | 5 years |
| Vehicles | 5 years |
| Playground equipment | 10 years |

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Financial Statements

For the Year Ended June 30, 2016

(with summarized comparative totals for the year ended June 30, 2015)

Note 2 - Summary of Significant Accounting Policies (Continued)

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Center's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Income Tax Status

The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an Organization that is not a private foundation under Section 509(a)(1). The Center is also exempt from Massachusetts state taxes.

The Center has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements, and no interest and penalties have been recorded in the accompanying financial statements related to uncertain tax positions.

Functional Expenses

The Center allocates its expenses on a functional basis among its various programs and support services. Expenses are allocated among program and supporting services directly or on the basis of time records and utilization estimates made by the Center's management. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Center. Expenses that can be identified with a specific program and/or support service are allocated directly according to their natural expenditure classification.

Advertising

Advertising costs are expensed as incurred. Advertising expense incurred for the years ended June 30, 2016 and 2015 was \$4,806 and \$3,339, respectively.

Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2015.

Note 3 - Deferred Revenue

Deferred revenue represents camp fees payments received by the Center for the 2016 Summer Enrichment Program.

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Financial Statements

For the Year Ended June 30, 2016

(with summarized comparative totals for the year ended June 30, 2015)

Note 4 - Concentrations of Credit Risk

The Center maintains its cash balances in bank deposit accounts, which at times may exceed federally insured limits. The Center has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash and cash equivalents.

Note 5 – Cash Held For Others

On August 1, 2012, the Center entered into an agency agreement with the Cambridge Food and Fitness Policy Council (“CFFPC”), to serve as CFFPC’s fiscal agent, and perform certain bookkeeping and administrative functions on its behalf. CFFPC is an organization established in 2011 whose mission is to make healthy foods and fitness opportunities available to a wider range of Cambridge residents. The Center had \$391 and \$10,352 in cash held on behalf of CFFPC as of June 30, 2016 and 2015, respectively. The Center has recorded corresponding liabilities for the amounts due to the CFFPC, which are included in Due to others on the accompanying statement of position.

Note 6 - Contract Income and Significant Support

The Center provides after-school child care and supplementary meals services for children who are 14 years of age or younger under a variety of third party agreements. During the years ended June 30, 2016, and 2015 revenues earned under these contracts were as follows:

| | <u>2016</u> | <u>2015</u> |
|--|-------------------|-------------------|
| Department of Early Education and Care | \$ 177,136 | \$ 187,088 |
| ABCD/ Child Care Choices | 148,624 | 156,453 |
| Child Care Resource Center | - | 9,733 |
| Bureau of Nutrition | 20,302 | 18,951 |
| Other | <u>100</u> | <u>-</u> |
| Total | <u>\$ 346,162</u> | <u>\$ 372,225</u> |
| Percentage of total revenue | 41% | 46% |

The Center also provides services pursuant to support received from the United Way from which the Center received \$35,089 and \$33,487 for the years ended June 30, 2016 and 2015, respectively. Those contributions represented approximately 4% of the Center's total support and revenue for the years ended June 30, 2016 and 2015, respectively.

Note 7 - Temporarily Restricted Net assets

Temporarily restricted net assets of \$166,132 and \$356,305 at June 30, 2016 and 2015, respectively, represent funds received or to be received by the Center which are restricted for capital improvements.

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Financial Statements

For the Year Ended June 30, 2016

(with summarized comparative totals for the year ended June 30, 2015)

Note 8 - Fixed Assets

Fixed assets consisted of the following as of June 30, 2016 and 2015:

| | <u>2016</u> | <u>2015</u> |
|-------------------------------|-------------------|-------------------|
| Land | \$ 175,000 | \$ 175,000 |
| Building | 139,300 | 139,300 |
| Building improvements | 635,835 | 509,219 |
| Equipment and fixtures | 50,528 | 47,042 |
| Playground | 46,704 | 46,704 |
| Vehicles | 54,123 | 21,689 |
| Software | 2,685 | 2,685 |
| | <u>1,104,175</u> | <u>941,639</u> |
| Less accumulated depreciation | <u>(529,244)</u> | <u>(496,033)</u> |
| | <u>\$ 574,931</u> | <u>\$ 445,606</u> |

Depreciation expense was \$33,211 and \$26,223 for the years ended June 30, 2016 and 2015, respectively.

Note 9 - Additional Disclosure of Cash Flows Information

Cash paid for interest amounted to \$16,054 and \$16,232 for the years ended June 30, 2016 and 2015, respectively.

Note 10 - Debts

On June 8, 2011, the Center entered into a promissory term note agreement for a \$450,000 revolving line of credit facility with a local bank ("The Note"). The Note is due on demand, and upon the fifth anniversary of the Note the effective rate will be adjusted to the then current five-year Federal Home Loan Bank base rate plus 2.5%.

On March 6, 2013, the term of the Note was amended to reduce its interest rate to a fixed rate of 4.25% until March 8, 2018. Interest-only payments are due monthly through November 2014, and principal and interest payments are required to be paid each month, starting in December 2014. The Note is collateralized by real estate located at 5 Callendar Street, Cambridge, Massachusetts, and is subject to certain reporting, and operational covenants. The Center's Board of Directors authorized the borrowing as part of a plan to address capacity building and related issues. Outstanding balance on the Note was \$321,665 and \$323,637 as June 30, 2016 and 2015, respectively.

On January 13, 2013, The Center obtained a \$40,000 revolving line of credit facility with the same bank, which was increased to \$60,000 in June 2015. Advances on the line of credit bear interest at a variable rate of the bank's base rate plus 2.5% (5.5% at June 30, 2016). The line of credit is unsecured; however, the bank holds the right of setoff and can deduct the balance due from the Center's checking and savings accounts held with the bank. The

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Financial Statements

For the Year Ended June 30, 2016

(with summarized comparative totals for the year ended June 30, 2015)

Note 10 – Debts (Continued)

line is renewable annually. Outstanding balance on the line of credit at June 30, 2016 was \$5,830. There was no outstanding balance on this line of credit at June 30, 2015.

Maturities of long-term debt for the next five years are as follows:

| | Year ending June 30, |
|------------|-----------------------------|
| 2017 | \$ 8,223 |
| 2018 | 2,348 |
| 2019 | 2,490 |
| 2020 | 2,641 |
| 2021 | 2,562 |
| Thereafter | <u>315,835</u> |
| | <u>\$ 334,099</u> |

Note 11 - Excess/ (Deficit) of Revenue from the Commonwealth of Massachusetts

The Commonwealth of Massachusetts Not-For-Profit Provider Surplus Revenue Retention Policy pursuant to 808 CMR 1.19(3) of Pricing, Reporting and Auditing for Social Programs allows a provider to retain, for future use, a portion of annual net surplus. This net surplus, from the revenues and expenses associated with services provider to Purchasing Agencies, which are subject to 808 CMR 1.00, may not exceed 5% of said provider's revenue annually. Furthermore, the cumulative amount of the provider's net surplus may not exceed 20% of the provider's prior year's revenue from purchasing agencies.

The activity of the Accumulated Surplus Revenue Retention Fund Pool is as follows:

| | |
|--|--------------|
| Accumulated Surplus Revenue Retention Fund Pool Surplus (Deficit) - June 30, 2015 | \$ (221,822) |
| Fiscal Year 2016 surplus (deficit) revenue retention | \$ 9,884 |
| Accumulated Surplus Revenue Retention Fund Pool Surplus (Deficit) - June 30, 2016 | \$ (211,938) |

Note 12 - Compensated Absences

Vacation and sick pay are considered expenditures in the year paid. No liability for compensated absences has been recorded in the accompanying financial statements, as the amount cannot be reasonably estimated.

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Financial Statements

For the Year Ended June 30, 2016

(with summarized comparative totals for the year ended June 30, 2015)

Note 13 - Reclassifications

Certain amounts in the 2015 financial statements have been reclassified to conform to the current year presentation.

Note 14 - Subsequent Events

The Organization has evaluated subsequent events through November 15, 2016, the date which the financial statements were available to be issued. ASC 855-10, "Subsequent events" defines further disclosure requirements for events that occur after the statement of financial position date but before financial statements are issued. In accordance with ASC 855-10, the Organization management has evaluated events subsequent to June 30, 2016 to November 15, 2016 which is the date the financial statements were available to be issued. There were no material events noted during this period that would impact the results reflected in this report.



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*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
Cambridge Community Center, Inc.
Cambridge, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cambridge Community Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cambridge Community Center, Inc.'s internal control over financial reporting (internal control) to determine 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 Cambridge Community Center, Inc.'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.

A Certified WBE Massachusetts and New York Statewide Contractor

1745 Broadway | 17th Floor, New York, NY 10019
Phone: 617-390-5734

4238 Washington Street | Suite 307, Boston, MA 02131
E-Mail: info@davis-kellycpas.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cambridge Community 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 determination of financial statement amounts. 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.

DavisKelly, LLC

DavisKelly, LLC
Boston, Massachusetts
November 15, 2016