

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2013

Chesapeake Multicultural Resource Center, Inc.
Statement of Financial Position
December 31, 2013

ASSETS

Cash in Bank	\$ 9,933
TOTAL ASSETS	<u>\$ 9,933</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 3,905
Deferred Income	<u>5,902</u>
Total Liabilities	<u>9,807</u>

Net Assets	
Unrestricted	<u>126</u>
Total Net Assets	<u>126</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,933</u>
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Chesapeake Multicultural Resource Center, Inc.
Statement of Activities
Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Program grants	\$ 250	\$ -	\$ -	\$ -
State grants	66,525			
Interest on bank deposits	4			
TOTAL SUPPORT AND REVENUE	66,779			66,779
PROGRAM EXPENSES				
Salaries & wages	37,251			37,251
Payroll taxes and benefits	4,693			4,693
Total salaries and related expenses	41,945			41,945
Nonpersonnel expenses	-			
Curriculum Purchases	19,605			19,605
Staff development	2,600			2,600
Program materials and supplies	1,803			1,803
Computer hardware and maintenance	401			401
Background checks	172			172
TOTAL PROGRAM EXPENSES	66,525			66,525
ADMINISTRATIVE EXPENSES	128			128
TOTAL EXPENSES	66,653			66,653
CHANGE IN NET ASSETS	126			126
NET ASSETS, BEGINNING OF YEAR	-			-
NET ASSETS, END OF YEAR	\$ 126	\$ -	\$ -	\$ 126

Chesapeake Multicultural Resource Center, Inc.
Statement of Cash Flows
Year Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 126
Adjustments to reconcile increase in net assets to net cash provided by operations:	
Increase in accounts payable	3,905
Increase in deferred revenue	5,902
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>9,807</u>
NET INCREASE IN CASH FOR THE YEAR	9,933
CASH, BEGINNING OF YEAR	<u>-</u>
CASH, END OF YEAR	<u><u>\$ 9,933</u></u>

Chesapeake Multicultural Resource Center

Notes to Financial Statements

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 the program 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 for 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. Beginning in August 2013, TCPS began disbursing funds to operate this program directly to ChesMRC. The accompanying financial statements cover only the activities related to this grant. Supplemental information to the Financial Statements includes proforma combined financial statements that reflect all financial activities of ChesMRC as if it had been a stand-alone entity for 2013.

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 2013 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 the coordination of services and informational programs. Through its programs, the most prominent of which are discussed in detail below, ChesMRC strives to breakdown cultural barriers that arise from differences in language, appearances, cultural and ethnic traditions. The Organization is supported through donor contributions and grants.

After School Program:

ChesMRC's After School Program currently provides a formal two-hour academic program for 105 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% 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, consisting of 22 boys from multicultural families.

A similar Girl Scouts Troop was established in the summer of 2013, 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
Notes to Financial Statements

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 programs including: English as a second language, parenting, health, legal, immigration, income tax and driver's education.

In addition, the organization has been designated by the Maryland Department of Health and Mental Hygiene as it Minority Outreach and Technical Assistance (MOTA) representative for Talbot County. Through a partnership with the NAACP, the organization conducts health information outreach and workshops for the entire minority community.

Resource Center:

The ChesMRC is a one-stop information resource that assists people from different cultures become more active and engaged community members. Operated from its offices at Oasis Covenant Fellowship, the Resource Center is open daily. Anyone from the community can access the Center for general assistance, help with translations and completing documents and referrals to service providers. During 2013 over 313 new people received services representing a total 616 visits.

Note 1 - Summary of Significant Accounting Policies

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.

Contributions

Under SFAS No. 116, Accounting for Contributions Received and Contributions Made, 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.

Property and Equipment

ChesMRC capitalizes individual assets with a cost equal to or greater than \$1,000. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

Chesapeake Multicultural Resource Center
Notes to Financial Statements

Allocation of Functional Expenses

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.

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.

Deferred Revenue

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

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.

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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Note 2 – Concentrations of Credit Risk

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

Note 3 - In-Kind Contributions

The organization enjoys the exclusive use of office space and non-exclusive use of multi-purpose space at Oasis Covenant Fellowship Covenant Church Hall. The estimated fair market value of rent and utilities is approximately \$3,000 per year. This contribution is not required to be reflected in the accompanying financial statements.

Note 4 – Preparation of Financial Statements

Under Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations, 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.

The accompanying financial statements have been prepared by management and are unaudited.

Chesapeake Multicultural Resource Center
Notes to Financial Statements

Note 5 – Proforma Combined Financial Information

The following are Proforma Combined Financial Statements for the organization for 2013, as if the activities funded through Mid-Shore Community Foundation were combined with ChesMRC transactions.

Chesapeake Multicultural Resource Center, Inc.
Pro Forma Combined Statement of Financial Position
December 31, 2013

ASSETS

Cash in Bank	\$ 9,933
Fund balance receivable from MSCF	<u>39,445</u>
TOTAL ASSETS	<u>\$ 49,378</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 3,905
Deferred Income	<u>5,902</u>
Total Liabilities	<u>9,807</u>

Net Assets	
Unrestricted	<u>39,571</u>
Total Net Assets	<u>39,571</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 49,378</u>
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**Chesapeake Multicultural Resource Center
Notes to Financial Statements**

Note 5 – Proforma Combined Financial Information (Continued)

Chesapeake Multicultural Resource Center, Inc.
Pro Forma Combined Statement of Activities
Year Ended December 31, 2013

SUPPORT AND REVENUE	
Board gifts	\$ 1,445
Gifts from Friends Of ChesMRC	31,190
Program grants	79,075
Pledges	45,000
Interest Income	4
TOTAL SUPPORT AND REVENUE	156,714
EXPENSES	
Program Expenses:	
Youth development	103,172
Adult education	12,213
Health outreach	5,959
Information and referral	31,743
Communications and awareness	11,512
Total Program Expenses	164,599
Supporting Services	
Fundraising	6,052
Management and general	4,637
Total Supporting Services	10,689
TOTAL EXPENSES	175,288
NET CHANGE IN ASSETS, UNRESTRICTED	(18,574)
NET ASSETS, BEGINNING OF YEAR	58,145
NET ASSETS, END OF YEAR	\$ 39,571

Chesapeake Multicultural Resource Center
Notes to Financial Statements

Note 5 – Proforma Combined Financial Information (Continued)

Chesapeake Multicultural Resource Center, Inc.
Pro Forma Combined Statement of Cash Flows
Year Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 39,571
Adjustments to reconcile increase in net assets to net cash provided by operations:	
Increase in accounts payable	3,905
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CASH, BEGINNING OF YEAR	<u>-</u>
CASH, END OF YEAR	<u><u>\$ 49,378</u></u>