

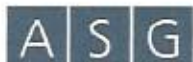
**CHESAPEAKE MULTICULTURAL
RESOURCE CENTER, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2014

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Accounting Strategies Group, LLC

Certified Public Accountants

Chesapeake Multicultural Resource Center, Inc.
Easton, MD 21601

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

We have compiled the accompanying statement of financial position of Chesapeake Multicultural Resource Center, Inc. (a nonprofit organization) as of December 31, 2014, and the related statement of activities and cash flows for the year then ended. We have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Accounting Strategies Group, LLC

Preston, Maryland

May 27, 2015

Centreville Office

118 N. Commerce Street • Centreville, Maryland 21617
410.758.4050 • fax 410.758.4429

Preston Office

145 Main Street • PO Box 369 • Preston, Maryland 21655
410.673.1384 • fax 410.673.1385

www.accountingstrategiesgroup.com

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 92,473
Accounts Receivable	<u>9,288</u>

TOTAL CURRENT ASSETS	<u>101,761</u>
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TOTAL ASSETS	<u>\$ 101,761</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 2,222
Payroll Taxes Payable	7,317
Accrued Payroll	3,123
Deferred Revenue	<u>19,071</u>

TOTAL CURRENT LIABILITIES	<u>31,733</u>
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NET ASSETS

Unrestricted	63,266
Temporarily Restricted	<u>6,762</u>

TOTAL NET ASSETS	<u>70,028</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 101,761</u>
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CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUES</u>			
Contributed Revenue	\$ 63,249	\$ -	\$ 63,249
Grant Revenue	320,026	8,150	328,176
Contracts for Services	1,500	-	1,500
Interest Income	43	-	43
Net Assets Released from Restriction	1,388	(1,388)	-
TOTAL REVENUES	<u>386,206</u>	<u>6,762</u>	<u>392,968</u>
<u>EXPENSES</u>			
Program Expenses:			
Youth Development	229,805	-	229,805
Adult Education	5,697	-	5,697
Health Outreach	39,511	-	39,511
Information and referral	31,171	-	31,171
Communications and awareness	1,114	-	1,114
Total Program Expenses	<u>307,298</u>	<u>-</u>	<u>307,298</u>
Supporting Services:			
Fundraising	6,824	-	6,824
Management and general	8,944	-	8,944
Total Supporting Services	<u>15,768</u>	<u>-</u>	<u>15,768</u>
TOTAL EXPENSES	<u>323,066</u>	<u>-</u>	<u>323,066</u>
<u>CHANGES IN NET ASSETS</u>	<u>63,140</u>	<u>6,762</u>	<u>69,902</u>
<u>NET ASSETS AT BEGINNING OF YEAR</u>	<u>126</u>	<u>-</u>	<u>126</u>
<u>NET ASSETS AT END OF YEAR</u>	<u>\$ 63,266</u>	<u>\$ 6,762</u>	<u>\$ 70,028</u>

See Independent Accountants' Compilation Report
The Notes to Financial Statements are an integral part of these statements.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in Net Assets	\$ 69,902
Adjustments to Reconcile Changes in Net Assets over Net Cash and Cash Equivalents Provided by Operating Activities:	
(Increase) Decrease in Assets:	
Accounts Receivable	(9,288)
(Decrease) Increase in Liabilities:	
Accounts Payable	2,222
Payroll Taxes Payable	3,412
Accrued Liabilities	3,123
Deferred Revenue	<u>13,169</u>
 NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES	 <u>82,540</u>
 Net Increase in Cash and Cash Equivalents	 82,540
Cash and Cash Equivalents, Beginning of Year	<u>9,933</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 92,473</u></u>

SUPPLEMENTAL CASH FLOW INFORMATION

Cash Paid for:	
Interest	<u>\$ -</u>
Income Taxes	<u><u>\$ -</u></u>

See Independent Accountants' Compilation Report
The Notes to Financial Statements are an integral part of these statements.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE A. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Chesapeake Multicultural Resource Center, Inc. (ChesMRC) was incorporated on August 23, 2012 as a Maryland non-stock corporation to operate exclusively for charitable, religious, scientific, literary, or educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code.

From its inception through December 2013, the organization functioned as a program of Mid-Shore Community Foundation (MSCF), subject to the terms of a Fiscal Sponsorship Agreement. Under the terms of this agreement MSCF acted as the fiscal sponsor of ChesMRC until it was able to obtain its own 501(c)(3) tax-exempt status. Except as outlined below, MSCF controlled all receipts and disbursements of ChesMRC and this activity is consolidated in MSCF's financial statements and public reporting.

In July 2013, ChesMRC was awarded a 21st Century Community Learning Center (21st CCLC) grant from the Maryland State Department of Education to provide an after school program for academically challenged children from low-income households. Under the terms of the grant, Talbot County Public Schools (TCPS) agreed to act as the Grant Fiscal Agent. In August 2013, TCPS began disbursing funds to operate this program directly to ChesMRC.

On November 12, 2013, the Internal Revenue Service issued a determination letter classifying ChesMRC as a public charity, exempting it from federal income taxes and allowing it to collect tax-deductible contributions. In January 2014 the organization assumed responsibility for its own financial affairs, and the accompanying financial statements for 2014 reflect the first full year of operations.

NATURE OF ACTIVITIES

ChesMRC empowers individuals from different cultures to become successful and engaged members of the community through education and information. Through its programs ChesMRC strives to break down barriers that arise from differences in language, appearances, cultural and ethnic traditions, and to help newcomers understand and navigate through unfamiliar educational, health, social and legal structures. The organization's initial focus was in Talbot County, Maryland, however it is increasingly serving clients across the Maryland Mid-Shore region. All programs are provided free of charge, however client donations are accepted.

After School Program:

ChesMRC's After School Program currently provides a formal two-hour academic program for 120 students in grades 1 to 5 at Easton Elementary School four days per week. Instruction is provided by certified teachers and instructional assistants, supported by community volunteers. The program is free of charge and open to any student of Easton Elementary, however preference is given to children from low income households with the greatest academic need. The program is funded by a five-year 21st CCLC grant, which provides \$223,116 in years 1 and 2, and 85%, 75% and 50% of that amount in years 3 through 5, respectively.

Cub Scouts and Girl Scouts:

In 2012, ChesMRC, together with the Boy Scouts of America Del-Mar-Va Council and Oasis Covenant Fellowship, formed Cub Scout Pack 3, currently consisting of 20 boys from multicultural families. A similar Girl Scouts Troop was established in 2013, and has grown to 40 participants. The troop has been designated as an outreach troop by Girl Scouts of the Chesapeake which provides financial support for membership and uniforms.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE A.

BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Adult Education Program:

ChesMRC provides educational programs for non-English speakers and to the community in general. The organization has developed partnerships with a number of public and private service-providers who offer participants workshops and programs including: English as a second language, adult literacy, parenting and a series of health programs which include pre-natal care, family health, teen health and dental hygiene. ChesMRC engages participants to attend programs and assists partners in making program content culturally relevant. Health programs are funded primarily by two state grants which are designed to outreach to the minority and at risk population to help address persistent health care disparities, expand access to health care services and reduce health care costs by reducing preventable hospital admissions.

Resource Center:

The ChesMRC Resource Center provides a one-stop information and referral service to help people from different cultures adapt to their new community. Anyone can access the Center for general assistance, help with translations and completing documents and referrals to service providers. At the end of 2014, the Center had 696 registered clients, who made a total of 1,226 visits during the year. The most frequent requests were for help in obtaining driver's licenses, payment of income taxes, education and training, legal aid and family support. This activity is funded primarily through unrestricted donor contributions.

Community Awareness:

Through outreach to government agencies, service providers and the general public, ChesMRC seeks to develop and disseminate information about the current and potential impact of new immigrants on the community. Promote activities and initiatives that create positive community awareness of the growing non-English speaking population.

METHOD OF ACCOUNTING

The financial statements are presented on the accrual basis of accounting; consequently, revenue is recorded when earned and expenses are recorded when incurred.

REVENUE AND COST RECOGNITION

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor-imposed restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The costs of providing various program and supporting services has been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and the supporting services benefitted.

OFF BALANCE SHEET RISK

The organization maintains its cash in deposit accounts at financial institutions, amounts deposited have been below federally insured limits at all times.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE A. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

CONTRIBUTIONS & GRANT RECEIVABLES

Management believes the full amount of accounts receivable to be collectible within one year of the statement of financial position date. Therefore, there is no allowance for doubtful accounts.

CONTRIBUTED SERVICES

A substantial number of unpaid volunteers make contributions of their time, particularly to the afterschool, scouting and adult literacy programs (approximately 60 people and 2,290 hours during 2014). The value of these contributed services is not included in the accompanying financial statements.

DEFERRED REVENUE

Funds received as advances under grant and contract agreements in excess of expenditures are classified as deferred revenue.

USE OF ESTIMATES

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

SUBSEQUENT EVENTS EVALUATION

Subsequent events were evaluated through May 27, 2015, which is the date the financial statements were available to be issued.

NOTE B. INCOME TAXES

ChesMRC is exempt under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity. ChesMRC is exempt from paying federal income tax on any income except unrelated business income. No provision has been made for income taxes as ChesMRC has had no unrelated business income.

In accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, the organization has assessed the likelihood that all tax positions are more likely than not to be sustained upon examination. The organization's federal and state filings for 2013 is subject to examination by the IRS and/or state authorities, generally, for the three years after have been filed. The 2014 returns will be filed in 2015.

NOTE C. TEMPORARILY RESTRICTED NET ASSETS

During the year ended December 31, 2014, temporarily restricted contributions were as follows:

St. John Transport Grant	\$ 5,000
United Fund	<u>3,150</u>
Total	<u>\$ 8,150</u>

Net assets released from donor restrictions during the year ended December 31, 2014, by incurring qualified expenses or by the occurrence of events specified by the donors were as follows:

United Fund	<u>\$ 1,388</u>
Total	<u>\$ 1,388</u>