



Kelly Vitale Raffol LLC
CERTIFIED PUBLIC ACCOUNTANTS



Cambridge Community Center
Building Community Together

Financial Statements

For the Years Ended June 30, 2022, and 2021

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Member, American Institute of Certified Public Accountants
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CAMBRIDGE COMMUNITY CENTER, INC.

Financial Statements

For the Years Ended June 30, 2022, and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cambridge Community Center
Cambridge, Massachusetts

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not

a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period.

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

Report on Summarized Comparative Information

We have previously audited the Center's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2023, 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.

KellyVitaleRaffol LLC

Boston, Massachusetts
February 27, 2023

CAMBRIDGE COMMUNITY CENTER, INC.

Statements of Financial Position

As of June 30, 2022, and 2021

	2022	2021
<i>Assets</i>		
Cash and cash equivalents	\$ 957,471	\$ 737,745
Grants and contracts receivable	120,999	65,890
Prepaid expenses	8,414	10,258
Property and equipment, net	516,111	468,945
<i>Total assets</i>	\$ 1,602,995	\$ 1,282,838
 <i>Liabilities and Net Assets</i>		
Liabilities:		
Accounts payable	\$ 26,949	\$ 24,439
Accrued expenses	46,349	54,042
Note payable	-	275,893
Fiscal agency liability	70,005	14,445
Refundable advance	-	108,535
<i>Total liabilities</i>	143,303	477,354
 Net Assets:		
Without donor restrictions	522,968	569,305
With donor restrictions	936,724	236,179
<i>Total net assets</i>	1,459,692	805,484
<i>Total liabilities and net assets</i>	\$ 1,602,995	\$ 1,282,838

CAMBRIDGE COMMUNITY CENTER, INC.

Statement of Activities

For the Year Ended June 30, 2022

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Revenue and Support:			
Program service fees	\$ 462,238	\$ -	\$ 462,238
Contributions and grants	379,629	785,086	1,164,715
Rental income	89,803	-	89,803
Refundable advance	108,535	-	108,535
Net assets released from restrictions	84,541	(84,541)	-
<i>Total revenue and support</i>	1,124,746	700,545	1,825,291
Expenses:			
Program services	761,281	-	761,281
General and administration	276,612	-	276,612
Fundraising expenses	133,190	-	133,190
<i>Total expenses</i>	1,171,083	-	1,171,083
<i>Changes in net assets</i>	(46,337)	700,545	654,208
Net assets, beginning of year	569,305	236,179	805,484
Net assets, end of year	\$ 522,968	\$ 936,724	\$ 1,459,692

See accompanying notes to financial statements.

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	\$ 531,072	\$ -	\$ 531,072
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 revenue	108,500		108,500
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

CAMBRIDGE COMMUNITY CENTER, INC.

Statements of Cash Flows

For the Years Ended June 30, 2022, and 2021

	<i>2022</i>	<i>2021</i>
<i>Cash Flows from Operating Activities:</i>		
Changes in net assets	\$ 654,208	\$ 327,107
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	33,776	35,710
Changes in:		
Accounts receivable	(55,109)	56,030
Prepaid expenses	1,844	(2,664)
Accounts payable	2,510	14,732
Accrued expenses	(7,693)	13,655
Fiscal agency liability	55,560	(40,555)
<i>Change in operating activities</i>	685,096	404,015
<i>Cash Flows from Investing Activities:</i>		
Construction in process	(70,942)	
Purchases of fixed assets	(10,000)	-
<i>Change in investing activities</i>	(80,942)	-
<i>Cash Flows from Financing Activities:</i>		
Repayments of debt obligations	(275,893)	(12,799)
Proceeds from refundable advance	(108,535)	35
<i>Change in financing activities</i>	(384,428)	(12,764)
<i>Net change in cash and cash equivalents</i>	219,726	391,251
Cash and cash equivalents, beginning of year	737,745	346,494
Cash and cash equivalents, end of year	\$ 957,471	\$ 737,745
Cash paid during the year for interest	\$ 13,007	\$ 14,554

See accompanying notes to financial statements.

CAMBRIDGE COMMUNITY CENTER, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2022

	<i>Program Services</i>	<i>General and Administration</i>	<i>Fundraising</i>	<i>Total</i>
Salaries and related expenses	\$ 676,739	\$ 28,215	\$ 126,679	\$ 831,633
Bank charges	-	9,474	68	9,542
Professional fees	1,225	94,971	-	96,196
Depreciation	-	33,776	-	33,776
Dues and subscriptions	-	3,464	-	3,464
Equipment rental	-	2,853	-	2,853
Insurance	-	27,278	-	27,278
Interest	-	13,007	-	13,007
Meals	7,685	2,549	-	10,234
Printing and postage	-	2,850	4,144	6,994
Program supplies and expenses	64,929	6,191	2,082	73,202
Repairs and maintenance	6,671	12,719	-	19,390
Office supplies	445	6,610	131	7,186
Telephone and internet	83	5,654	-	5,737
Training	96	49	-	145
Transportation	3,408	954	86	4,448
Utilities	-	25,998	-	25,998
<i>Total expenses</i>	\$ 761,281	\$ 276,612	\$ 133,190	\$ 1,171,083

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
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
Office supplies	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>	\$ 723,371	\$ 153,353	\$ 85,349	\$ 962,073

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2022, and 2021

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 Head Start Program classrooms, the Riverside Health Care Facility, and a wide variety of community, political, and social events. The Center 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.

Programs: 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. The Center 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. The Center'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.
- *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, the Center launched a Food & Supply Pantry, which serves up to 500 households each week.
- *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 Health 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 teens with skills while unleashing their curiosity and creative abilities.

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2022, and 2021

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 Recognition

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.

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2022, and 2021

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 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 the Center's revenue is derived from its activities in Massachusetts. During the year ended June 30, 2022, the Corporation derived approximately 64% of its total revenue from individuals and foundations, 25% from governmental agencies and enrollment fees, and 11% from other 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, 2022, and 2021

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, 2022, 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.

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, 2022, and June 30, 2021.

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, 2022, and June 30, 2021.

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, 2022, and 2021

Note 2. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are stated at cost, if purchased, or at fair value at the date of the gift, if donated, less accumulated depreciation. The cost of property and equipment purchase in excess of \$1,000 is capitalized. Depreciation and amortization are 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

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.

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2022, and 2021

Note 2. Summary of Significant Accounting Policies (Continued)

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.

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, 2022, from which the summarized information was derived.

Adopted 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.

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, 2022, and 2021

Note 2. Summary of Significant Accounting Policies (Continued)

Adopted 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.

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.

Upcoming Accounting Pronouncements

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 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, 2022, and 2021

Note 3. Loans

Mortgage Loan

The Center had a mortgage note payable with a bank in the maximum amount of \$450,000 which incurred an interest rate of 5.82% per annum collateralized by the property where the Center is located. The note was subject to certain reporting and operational covenants and was paid in full as of June 30, 2022

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 which was forgiven before the year ended June 30, 2022 and recorded as revenue.

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, 2022, net assets with donor restrictions are restricted for the following purposes:

Capital renovations and improvements	\$ 709,153
Resilience hub	110,000
Education and child care	65,950
Teen programs	30,000
ARPA Child Services	8,120
COVID-19 food assistance	13,501
Total	<u><u>\$ 936,724</u></u>

Net assets were released from restrictions

Capital renovations and improvements	\$ (80,942)
Fiscal sponsorship	(3,600)
Total	<u><u>\$ (84,542)</u></u>

Note 5. Commitments and Contingencies

Commonwealth of Massachusetts Contracts

The expenses reflected in the accompanying financial statements relating to Commonwealth of Massachusetts contracts are subject to review by 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 financial statements. Accordingly, no provision for any liability that may result has been made in financial statements.

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2022, and 2021

Note 6. Property and Equipment

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

	<u>2022</u>	<u>2021</u>
Land	\$ 175,000	\$ 175,000
Construction in progress	68,545	3,500
Building and building improvements	875,122	859,226
Furniture, fixtures and equipment	111,012	111,012
Vehicles	32,434	32,434
	<hr/>	<hr/>
Subtotals	1,262,113	1,181,172
Less: accumulated depreciation	<u>(746,002)</u>	<u>(712,227)</u>
	<hr/>	<hr/>
<i>Property and equipment, net</i>	<u>\$ 516,111</u>	<u>\$ 468,945</u>

Depreciation expense related to depreciable assets was \$33,776 and \$35,710 for the year ended June 30, 2022, and 2021, respectively. It is the Center's policy to capitalize amounts over \$2,500.

Note 7. Fiscal Agency Liability

During the year ended June 30, 2022, the Center entered into an agreement with the City of Cambridge to provide services as fiscal agent to facilitate a joint program with two other charitable Organizations. As of June 30, 2022, the Center had \$120,999 in accounts receivable and \$70,003 as a liability related to their role as a fiscal agent on the Statement of Financial Position as of June 30, 2022.

CAMBRIDGE COMMUNITY CENTER, INC.

Notes to Financial Statements

For the Years Ended June 30, 2022, and 2021

Note 8. Liquidity and Availability

The following reflects the Center's financial assets as of June 30, 2022, 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.

	<u>2022</u>
Cash and cash equivalents	\$ 957,471
Grants and contracts receivable	<u>120,999</u>
<i>Total financial assets</i>	1,078,470
Less: Net assets with donor restrictions	936,724
Less: Fiscal agency liability	<u>70,005</u>
<i>Financial assets available to meet general expenditures over the next 12 months</i>	<u><u>\$ 71,741</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.

Note 9. Subsequent Events

The Center has evaluated subsequent events through February 27, 2023, which is the date the financial statements were available to be issued. There were no material subsequent events as of that date which require disclosure in or adjustment to these financial statements.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cambridge Community Center, Inc. (the Center) (a nonprofit organization)(the Center), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 27, 2023

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KellyVitaleRaffol LLC

Boston, Massachusetts
February 27, 2023