



Cambridge Community Center, Inc.

Financial Statements

June 30, 2020



Cambridge Community Center  
Learn. Grow. Connect.

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Kevin P. Martin & Associates, P.C.

**CAMBRIDGE COMMUNITY CENTER, INC.**

Index

June 30, 2020

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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, 2020, 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, 2020, 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. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

## **Report on Summarized Comparative Information**

We have previously audited the Center's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 4, 2020. 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, 2019, 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  
June 9, 2021



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

To the Board of Directors of  
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, 2020, 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 June 9, 2021.

**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.



Numin P. Martine & Associates, P.C.

Braintree, Massachusetts  
June 9, 2021

**CAMBRIDGE COMMUNITY CENTER, INC.**

Statement of Financial Position

As of June 30, 2020

With Comparative Totals as of June 30, 2019

<b>Current Assets</b>	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 346,494	\$ 105,298
Accounts receivable, net	121,920	37,459
Promises to give, net	-	25,000
Prepaid expenses	<u>7,594</u>	<u>-</u>
Total current assets	<u>476,008</u>	<u>167,757</u>
<b>Fixed Assets</b>		
Land	175,000	175,000
Buildings and building improvements	859,226	853,200
Furniture, fixtures and equipment	111,012	97,232
Vehicles	54,123	54,123
Construction in progress	<u>3,500</u>	<u>-</u>
Total fixed assets	1,202,861	1,179,555
Less: accumulated depreciation	<u>(698,205)</u>	<u>(650,812)</u>
Total net fixed assets	<u>504,656</u>	<u>528,743</u>
<b>Total Assets</b>	<u>\$ 980,664</u>	<u>\$ 696,500</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, 2020

With Comparative Totals as of June 30, 2019

<b>Current Liabilities</b>	<u>2020</u>	<u>2019</u>
Accounts payable	\$ 9,707	\$ 28,463
Accrued expenses	40,387	31,847
Debt obligations, current portion	11,254	34,250
Deferred revenue	-	2,010
Fiscal agency liability	55,000	
Paycheck Protection Program Loan	<u>108,500</u>	<u>-</u>
Total current liabilities	<u>224,848</u>	<u>96,570</u>
<b>Long Term Liabilities</b>		
Debt obligations, net of current portion	<u>277,439</u>	<u>277,705</u>
Total long term liabilities	<u>277,439</u>	<u>277,705</u>
Total liabilities	<u>502,287</u>	<u>374,275</u>
<b>Net Assets</b>		
Net assets without donor restrictions	231,843	150,691
Net assets with donor restrictions	<u>246,534</u>	<u>171,534</u>
Total net assets	<u>478,377</u>	<u>322,225</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 980,664</u>	<u>\$ 696,500</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, 2020

With Comparative Totals for the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
<b>Revenue and Support</b>				
Program service fees	\$ 428,768	\$ -	\$ 428,768	\$ 434,321
Contributions and grants	435,201	106,000	541,201	333,636
Rental	109,111	-	109,111	130,189
In-kind contributions	12,305	-	12,305	40,680
Other	3,272	-	3,272	17,456
Interest	98	-	98	38
Net assets released from restrictions	31,000	(31,000)	-	-
	1,019,755	75,000	1,094,755	956,320
<b>Expenses</b>				
Administration	137,966	-	137,966	119,823
Fundraising	37,357	-	37,357	90,279
Program services	763,280	-	763,280	698,922
	938,603	-	938,603	909,024
Change in net assets	81,152	75,000	156,152	47,296
<b>Total Change in Net Assets</b>	81,152	75,000	156,152	47,296
<b>Net Assets at Beginning of Year</b>	150,691	171,534	322,225	274,929
<b>Net Assets at End of Year</b>	\$ 231,843	\$ 246,534	\$ 478,377	\$ 322,225

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, 2020  
With Comparative Totals for the Year Ended June 30, 2019

<b>Cash Flows from Operating Activities</b>	<u>2020</u>	<u>2019</u>
<b>Change in net assets</b>	\$ 156,152	\$ 47,296
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	47,393	43,751
Decrease (increase) in assets		
Accounts receivable	(84,461)	6,289
Contributions receivable	25,000	(25,000)
Prepaid expenses	(7,594)	1,050
Increase (decrease) in liabilities		
Accounts payable	(18,756)	11,450
Accrued expenses	8,540	(2,111)
Fiscal agency liability	55,000	-
Deferred revenue	(2,010)	(4,722)
<b>Net Cash Provided by Operating Activities</b>	<u>179,264</u>	<u>78,003</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	<u>(23,306)</u>	<u>(10,067)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(23,306)</u>	<u>(10,067)</u>
<b>Cash Flows from Financing Activities</b>		
Repayments of debt obligations	(549,719)	(433,444)
Proceeds from debt obligations	526,457	414,109
Proceeds from Paycheck Protection Program loan	<u>108,500</u>	<u>521,231</u>
<b>Net Cash Provided by Financing Activities</b>	<u>85,238</u>	<u>501,896</u>
<b>Net Increase in Cash and Cash Equivalents</b>	241,196	569,832
<b>Cash and Cash Equivalents - Beginning</b>	<u>105,298</u>	<u>56,697</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 346,494</u>	<u>\$ 105,298</u>
<b>Supplement Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	<u>\$ 18,336</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, 2020

With Comparative Totals for the Year Ended June 30, 2019

	Administration	Fundraising	Program Services	2020 Total	2019 Total
<b>Functional Expenses</b>					
Salaries and related expense	\$ 16,348	\$ 33,280	\$ 514,541	\$ 564,169	\$ 497,319
Consultants and professional fees	79,885	394	33,229	113,508	86,025
Program supplies and expenses	1,130	-	62,162	63,292	3,955
Depreciation	4,739	-	42,654	47,393	40,673
Utilities	2,688	-	24,191	26,879	24,291
Transportation	1,621	-	22,446	24,067	9,307
Insurance	2,351	-	21,156	23,507	25,673
Interest	1,834	-	16,502	18,336	15,077
Repairs and maintenance	1,748	-	15,732	17,480	16,263
Supplies and related expense	12,248	52	68	12,368	49,598
Meals	2,298	648	7,271	10,217	15,049
Printing and postage	2,940	2,564	535	6,039	6,383
Dues and subscriptions	4,307	360	723	5,390	4,627
Equipment rental	2,723	-	-	2,723	3,472
Training	84	-	1,677	1,761	487
Telephone and internet	713	-	-	713	6,842
Bank charges	309	59	33	401	3,117
Bad debt expense	-	-	360	360	-
	<u>\$ 137,966</u>	<u>\$ 37,357</u>	<u>\$ 763,280</u>	<u>\$ 938,603</u>	<u>\$ 808,158</u>
<b>Total Functional Expenses</b>	<u>\$ 137,966</u>	<u>\$ 37,357</u>	<u>\$ 763,280</u>	<u>\$ 938,603</u>	<u>\$ 808,158</u>

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

# CAMBRIDGE COMMUNITY CENTER, INC.

## Notes to Consolidated Financial Statements

June 30, 2020

### (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 59% 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 Coast Kitchen, a free monthly meals program, rentals for community groups and events, a Senior Thanksgiving Luncheon and a Holiday Toy Drive, and a Food & Supply Pantry, which was launched on April 7, 2020 in response to the COVID-19 pandemic. This division accounts for 28% 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 13% of the Center's total program expenditures.

# CAMBRIDGE COMMUNITY CENTER, INC.

## Notes to Consolidated Financial Statements

June 30, 2020

### (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.

# CAMBRIDGE COMMUNITY CENTER, INC.

## Notes to Consolidated Financial Statements

June 30, 2020

### (1) Summary of Significant Accounting Policies - continued

#### (d) Revenue Recognition

The Center earns revenue as follows:

Contracts - Federal and state contracts that are considered reciprocal transactions or purchases of services, the results of which are turned over to the grantor, are recognized as the work under the contract is performed. Contracts that are considered nonreciprocal transactions that further the programs of the Center are recorded when the Center receives notification of the contract, or if, conditions for performance are imposed, revenue is recognized when conditions have been met. All contracts consists of two types, unit-rate and cost reimbursement contracts, all with ceiling amounts. Unit-rate contracts provide that revenue is to be earned and recognized at a negotiated or class rate for each unit-of-service that is provided for under the terms of the contract. Under the cost-reimbursement contracts, revenue recognition takes place as costs related to the services provided are incurred. Billings on the contracts are subject to final approval by the governmental agency. For the year ended June 30, 2020, nonreciprocal and reciprocal transactions totaled 76% and 24%, respectively, of program service fees of the statement of activities.

Grants - The Center receives funding from federal and state governmental agencies and various other grantors for direct and indirect program costs associated with specific programs and projects. Various grants are subject to certain barriers as outlined in the agreement. Revenue is recognized as the barrier is met. For unconditional grants, revenue is recognized as contribution revenue that increases net assets with donor restrictions at the time the grant is received or pledged and the funds are released from restriction when the restriction has been met. Grants with donor restrictions received and satisfied in the same period are included in grants and contributions without donor restrictions.

Contributions - In accordance with ASC Sub Topic 958-605, *Revenue Recognition*, the Center must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Center 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.

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

# CAMBRIDGE COMMUNITY CENTER, INC.

## Notes to Consolidated Financial Statements

June 30, 2020

### (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.

Substantially all of the Center's revenue is derived from its activities in Massachusetts. During the year ended June 30, 2020, the Corporation derived approximately 50% of its total revenue from individuals and foundations, 30% from governmental agencies and 20% 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, 2020, 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, 2020, the Center's accounts receivables were due entirely from governmental agencies.

#### *(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, 2020.

# CAMBRIDGE COMMUNITY CENTER, INC.

## Notes to Consolidated Financial Statements

June 30, 2020

### (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. There were no unconditional promises to give as of June 30, 2020.

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.

Conditional promises to give are not recognized in the consolidated financial statements until the conditions are substantially met. As of June 30, 2020, conditional promises to give expected to be received in future years totaled \$37,500.

#### *(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, 2020.



# CAMBRIDGE COMMUNITY CENTER, INC.

## Notes to Consolidated Financial Statements

June 30, 2020

### **(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 7% for the year ended June 30, 2020. 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, 2020

### (1) Summary of Significant Accounting Policies - continued

#### *(n) Summarized Financial Information for 2019*

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, 2019, from which the summarized information is derived.

#### *(o) Recent Accounting Standard Adopted*

On July 1, 2019, the Center adopted ASU 2018-08, *Not-for Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This ASU was issued to clarify and improve the guidance in U.S. GAAP for distinguishing transactions that are contributions from those that are exchange transactions. The ASU also provides guidance for determining if a contribution that is a promise to give is conditional. Adoption of this standard did not have a significant impact on recognition of contribution revenue in 2019 or on the Center's opening net asset balance as of July 1, 2019.

#### *(p) Recent Accounting Standards*

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

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, ASC 606). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: Step 1 - identify the contract(s) with the customer; Step 2 - Identify the performance obligations in the contract; Step 3 - determine the transaction price; Step 4 - Allocate the transaction price to the performance obligations in the contract and Step 5 - recognize revenue when (or as) the entity satisfies a performance obligation. Services within the scope of ASU 2014-09 primarily include program service fees. The ASU was set to be effective for fiscal years beginning after December 15, 2018 and has been extended to be effective for fiscal years beginning after December 15, 2019. The Center is currently evaluating the impact the adoption of this new standard will have on its financial statements.

In March 2016, FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606), Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*. In December 2016, FASB Issued ASU 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*. These ASUs will be adopted concurrent with the Center's adoption of ASU 2014-09.

# CAMBRIDGE COMMUNITY CENTER, INC.

## Notes to Consolidated Financial Statements

June 30, 2020

### (1) Summary of Significant Accounting Policies - continued

#### *(p) Recent Accounting Standards – continued*

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)* which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today.

The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU was set to be effective on January 1, 2021, with early adoption permitted. The effective date was extended to fiscal years beginning after December 15, 2021. The Center is currently evaluating the impact the adoption of this new standard will have on its financial statements.

In July 2018, FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases and ASU 2018-11, Leases (Topic 842), Targeted Improvements*. In December 2019, FASB issued ASU 2018-20, *Leases (Topic 842), Narrow-Scope Improvements for Lessors*. Adoption of these ASUs will run concurrent with the Center's adoption of ASU 2016-02.

#### *(q) Paycheck Protection Program Loan*

As described at Note 2, the Center received a Paycheck Protection Program (PPP) loan during the fiscal year ended June 30, 2020. The Center has elected to follow the guidance regarding Debt found in FASB ASC 470 - *Not-for Profit Entities - Debt* to account for its PPP Loan. As a result, during the year ended June 30, 2020, the Agency recognized \$108,500 of debt.

### (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, 2020, the outstanding principal balance on the mortgage note payable was \$285,812.

# CAMBRIDGE COMMUNITY CENTER, INC.

## Notes to Consolidated Financial Statements

June 30, 2020

### (2) Debt - continued

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 (8% as of June 30, 2020). 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, 2020, the outstanding principal balance on the line of credit was zero.

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, 2020, the outstanding principal balance on the note payable is \$2,881.

The Center received a PPP loan from Cambridge Savings Bank during the fiscal year ended June 30, 2020 in the original amount of \$108,500 with a maturity date of April 22, 2022. The loan bears interest at a rate of 1%, which is deferred for the first six months. Management expects that the loan will be substantially forgiven during the year ended June 30, 2021 and the loan has been presented as a current liability on the statement of financial position in keeping with current accounting practice in the industry. The Small Business Administration (SBA) has disclosed criteria for forgiveness which include but is not limited to maintaining the full-time equivalent number of employees over certain time period and expending the funds on eligible expenses over the covered period. The Center will recognize forgiveness of the loan in full or in part when the SBA determines the amount of forgiveness and notifies the Center.

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

2021	\$ 119,754
2022	8,881
2023	268,558

Interest expense on notes payable for year ended June 30, 2020 amounted to \$18,336.

### (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, 2020, net assets with donor restrictions are restricted or the following purposes:

Capital renovations and improvements	\$ 183,034
Teen Programs	44,000
COVID-19 Food Assistance	10,000
Fiscal sponsorship	<u>9,500</u>
Total	\$ <u>246,534</u>

## CAMBRIDGE COMMUNITY CENTER, INC.

### Notes to Consolidated Financial Statements

June 30, 2020

#### (3) Net Assets With Donor Restrictions - continued

Net assets were released from restrictions for the following purposes during the fiscal year ended June 30, 2020:

Teen Programs	\$ <u>31,000</u>
Total	\$ <u>31,000</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.

#### (5) Liquidity and Availability of Resources

The following reflects the Center's financial assets as of June 30, 2020, 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	\$ 346,494
Accounts and contributions receivable, net	<u>121,920</u>
Total	<u>468,414</u>
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors for specific purposes	246,534
Fiscal agency liability	<u>55,000</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>166,880</u></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 Center could draw up to \$60,000 on its line of credit; see Note 2.

## CAMBRIDGE COMMUNITY CENTER, INC.

### Notes to Consolidated Financial Statements

June 30, 2020

#### **(6) Fiscal Agency Liability**

During the year ended June 30, 2020, the Center entered into an agreement with the City of Cambridge to function as a conduit in the facilitation of a joint program with two other charitable organizations. As a result, the Center has reported \$55,000 in accounts receivable and a corresponding amount in fiscal agency liability on the statement of financial position as of June 30, 2020.

#### **(7) COVID-19 - Risks and Uncertainties**

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. The Center is not able to estimate the length or severity of this outbreak and the related financial impact. The Center's liquidity as of June 30, 2020 is documented at Note 5. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on the Center's operations continue for an extended period of time the Center may have to seek alternative measures to finance its operations. The Center does not believe that the impact of COVID-19 would have a material adverse effect on its financial condition or liquidity.

#### **(8) Subsequent Events**

The Center has performed an evaluation of subsequent events through June 9, 2021, which is the date the Center's financial statements were available to be issued. The following subsequent event occurred after June 30, 2020 that met the requirement for disclosure in these financial statements.

On March 17, 2021, the Center received a second Small Business Administration (SBA) Paycheck Protection Program (PPP) loan in the amount of \$108,535. The PPP loan bears interest at 1% and allows for forgiveness based on conditions as outlined by the SBA.

On May 12, 2021, the Center received approval by the SBA for full forgiveness on its first PPP loan received in 2020 which amounted to \$108,500.

**CAMBRIDGE COMMUNITY CENTER, INC.**

Schedule of Findings and Responses

June 30, 2020

**(1) Current Year Findings**

No significant deficiencies or material weaknesses reported.

**(2) Status of Prior Year Findings**

No significant deficiencies or material weaknesses reported.