



Cambridge Community Center, Inc.

Financial Statements

June 30, 2019



Cambridge Community Center
Learn. Grow. Connect.

Kevin P. Martin & Associates, P.C.

CAMBRIDGE COMMUNITY CENTER, INC.

Index

June 30, 2019

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Cambridge Community Center, Inc. (a nonprofit organization), (the Center), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2019, 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.

Emphasis of Matter

As discussed in Note 1(o) to the financial statements, the Center has adopted ASU No. 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited the Center's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 23, 2019. The prior year summarized comparative information is not intended to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, except as described in the above emphasis of matter paragraph, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2020, on our consideration of the Center'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 the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.



Braintree, Massachusetts
February 4, 2020



Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors of
Cambridge Community 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 Cambridge Community Center, Inc. (a nonprofit organization), (the Center), which comprise the statement of financial position as of June 30, 2019, 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 4, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center'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 the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center'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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Minnie P. Martini & Company, P.C." The signature is written in a cursive, flowing style.

Braintree, Massachusetts
February 4, 2020

CAMBRIDGE COMMUNITY CENTER, INC.

Statement of Financial Position

As of June 30, 2019

With Comparative Totals as of June 30, 2018

Current Assets	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 105,298	\$ 56,697
Accounts receivable, net	37,459	43,748
Promises to give, net	25,000	-
Prepaid expenses	<u>-</u>	<u>1,050</u>
 Total current assets	 <u>167,757</u>	 <u>101,495</u>
 Fixed Assets		
Land	175,000	175,000
Buildings and building improvements	853,200	843,133
Furniture, fixtures and equipment	97,232	97,232
Vehicles	<u>54,123</u>	<u>54,123</u>
Total fixed assets	1,179,555	1,169,488
Less: accumulated depreciation	<u>(650,812)</u>	<u>(607,061)</u>
 Total net fixed assets	 <u>528,743</u>	 <u>562,427</u>
 Total Assets	 <u>\$ 696,500</u>	 <u>\$ 663,922</u>

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

CAMBRIDGE COMMUNITY CENTER, INC.

Statement of Financial Position - continued

As of June 30, 2019

With Comparative Totals as of June 30, 2018

Current Liabilities	<u>2019</u>	<u>2018</u>
Accounts payable	\$ 28,463	\$ 17,013
Accrued expenses	31,847	33,958
Debt obligations, current portion	25,049	34,250
Deferred revenue	<u>2,010</u>	<u>6,732</u>
Total current liabilities	<u>87,369</u>	<u>91,953</u>
Long Term Liabilities		
Debt obligations, net of current portion	<u>286,906</u>	<u>297,040</u>
Total long term liabilities	<u>286,906</u>	<u>297,040</u>
Total liabilities	<u>374,275</u>	<u>388,993</u>
Net Assets		
Net assets without donor restrictions	150,691	168,096
Net assets with donor restrictions	<u>171,534</u>	<u>106,833</u>
Total net assets	<u>322,225</u>	<u>274,929</u>
Total Liabilities and Net Assets	<u>\$ 696,500</u>	<u>\$ 663,922</u>

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

CAMBRIDGE COMMUNITY CENTER, INC.

Statement of Activities

For the Year Ended June 30, 2019
With Comparative Totals for the Year Ended June 30, 2018

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
Revenue and Support				
Program service fees	\$ 434,321	\$ -	\$ 434,321	\$ 377,350
Contributions and grants	227,307	106,329	333,636	339,012
Rental	130,189	-	130,189	101,929
In-kind contributions	40,680	-	40,680	-
Other	17,456	-	17,456	10,129
Interest	38	-	38	39
Net assets released from restrictions	<u>41,628</u>	<u>(41,628)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>891,619</u>	<u>64,701</u>	<u>956,320</u>	<u>828,459</u>
Expenses				
Administration	119,823	-	119,823	139,666
Fundraising	90,279	-	90,279	23,235
Program services	<u>698,922</u>	<u>-</u>	<u>698,922</u>	<u>645,257</u>
Total expenses	<u>909,024</u>	<u>-</u>	<u>909,024</u>	<u>808,158</u>
Change in net assets	<u>(17,405)</u>	<u>64,701</u>	<u>47,296</u>	<u>20,301</u>
Total Change in Net Assets	(17,405)	64,701	47,296	20,301
Net Assets at Beginning of Year	<u>168,096</u>	<u>106,833</u>	<u>274,929</u>	<u>254,628</u>
Net Assets at End of Year	<u>\$ 150,691</u>	<u>\$ 171,534</u>	<u>\$ 322,225</u>	<u>\$ 274,929</u>

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

CAMBRIDGE COMMUNITY CENTER, INC.

Statement of Cash Flows

For the Year Ended June 30, 2019

With Comparative Totals for the Year Ended June 30, 2018

Cash Flows from Operating Activities	<u>2019</u>	<u>2018</u>
Change in net assets	\$ 47,296	\$ 20,301
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	43,751	40,673
Decrease (increase) in assets		
Accounts receivable	6,289	(12,478)
Contributions receivable	(25,000)	-
Prepaid expenses	1,050	(1,050)
Increase (decrease) in liabilities		
Accounts payable	11,450	(11,749)
Accrued expenses	(2,111)	10,760
Deferred revenue	(4,722)	5,594
Net Cash Provided by Operating Activities	<u>78,003</u>	<u>52,051</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	<u>(10,067)</u>	<u>(48,692)</u>
Net Cash Used in Investing Activities	<u>(10,067)</u>	<u>(48,692)</u>
Cash Flows from Financing Activities		
Repayments of debt obligations	(433,444)	(529,894)
Proceeds from debt obligations	<u>414,109</u>	<u>521,231</u>
Net Cash Used in Financing Activities	<u>(19,335)</u>	<u>(8,663)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	48,601	(5,304)
Cash and Cash Equivalents - Beginning	<u>56,697</u>	<u>62,001</u>
Cash and Cash Equivalents - Ending	<u>\$ 105,298</u>	<u>\$ 56,697</u>
Supplement Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 19,174</u>	<u>\$ 15,077</u>

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

CAMBRIDGE COMMUNITY CENTER, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2019

With Comparative Totals for the Year Ended June 30, 2018

	Administration	Fundraising	Program Services	2019 Total	2018 Total
Functional Expenses					
Salaries and related expense	\$ 16,321	\$ 34,648	\$ 491,388	\$ 542,357	\$ 497,319
Consultants and professional fees	69,753	46,861	19,085	135,699	86,025
Supplies and related expense	5,232	3,803	44,847	53,882	49,598
Depreciation	4,375	-	39,376	43,751	40,673
Insurance	2,162	-	22,683	24,845	25,673
Utilities	2,111	-	19,000	21,111	24,291
Interest	1,917	-	17,257	19,174	15,077
Transportation	103	54	17,116	17,273	9,307
Meals	-	-	11,905	11,905	15,049
Repair and maintenance	1,142	99	10,277	11,518	16,263
Telephone and internet	5,262	-	558	5,820	6,842
Printing and postage	3,482	1,579	-	5,061	6,383
Dues and subscriptions	1,072	2,856	812	4,740	4,627
Bank charges	3,037	379	515	3,931	3,117
Program supplies and expenses	-	-	2,717	2,717	3,955
Training	1,711	-	995	2,706	487
Equipment rental	2,143	-	391	2,534	3,472
Total Functional Expenses	\$ 119,823	\$ 90,279	\$ 698,922	\$ 909,024	\$ 808,158

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

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Consolidated Financial Statements

June 30, 2019

(1) Summary of Significant Accounting Policies

The financial statements of Cambridge Community Center, Inc. (the Center) 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). The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

(a) Nature of Activities

The Center was incorporated in the Commonwealth of Massachusetts as a nonprofit corporation in 1929. In the 90 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 and social events. Today, the Center's mission is to promote community cooperation and unity and empower youth, individuals, and families. The following program divisions are listed in order of relative importance based upon total program expenditures:

School Age Services - The School Age Services division offers a variety of programs which include: (a) *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; (b) *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; and (c) *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 various destinations. This division accounts for 69% of the Center's total program expenditures.

Community Services - The Community Services division offers a variety of community programs which include the Cambridge Winter Farmers Market, the Riverside Art Gallery at the Center, the Coast Kitchen, a free monthly meals program, rentals for community groups and events, a Senior Thanksgiving Luncheon and a Holiday Toy Drive. This division accounts for 24% of the Center's total program expenditures.

Teen Services - The Teen Services division offers a variety of programs which include the Hip Hop Transformation, a music program for teens and *CCC Empowers*, a program that provides high school students with volunteer opportunities to gain valuable work experience while engaging with their community. Teens participating in the *CCC Empowers* program coach in Sports Leagues, work at the Cambridge Winter Farmers Market, and provide administrative and technical support at the Center. This division accounts for 7% of the Center's total program expenditures.

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Consolidated Financial Statements

June 30, 2019

(1) Summary of Significant Accounting Policies - continued

(b) Basis of Presentation

The statement of activities reports all changes in net assets, including changes in net assets without donor restrictions from operating activities. Operating revenues consist of those monies received and other contributions attributable to the Center's ongoing efforts.

(c) Standards of Accounting and Reporting

The Center'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 Center 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.

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 Center 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. 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.

(d) Revenue Recognition

The Center earns revenue as follows:

Program Service Fees - Program service fee revenue is earned and recognized by the Center when units or services are provided under various agreements funded primarily by governmental agencies. All contracts are unit-rate. Unit-rate contracts provide that revenue is to be earned and recognized at a negotiated or class rate for each unit-of-service that is provided under the terms of the contract. Billings on the contracts are subject to final approval by the governmental agencies.

Contributions and Grants - Contributions and grants are recorded upon receipt or pledge as net assets without donor restrictions or net assets with donor restrictions support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Consolidated Financial Statements

June 30, 2019

(1) Summary of Significant Accounting Policies - continued

(d) Revenue Recognition - continued

Client Fees - Client fee revenue is earned and recognized by the Center when services are provided, which is included in program service fees on the statement of activities.

Rental - Rental income is derived from renting space in the Center's building for various activities and from vendors participating in the Cambridge Winter Farmers Market. Rental revenue is recognized as space is provided.

Deferred revenue represents client fees received prior to year-end for its *Cowemoki Summer Enrichment Program*. These amounts are deferred and recognized over the period to which the fees relate.

Substantially all of the Center's revenue is derived from its activities in Massachusetts. During the year ended June 30, 2019, the Corporation derived approximately 39% of its total revenue from individuals and foundations, 32% from the governmental agencies and 29% from client fees. All revenue is recorded at the estimated net realizable amounts.

(e) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2019, management has determined any allowance would be immaterial. The Center does not have a policy to accrue interest on receivables. The Center has no policies requiring collateral or other security to secure the accounts receivable.

As of June 30, 2019, the Center's accounts receivables were due as follows: approximately 70% due from governmental agencies and 30% due from client fees.

(f) Cash and Cash Equivalents

The Center 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.

The Center maintains its cash balances at several financial institutions located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Center 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, 2019.

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Consolidated Financial Statements

June 30, 2019

(1) Summary of Significant Accounting Policies – continued

(g) Promises to Give

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. As of June 30, 2019, promises to give consist of one foundation pledge of \$25,000 to be received in the subsequent fiscal year.

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, 2019, all promises to give are current and management has determined any allowance would be immaterial.

(h) Fixed Assets

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

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

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

Fixed assets are reviewed for impairment if the use of the asset significantly changes or another indicator or possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value. There were no impairment losses recognized for the year ended June 30, 2019.

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Consolidated Financial Statements

June 30, 2019

(1) Summary of Significant Accounting Policies - continued

(i) Fundraising Expense

Fundraising expense relates to the activities of raising general and specific contributions to the Center and promoting special events. Fundraising expenses as a percentage of total contribution and grant revenue was 33% for the year ended June 30, 2019. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

(j) 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 Center.

Payroll and associated costs are allocated to functions based upon actual time charges. Occupancy costs are allocated based upon square footage.

(k) Use of Estimates

In preparing the Center'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.

(l) Income Taxes

The Center 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 Center's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Center is not a private foundation under Section 509(a)(1).

(m) Contributed Services and Gifts in Kind

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. Gifts in kind are recorded as contributions at fair value at the date of donation. Such contributions are reported as increases in net assets without donor restrictions unless the donor has restricted the gift to a specific purpose.

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Consolidated Financial Statements

June 30, 2019

(1) Summary of Significant Accounting Policies - continued

(n) Summarized Financial Information for 2018

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. 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 Center's financial statements for the year ended June 30, 2018, from which the summarized information is derived.

(o) Recent Accounting Standard Adopted

In August 2016, the Financial Accounting Standards Board issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources and the lack of consistency in the type of information provided about expenses and investment return. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017. As a result, the Center has adopted this ASU as of and for the year ended June 30, 2019. The Center changed its presentation of its net asset classes and expanded the footnote disclosures as required by the ASU, with no effect on previously reported change in net assets. Other than these reclassifications, the adoption of ASU 2016-14 did not have a material impact on the Center's financial position, results of activities or cash flows.

(2) Debt

The Center has a mortgage note payable with Cambridge Savings Bank in the maximum amount of \$450,000. The note accrues interest at a rate of 5.82% per annum. Principal and interest payments of \$2,077 are due monthly with any remaining balance due at maturity on March 8, 2023. The note is collateralized by real estate located at 5 Callender 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. As of June 30, 2019, the outstanding principal balance on the mortgage note payable was \$292,115.

The Center has a revolving line of credit facility with Cambridge Savings Bank in the maximum amount of \$60,000. Advances on the line of credit bear interest at a variable rate equal to Cambridge Savings Bank's base rate plus 2.5% per annum (7.75% as of June 30, 2019). The line of credit is unsecured; however, Cambridge Savings Bank holds the right of setoff and can deduct the balance due from the Center's checking and savings accounts held with Cambridge Savings Bank. The line is renewable annually. As of June 30, 2019, the outstanding principal balance on the line of credit was \$14,558.

The Center has a vehicle note payable with Ford Motor Credit in the original amount of \$14,423. The note is due in monthly installments of \$240 and bears interest at a fixed rate of 5.9% per annum. The final payment on the note is due June 4, 2021 and is secured by the vehicle. As of June 30, 2019, the outstanding principal balance on the note payable is \$5,282.

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Consolidated Financial Statements

June 30, 2019

(2) Debt - continued

Maturities on all debt obligations is as follows as of June 30:

2020	\$ 25,049
2021	11,014
2022	8,881
2023	267,011
2024	-

Interest expense on notes payable for year ended June 30, 2019 amounted to \$19,174.

(3) 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, 2019, net assets with donor restrictions are restricted or the following purposes:

Capital renovations and improvements	\$ 140,534
Teen Programs	<u>31,000</u>
Total	\$ <u>171,534</u>

(4) Commitments and Contingencies

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

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 Commonwealth of Massachusetts' department 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.

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Consolidated Financial Statements

June 30, 2019

(5) Liquidity and Availability of Resources

The following reflects the Center's financial assets as of June 30, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year from the statement of financial position date.

Financial assets at year end		
Cash and cash equivalents	\$	105,298
Accounts and contributions receivable, net		<u>62,459</u>
Total		<u>167,757</u>
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors for specific purposes		<u>140,534</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>27,223</u>

The Center is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Center must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of an unanticipated liquidity need, the Organization could draw up to \$60,000 on its line of credit; see Note 3.

(6) Subsequent Events

The Center has performed an evaluation of subsequent events through February 4, 2020, which is the date the Center's financial statements were available to be issued. No material subsequent events have occurred since June 30, 2019 that required recognition or disclosure in these financial statements.

CAMBRIDGE COMMUNITY CENTER, INC.

Schedule of Findings and Responses

June 30, 2019

(1) Current Year Findings

No significant deficiencies or material weaknesses reported.

(2) Status of Prior Year Findings

No significant deficiencies or material weaknesses reported.