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CAMBRIDGE COMMUNITY CENTER, INC.



Cambridge Community Center
Building Community Together

*Financial Statements
For the Years Ended June 30, 2021 and 2020*

*A Certified Women-Owned Business Enterprise
in the Commonwealth of Massachusetts and City of New York
4238 Washington Street, Suite 307, Boston, Massachusetts 02131
687 West 204th Street, New York, New York 10034
Member, American Institute of Certified Public Accountants
Member, Association of Fraud Examiners
www.daviskellycpas.com*

CAMBRIDGE COMMUNITY CENTER, INC.

***Financial Statements
For the Years Ended June 30, 2021 and 2020***

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DAVISKELLY CERTIFIED
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Independent Auditors' Report

To the Board of Directors
Cambridge Community Center
Cambridge, Massachusetts

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, 2021 and 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 auditors' 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 auditors consider 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.

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

Report on Summarized Comparative Information

Cambridge Community Center's 2020 financial statements were audited by other auditors whose report dated June 9, 2021 expressed an unmodified opinion on those audited financial statements. The summarized comparative information presented herein as of and for the year ended June 30, 2020 was derived from those audited financial statements.

Other Matters

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2022 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

DavisKelly LLC

Boston, Massachusetts
January 14, 2022

CAMBRIDGE COMMUNITY CENTER, INC.

*Statements of Financial Position
As of June 30, 2021 and 2020*

	<i>2021</i>	<i>2020</i>
<i>Assets</i>		
Current Assets:		
Cash and cash equivalents	\$ 737,745	\$ 346,494
Grants and contracts receivable	65,890	121,920
Prepaid expenses	10,258	7,594
<i>Total current assets</i>	813,893	476,008
Noncurrent Assets:		
Property and equipment, net	468,945	504,656
<i>Total assets</i>	\$ 1,282,838	\$ 980,664
 <i>Liabilities and Net Assets</i>		
Current Liabilities:		
Accounts payable	\$ 24,439	\$ 9,707
Accrued expenses	54,042	40,387
Debt obligation, current portion	7,850	11,254
Fiscal agency liability	14,445	55,000
Refundable advance	108,535	108,500
<i>Total current liabilities</i>	209,311	224,848
Noncurrent Liabilities:		
Debt obligation, net of current portion	268,043	277,439
<i>Total liabilities</i>	477,354	502,287
Net Assets:		
Without donor restrictions	569,305	231,843
With donor restrictions	236,179	246,534
<i>Total net assets</i>	805,484	478,377
<i>Total liabilities and net assets</i>	\$ 1,282,838	\$ 980,664

CAMBRIDGE COMMUNITY CENTER, INC.

*Statement of Activities
For the Year Ended June 30, 2021*

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Revenue and Support:			
Program service fees	\$ 525,892	\$ -	\$ 525,892
Contributions and grants	545,676	55,000	600,676
Rental income	41,257	-	41,257
Donated goods and services	1,675	-	1,675
Contract revenue	6,000	-	6,000
Refundable advance	108,500	-	108,500
Other revenue	5,180	-	5,180
Net assets released from restrictions	65,355	(65,355)	-
<i>Total revenue and support</i>	1,299,535	(10,355)	1,289,180
Expenses:			
Program services	723,371	-	723,371
General and administration	153,353	-	153,353
Fundraising	85,349	-	85,349
<i>Total expenses</i>	962,073	-	962,073
<i>Changes in net assets</i>	337,462	(10,355)	327,107
Net assets, beginning of year	231,843	246,534	478,377
Net assets, end of year	\$ 569,305	\$ 236,179	\$ 805,484

See accompanying notes to financial statements.

CAMBRIDGE COMMUNITY CENTER, INC.

*Statement of Activities
For the Year Ended June 30, 2020*

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Revenue and Support:			
Program service fees	\$ 428,768	\$ -	\$ 428,768
Contributions and grants	435,201	106,000	541,201
Rental income	109,111	-	109,111
Donated goods and services	12,305	-	12,305
Other revenue	3,370	-	3,370
Net assets released from restrictions	31,000	(31,000)	-
<i>Total revenue and support</i>	1,019,755	75,000	1,094,755
Expenses:			
Program services	763,280	-	763,280
General and administration	137,966	-	137,966
Fundraising	37,357	-	37,357
<i>Total expenses</i>	938,603	-	938,603
<i>Changes in net assets</i>	81,152	75,000	156,152
Net assets, beginning of year	150,691	171,534	322,225
Net assets, end of year	\$ 231,843	\$ 246,534	\$ 478,377

CAMBRIDGE COMMUNITY CENTER, INC.

*Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020*

	<i>2021</i>	<i>2020</i>
<i>Cash Flows from Operating Activities:</i>		
Changes in net assets	\$ 327,107	\$ 156,152
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	35,710	47,393
Changes in:		
Accounts receivable	56,030	(84,461)
Contributions receivable	-	25,000
Prepaid expenses	(2,664)	(7,594)
Accounts payable	14,732	(18,756)
Accrued expenses	13,655	8,540
Fiscal agency liability	(40,555)	55,000
Deferred revenue	-	(2,010)
<i>Net cash provided by operating activities</i>	404,015	179,264
<i>Cash Flows from Investing Activities:</i>		
Purchases of fixed assets	-	(23,306)
<i>Net cash used in investing activities</i>	-	(23,306)
<i>Cash Flows from Financing Activities:</i>		
Repayments of debt obligations	(12,799)	(549,719)
Proceeds from debt obligations	-	526,457
Proceeds from refundable advance	35	108,500
<i>Net cash provided by (used in) financing activities</i>	(12,764)	85,238
<i>Net change in cash and cash equivalents</i>	391,251	241,196
Cash and cash equivalents, beginning of year	346,494	105,298
Cash and cash equivalents, end of year	\$ 737,745	\$ 346,494
Cash paid during the year for interest	14,554	18,336

See accompanying notes to financial statements.

CAMBRIDGE COMMUNITY CENTER, INC.

***Statement of Functional Expenses
For the Year Ended June 30, 2021***

	<i>Program Services</i>	<i>General and Administration</i>	<i>Fundraising</i>	<i>Total</i>
Salaries and related expenses	\$ 552,689	\$ 20,080	\$ 85,349	\$ 658,118
Bank charges	-	5,396	-	5,396
Consultants and professional fees	3,950	83,236	-	87,186
Depreciation	32,139	3,571	-	35,710
Donated goods and services	-	1,675	-	1,675
Dues and subscriptions	74	1,702	-	1,776
Equipment rental	-	2,441	-	2,441
Insurance	23,583	2,620	-	26,203
Interest	13,099	1,455	-	14,554
Meals	260	404	-	664
Printing and postage	-	1,032	-	1,032
Program supplies and expenses	69,633	11,174	-	80,807
Repairs and maintenance	16,297	1,811	-	18,108
Supplies and related expenses	447	8,730	-	9,177
Telephone and internet	1	6,895	-	6,896
Training	974	-	-	974
Transportation	46	-	-	46
Utilities	10,179	1,131	-	11,310
<i>Total expenses</i>	<i>\$ 723,371</i>	<i>\$ 153,353</i>	<i>\$ 85,349</i>	<i>\$ 962,073</i>

CAMBRIDGE COMMUNITY CENTER, INC.

*Statement of Functional Expenses
For the Year Ended June 30, 2020*

	<i>Program Services</i>	<i>General and Administration</i>	<i>Fundraising</i>	<i>Total</i>
Salaries and related expenses	\$ 514,541	\$ 16,348	\$ 33,280	\$ 564,169
Bad debt expense	360	-	-	360
Bank charges	33	309	59	401
Consultants and professional fees	29,627	71,225	351	101,203
Depreciation	42,654	4,739	-	47,393
Donated goods and services	3,602	8,660	43	12,305
Dues and subscriptions	723	4,307	360	5,390
Equipment rental	-	2,723	-	2,723
Insurance	21,156	2,351	-	23,507
Interest	16,502	1,834	-	18,336
Meals	7,271	2,298	648	10,217
Printing and postage	535	2,940	2,564	6,039
Program supplies and expenses	62,162	1,130	-	63,292
Repairs and maintenance	15,732	1,748	-	17,480
Supplies and related expenses	68	12,248	52	12,368
Telephone and internet	-	713	-	713
Training	1,677	84	-	1,761
Transportation	22,446	1,621	-	24,067
Utilities	24,191	2,688	-	26,879
<i>Total expenses</i>	<i>\$ 763,280</i>	<i>\$ 137,966</i>	<i>\$ 37,357</i>	<i>\$ 938,603</i>

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Financial Statements For the Years Ended June 30, 2021 and 2020

Note 1. Organization

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.

The Center was incorporated in the Commonwealth of Massachusetts as a nonprofit corporation in 1929. In the 92 years since, the Center has initiated many Coast firsts, including the establishment of the first nursery school and the first varsity basketball games open to Black teens. 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. CCC has served generations of children, youth, and families and continues to be a frontline resource for the most under-resourced, under-represented residents throughout the city of Cambridge.

The following program divisions are listed in order of relative importance based upon total program expenditures:

- *School-Age Programs:* The Center's largest program is the year-round Out-of-School Time (OST) Program, which includes after school and summer offerings for ages 5-13. CCC offers children and families diverse learning opportunities, programs, and services to close the opportunity gap and address generational and systemic disparities due to ethnicity and socioeconomic status. Many of the families and individuals enrolled in the program are living at or below the federal poverty line, a majority of which are Black or Latinx, including a sizable first and second generation immigrant population. CCC's OST program has a core emphasis on social-emotional development and ensuring that all children and families forge a sustainable and healthy future with access to services and enrichment. This division accounts for 59% of the Center's total program expenditures.
- *Community Programs:* The Center's community programs include an annual Thanksgiving Luncheon, which attracts over 200 seniors from the community each year, and widely-known initiatives such as the Cambridge Winter Farmers Market and The Coast Kitchen, a free community dinner that brings community members together every month. In response to the COVID-19 outbreak in the Greater Boston area, CCC launched a Food & Supply Pantry, which serves up to 500 households each week. This division accounts for 28% of the Center's total program expenditures.
- *Teen Services:* The Center's core teen programs include The Hip Hop Transformation (THHT) and the Mental Health ACCESS (Advancing Culturally Competent Education to Stop Stigma) Program. THHT teaches teens the history of hip hop culture, the role hip hop culture plays in their lives and society and equips students with the resources and support to produce, write, record, perform, and distribute their own authentic hip hop music. The Mental ACCESS Program is designed to expose Black teens in Cambridge to mental health professions; provide psychoeducation about mental illness/health and its relevance; destigmatize mental illness and mental health treatment; and foster interest in pursuing post-secondary education and/or careers in mental health. Both programs place an emphasis on workforce development by providing Cambridge teens with 21st Century Skills while unleashing their curiosity and creative abilities. This division accounts for 13% of the Center's total program expenditures.

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Financial Statements For the Years Ended June 30, 2021 and 2020

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

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.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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.

Revenue and Revenue Recognition

The Center earns revenues 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.

CAMBRIDGE COMMUNITY CENTER, INC.

***Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020***

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition (continued)

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.

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, 2021, the Corporation derived approximately 47% of its total revenue from individuals and foundations, 40% from governmental agencies and 13% from client fees. All revenue is recorded at the estimated net realizable amounts.

CAMBRIDGE COMMUNITY CENTER, INC.

*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

Note 2. Summary of Significant Accounting Policies (Continued)

Grants and Contract Receivable

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

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, 2021 and June 30, 2020.

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, 2021 and 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.

CAMBRIDGE COMMUNITY CENTER, INC.

*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

Note 2. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment 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, 2021.

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 14% for the year ended June 30, 2021. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

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.

Use of Estimates and Assumptions

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.

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Financial Statements For the Years Ended June 30, 2021 and 2020

Note 2. Summary of Significant Accounting Policies (Continued)

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).

Donated Goods and 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. 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.

Summarized Comparative Totals

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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Center's financial statements as of and for the year ended June 30, 2020, from which the summarized information was derived.

Reclassification

Certain amounts in the fiscal year 2020 financial statements have been reclassified in order to conform to the current year's presentation. The reclassification has no effect on the previously reported net assets.

New Accounting Pronouncements

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.

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.

CAMBRIDGE COMMUNITY CENTER, INC.

***Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020***

Note 2. Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements (continued)

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.

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.

CAMBRIDGE COMMUNITY CENTER, INC.

*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

Note 3. Debt

Mortgage Loan

The Center has a mortgage note payable with a bank in the maximum amount of \$450,000 which bears an interest rate of 5.82% per annum collateralized by the property where the Center is located. The note is subject to certain reporting and operational covenants. Principal and interest payments of \$2,077 are due monthly with any remaining balance due at maturity on March 8, 2023. The payments are on a 25-year amortization schedule. As of June 30, 2021 and 2020, the outstanding principal balance on the mortgage note payable was \$275,893 and \$285,812, respectively.

Line of Credit

At June 30, 2021 and 2020, the Center had an unused revolving demand line of credit with a bank with a maximum amount of \$60,000 with annual renewal. The line is collateralized by all of the Organization's business assets. Advances are at a variable rate equal to the banks base rate plus 2.5% per annum (8% as of June 30, 2021).

PPP Loan

The Center received a second PPP loan from a bank during the fiscal year ended June 30, 2021 in the original amount of \$108,535 with a maturity date of March 17, 2026. Management expects that the loan will be substantially forgiven during the year ended June 30, 2022. Until it is forgiven, the loan has been presented as a liability on the statement of financial position.

Additionally, the Center's first loan pursuant to the PPP for \$108,500, was entirely forgiven. Therefore, the loan is reported as revenue.

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

2022	\$	4,660
2023		271,924

Interest expense on notes payables for the year ended June 30, 2021 and 2020 amounted to \$14,554, and \$18,336, respectively.

CAMBRIDGE COMMUNITY CENTER, INC.

*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

Note 4. Net Assets With Donor Restrictions

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

Capital renovations and improvements	\$ 206,179
Teen Programs	<u>30,000</u>
Total	<u><u>\$ 236,179</u></u>

Net assets were released from restrictions for the following purposes during the fiscal year ended June 30, 2021:

Capital renovations and improvements	\$ 1,855
Teen Programs	44,000
COVID-19 Food Assistance	10,000
Fiscal Sponsorship	<u>9,500</u>
Total	<u><u>\$ 65,355</u></u>

Note 5. Commitments and Contingencies

Commonwealth of Massachusetts Contracts

The expenses reflected in the accompanying financial statements relating to Commonwealth contracts are subject to review by OSD and the various funding sources. The possible disallowance of any items recorded as contract costs cannot be determined at this time. However, management does not believe that any such disallowance would be material to the Organization's consolidated financial statements. Accordingly, no provision for any liability that may result has been made in consolidated financial statements.

Legal Matters

In the normal course of operations, the Center is, from time-to-time, the respondent to complaints filed against it. Management believes that the resolution of unresolved complaints at year end will not have a material adverse effect on the Organization or its financial condition.

CAMBRIDGE COMMUNITY CENTER, INC.

*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

Note 6. Property and Equipment

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

	<i>2021</i>	<i>2020</i>
Land	\$ 175,000	\$ 175,000
Building and improvements	859,226	859,226
Furniture, fixtures and equipments	111,012	111,012
Vehicles	32,434	54,123
Construction in progress	3,500	3,500
	1,181,172	1,202,861
Less: Accumulated depreciation	(712,227)	(698,205)
<i>Property and equipment, net</i>	\$ 468,945	\$ 504,656

Note 7. Fiscal Agency Liability

During the year ended June 30, 2021, 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 \$14,445 in accounts receivable and a corresponding amount in fiscal agency liability on the statement of financial position as of June 30, 2021.

Note 8. Liquidity and Availability

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.

	<i>2021</i>	<i>2020</i>
Financial assets at year-end:		
Cash and cash equivalents	\$ 737,745	\$ 346,494
Grants and contracts receivable	65,890	121,920
<i>Total financial assets</i>	803,635	468,414
Less: Net assets with donor restrictions	236,179	246,534
Less: Fiscal agency liability	14,445	55,000
<i>Financial assets available to meet general expenditures over the next 12 months</i>	\$ 553,011	\$ 166,880

CAMBRIDGE COMMUNITY CENTER, INC.

***Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020***

Note 8. Liquidity and Availability (Continued)

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 Debt Note.

Note 9. Subsequent Events

The Center has evaluated subsequent events through January 14, 2022, which is the date the financial statements were available to be issued.



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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 the financial statements of Cambridge Community Center, Inc. (the Center) as of and for the year ended June 30, 2021 and have issued our report thereon dated January 14, 2022. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Cambridge Community Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Member, Association of Fraud Examiners
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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; 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.

DavisKelly LLC

Boston, Massachusetts
January 14, 2022