

**CHESAPEAKE MULTICULTURAL
RESOURCE CENTER, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2016

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Accounting Strategies Group, LLC

Certified Public Accountants

Chesapeake Multicultural Resource Center, Inc.
Easton, MD 21601

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Management is responsible for the accompanying financial statements of Chesapeake Multicultural Resource Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting Strategies Group, LLC

Preston, Maryland
September 2, 2016

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 60,250
Accounts Receivable	100
Prepaid Expenses	<u>3,467</u>

TOTAL CURRENT ASSETS 63,817

OTHER ASSETS

Security Deposit Paid	1,050
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TOTAL OTHER ASSETS 1,050

TOTAL ASSETS \$ 64,867

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 734
Payroll Taxes Payable	2,163
Accrued Payroll	5,993
Deferred Revenue	<u>9,130</u>

TOTAL CURRENT LIABILITIES 18,020

NET ASSETS

Unrestricted	46,673
Temporarily Restricted	<u>174</u>

TOTAL NET ASSETS 46,847

TOTAL LIABILITIES AND NET ASSETS \$ 64,867

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

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUES</u>			
Contributed Revenue	\$ 61,304	\$ -	\$ 61,304
Grant Revenue	362,633	7,660	370,293
Contracts for Services	5,881	-	5,881
Interest Income	65	-	65
Other Income	88	-	88
Net Assets Released from Restriction	7,486	(7,486)	-
TOTAL REVENUES	<u>437,457</u>	<u>174</u>	<u>437,631</u>
<u>EXPENSES</u>			
Program Expenses:			
Youth Development	288,191	-	288,191
Adult Education	56,658	-	56,658
Health Outreach	-	-	-
Information and referral	66,324	-	66,324
Communications and awareness	212	-	212
Total Program Expenses	<u>411,385</u>	<u>-</u>	<u>411,385</u>
Supporting Services:			
Fundraising	10,990	-	10,990
Management and general	54,135	-	54,135
Total Supporting Services	<u>65,125</u>	<u>-</u>	<u>65,125</u>
TOTAL EXPENSES	<u>476,510</u>	<u>-</u>	<u>476,510</u>
<u>CHANGES IN NET ASSETS</u>	(39,053)	174	(38,879)
<u>NET ASSETS AT BEGINNING OF YEAR</u>	<u>85,726</u>	<u>-</u>	<u>85,726</u>
<u>NET ASSETS AT END OF YEAR</u>	<u>\$ 46,673</u>	<u>\$ 174</u>	<u>\$ 46,847</u>

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CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Changes in Net Assets	\$ (38,879)
Adjustments to Reconcile Changes in Net Assets over Net Cash and Cash Equivalents Provided by Operating Activities:	
(Increase) Decrease in Assets:	
Accounts Receivable	150
Prepaid Expenses	(4,517)
(Decrease) Increase in Liabilities:	
Accounts Payable	(10,845)
Payroll Taxes Payable	(7,102)
Accrued Liabilities	4,303
Deferred Revenue	<u>(67,203)</u>
 NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES	 <u>(124,093)</u>
 Net Increase in Cash and Cash Equivalents	 (124,093)
Cash and Cash Equivalents, Beginning of Year	<u>184,343</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 60,250</u></u>

SUPPLEMENTAL CASH FLOW INFORMATION

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

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CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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.

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.

Youth Development:

ChesMRC's programs include an afterschool program for both elementary level and high school level, Boy Scouts, Girl Scouts and health literacy programs. Afterschool Programs are funded through Maryland State Department of Education (MSDE) 21st Century Community Learning Center Grant and High School ELA Unaccompanied Minor Grant. The afterschool program provides a formal two hour academic program for 120 students in grades 1 to 5 at Easton Elementary School. Instruction is provided by certified teachers and instructional assistants supported by community volunteers. The program is free of charge and open to any student; preference is given to children from low income household with the greatest academic need.

The HS ELA Unaccompanied Minors grant provided an afterschool program for 45 students in grades 9 to 12 at Easton High School. Instruction is provided by a certified teachers and ESL leaders to assist children who have recently arrive to the US within the last 2 years on homework, English education, financial resources and college advisement. In partnership with regional scouting organizations, organization has formed a multicultural cub scouts pack and girl scouts troop which serve 25 boys and 40 girls. The programs teach life skills and values primarily 1st generation immigrant children and are also a vehicle for engaging their parents in two-generational learning activities.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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

Adult Education Program:

ChesMRC in partnership with a number of public and private services providers, the organization provides workshops and programs including: English as a second language, Adult Literacy, Parenting, and a series of Health Programs which include prenatal care, family health, teen health and dental hygiene. The center engages participants to attend programs and assists partners in making program content culturally relevant. Health programs are funded by two state grants totaling \$43,254 which are designed to outreach to the entire minority and at-risk population to help address persistent health care disparities, expand access to health care services and reduce health care costs by lowering preventable hospital admissions. During 2015 the organization conducted 76 Health Outreach Events and reached 2,641 people across the entire minority community.

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 2015, the Center had 1,300 registered clients, who made a total of 1,464 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.

The Immigration Clinic at the ChesMRC Resource Center was awarded a grant to implement an immigration clinic to assist clients with immigration issues and assistance with obtaining US Citizenship for DACA, DAPA and Family Based Applications & Petitions. The center became of Board of Immigration Appeals (BIA) accredited organization which allows for providing all US Citizenship & Immigrations Services (USCIS) without the need of an attorney and can offer legal services at little or no cost to qualifying candidates. The center also offers citizenship classes and workshops to help prepare clients with taking the formal citizenship tests.

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.

BASIS 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.

BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in FASB ASC 958-205, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions.

Unrestricted Net Assets – represents the portion of expendable resources that are available for support of the Organizations operations.

Temporarily Restricted Net Assets – represents resources subject to donor-imposed restrictions for program activities.

See Independent Accountants' Compilation Report

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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

Permanently Restricted Net Assets - represents resources that are subject to restrictions of gift instruments requiring in perpetuity that the principal be invested and that only the income be available for transfer to the unrestricted fund. The Organization has no permanently restricted assets.

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.

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 35 people during fiscal year ending June 30, 2016). 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 September 2, 2016 which is the date the financial statements were available to be issued.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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, 2014 is subject to examination by the IRS and/or state authorities, generally, for the three years after have been filed. The 2015 returns will be filed in 2016.

NOTE C. TEMPORARILY RESTRICTED NET ASSETS

During the year ended June 30, 2016, temporarily restricted contributions were as follows:

St. John's	\$ 4,335
United Fund	<u>3,325</u>
Total	<u>\$ 7,660</u>

Net assets released from donor restrictions during the year ended June 30, 2016, by incurring qualified expenses or by the occurrence of events specified by the donors were as follows:

St. John's	\$ 4,205
United Fund	<u>3,281</u>
Total	<u>\$ 7,486</u>