

ACCOUNTING STRATEGIES GROUP, LLC

FINANCIAL STATEMENT CONTROL SHEET

Client Number: <u>19549</u>	REISSUED
CLIENT NAME: <u>Chesapeake Multicultural Resource Center Inc.</u>	Period Covered: <u>June 30, 2020</u>
Address: <u>331 E Dover St.</u>	or _____ Months Ended _____
<u>Easton, MD 21601</u>	Type of Report: <u>Review</u>
Telephone: <u>443.786.1120 Melissa Miccotti</u>	Billor of Client: <u>USA</u>
	Due Date for Draft: _____
	Due Date for Final: _____
	Copies Required for Client: <u>4</u>
	Copies Required for ASG: <u>1</u>

FUNCTION	INITIALS	DATE	REMARKS
Prepared Draft	IKd	1-29-2021	
Proofread & Math Check	AIB	2/6/21	
Workpaper Review	AIB	2/6/21	
Trace \$ to Financial Statement	AIB	2/6/21	
F/S & Format Review	AIB	2/6/21	
Typed (Corrections)			
Proofread & Math Check (Corrections)	/	/	
Quality Control Review (Audit Only)	AIB	N/A	
Member Review/ Report Release Date	AIB	2/6/21	
Print and Assembly	JLP	2/9/21	
Proof Assembly	IKd	2-9-2021	
Documents Scanned			
Delivery/Mail/Pickup			

* Client returned all originals & reissued statement was sent to SOS

**CHESAPEAKE MULTICULTURAL
RESOURCE CENTER, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2020

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Accounting Strategies Group, LLC

Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Chesapeake Multicultural Resource Center, Inc.
Easton, Maryland 21601

We have reviewed the accompanying financial statements of Chesapeake Multicultural Resource Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Accounting Strategies Group, LLC

Preston, Maryland
January 29, 2021

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

<u>ASSETS</u>		
	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 414,024	\$ 275,901
Accounts Receivable	5,458	656
Prepaid Expenses	2,633	3,940
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	422,115	280,497
	<hr/>	<hr/>
<u>FIXED ASSETS</u>		
Land	221,946	221,946
Building and Improvements	338,905	332,920
	<hr/>	<hr/>
FIXED ASSETS, AT COST	560,851	554,866
Less: Accumulated Depreciation	(10,647)	(1,778)
	<hr/>	<hr/>
TOTAL FIXED ASSETS, AT COST, LESS ACCUMULATED DEPRECIATION	550,204	553,088
	<hr/>	<hr/>
<u>OTHER ASSETS</u>		
Security Deposit Paid	-	1,050
Other Investments	42	-
Endowment Investments	10,271	10,019
	<hr/>	<hr/>
TOTAL OTHER ASSETS	10,313	11,069
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 982,632</u>	<u>\$ 844,654</u>
	<hr/>	<hr/>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Current Maturities of Long-Term Debt	\$ 9,360	\$ 8,873
Accounts Payable	2,708	4,495
Rental Security Deposits	900	3,900
Payroll Taxes Payable	2,460	1,399
Accrued Payroll	16,662	10,177
Deferred Revenue	45,667	17,593
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	77,757	46,437
	<hr/>	<hr/>
<u>LONG-TERM DEBT</u>		
Mortgage Payable	416,795	425,758
	<hr/>	<hr/>
TOTAL LONG-TERM DEBT	416,795	425,758
	<hr/>	<hr/>
TOTAL LIABILITIES	494,552	472,195
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Without Donor Restrictions	369,829	291,535
With Donor Restrictions	118,251	80,924
	<hr/>	<hr/>
TOTAL NET ASSETS	488,080	372,459
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 982,632</u>	<u>\$ 844,654</u>
	<hr/>	<hr/>

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

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>			<u>2019</u>		
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
REVENUES						
Contributed Revenue	\$ 205,780	\$ 134,534	\$ 340,314	\$ 198,277	\$ 235,860	\$ 434,137
Grant Revenue	68,713	99,265	167,978	11,996	63,272	75,268
Contracts for Services	63,319	-	63,319	24,772	21,500	46,272
Rental Income	34,380	-	34,380	9,275	-	9,275
Interest & Dividend Income	218	65	283	133	15	148
Realized and Unrealized Gains/(Losses)	64	67	131	-	12	12
Other Income	4,107	-	4,107	5,141	-	5,141
TOTAL REVENUES	<u>376,581</u>	<u>233,931</u>	<u>610,512</u>	<u>249,594</u>	<u>320,659</u>	<u>570,253</u>
EXPENSES						
Program Expenses:						
Youth Development	110,319	-	110,319	88,809	-	88,809
Family Fund	3,009	-	3,009	1,273	-	1,273
Information and referral	278,525	-	278,525	217,819	-	217,819
Total Program Expenses	<u>391,853</u>	<u>-</u>	<u>391,853</u>	<u>307,901</u>	<u>-</u>	<u>307,901</u>
Supporting Services:						
Management and general	62,625	-	62,625	34,299	-	34,299
Fundraising	40,413	-	40,413	10,042	-	10,042
Total Supporting Services	<u>103,038</u>	<u>-</u>	<u>103,038</u>	<u>44,341</u>	<u>-</u>	<u>44,341</u>
TOTAL EXPENSES	<u>494,891</u>	<u>-</u>	<u>494,891</u>	<u>352,242</u>	<u>-</u>	<u>352,242</u>
EXCESS OF REVENUE OVER EXPENSES						
BEFORE TRANSFER	(118,310)	233,931	115,621	(102,648)	320,659	218,011
NET ASSETS RELEASED FROM RESTRICTIONS	<u>196,604</u>	<u>(196,604)</u>	<u>-</u>	<u>249,092</u>	<u>(249,092)</u>	<u>-</u>
CHANGE IN NET ASSETS	78,294	37,327	115,621	146,444	71,567	218,011
NET ASSETS AT BEGINNING OF YEAR	<u>291,535</u>	<u>80,924</u>	<u>372,459</u>	<u>145,091</u>	<u>9,357</u>	<u>154,448</u>
NET ASSETS AT END OF YEAR	<u>\$ 369,829</u>	<u>\$ 118,251</u>	<u>\$ 488,080</u>	<u>\$ 291,535</u>	<u>\$ 80,924</u>	<u>\$ 372,459</u>

See Independent Accountants' Review Report

The Notes to Financial Statements are an integral part of these statements.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020				2019			
	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising	Total
Accounting Fees	-	5,350	-	5,350	-	5,350	-	5,350
Advertising and Marketing	14	-	30	44	-	-	-	-
Bank Service Fees	323	409	-	732	25	209	-	234
Conferences and Meetings	243	-	-	243	169	-	-	169
Depreciation Expense	7,095	1,330	444	8,869	1,778	-	-	1,778
Dues and Subscriptions	703	542	-	1,245	150	575	-	725
Employee Benefit	17,137	2,023	323	19,483	16,223	1,270	250	17,743
Filing Fees	-	225	-	225	44	400	-	444
Information Technology	2,102	990	1,441	4,533	1,548	735	660	2,943
Insurance	7,400	1,387	462	9,249	4,484	212	30	4,726
Loan & Property Fees	-	-	-	-	75	-	-	75
Mortgage Interest	18,745	3,515	1,171	23,431	3,949	-	-	3,949
Occupancy	8,624	930	-	9,554	16,876	5,078	-	21,954
Office Expense	2,878	-	-	2,878	738	191	218	1,147
Payroll Processing	-	671	-	671	576	54	8	638
Printing & Copying	1,730	340	3,576	5,646	1,452	227	2,960	4,639
Supply & Activity Expense	19,838	25	342	20,205	25,350	-	-	25,350
Postage & Shipping	1,088	154	650	1,892	1,199	164	746	2,109
Professional Development	1,058	3,544	258	4,860	50	407	-	457
Payroll Taxes	19,967	2,240	1,667	23,874	18,238	1,503	279	20,020
Property Taxes	5,419	1,016	339	6,774	1,117	-	-	1,117
Professional Fees	1,918	2,718	200	4,836	1,000	-	1,560	2,560
Repairs & Maintenance	23,130	4,337	1,446	28,913	-	-	-	-
Telecommunications	3,510	-	260	3,770	3,045	-	-	3,045
Travel	125	51	-	176	357	-	-	357
Salaries	248,806	30,828	27,804	307,438	209,458	17,924	3,331	230,713
Total Functional Expenses	\$ 391,853	\$ 62,625	\$ 40,413	\$ 494,891	\$ 307,901	\$ 34,299	\$ 10,042	\$ 352,242

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

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 115,621	\$ 218,011
Adjustments to Reconcile Change in Net Assets to Net Cash and Cash Equivalents Provided by Operating Activities:		
Depreciation	8,869	1,778
(Gain) Loss and (Appreciation)/ Depreciation of Investments	(131)	(12)
(Increase) Decrease in Assets:		
Accounts Receivable	(4,802)	30,815
Prepaid Expenses	2,357	359
(Decrease) Increase in Liabilities:		
Accounts Payable	(1,787)	946
Payroll Taxes Payable	1,061	(575)
Accrued Liabilities	6,485	609
Deferred Revenue	28,074	(84,844)
Rental Security Deposits	(3,000)	3,900
NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES	<u>152,747</u>	<u>170,987</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Property, Plant & Equipment	(5,985)	(118,866)
Purchase of Investments	(14,325)	(10,011)
Proceeds from Sale of Investments	14,162	4
NET CASH AND CASH EQUIVALENTS USED IN INVESTING ACTIVITIES	<u>(6,148)</u>	<u>(128,873)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Repayment of Long Term Borrowings	(8,476)	(1,369)
NET CASH AND CASH EQUIVALENTS USED IN FINANCING ACTIVITIES	<u>(8,476)</u>	<u>(1,369)</u>
Net Increase in Cash and Cash Equivalents	138,123	40,745
Cash and Cash Equivalents, Beginning of Year	275,901	235,156
Cash and Cash Equivalents, End of Year	<u>\$ 414,024</u>	<u>\$ 275,901</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for:		
Interest	\$ 23,431	\$ 3,949
Income Taxes	\$ -	\$ -
<u>NON-CASH ACTIVITIES</u>		
Purchase of Property, Plant & Equipment	\$ -	\$ (436,000)
Long-Term Borrowings	-	436,000
	<u>\$ -</u>	<u>\$ -</u>

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

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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 was consolidated in MSCF's financial statements and public reporting.

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:

Youth Development programs include after-school programs for both elementary and high school, Boy Scouts, Girl Scouts, and health-literacy programs. After-school programs are funded through private donations and the Talbot Family Network Healthy Habits Grant. The after-school program provides a formal two-hour academic program for 100 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 households with the greatest academic need.

The high school after-school program consists of volunteers who mentor high school students preparing for college as well as a program to mentor new arrival students who need assistance with English Language Learning (ELL).

Adult Education Program:

ChesMRC, in partnership with a number of public and private service providers, provides workshops and programs including: English as a second language (ESL), Adult Literacy, Parenting, and a series of Health Programs which include prenatal 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 by a state grant, which is 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 lowering preventable hospital admissions.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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

Resource Center:

The 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, completing documents, and referrals to service providers. At the end of 2020, the Center had 4,248 registered clients, who made a total of 2,415 visits during the year. The most frequent requests were for help in immigration law, obtaining driver's licenses, payment of income taxes, education and training, general legal aid, and family support. This activity is funded primarily through unrestricted donor contributions.

The 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. ChesMRC became of Board of Immigration Appeals (BIA) accredited Organization. This accreditation allows for the center to provide all US Citizenship & Immigrations Services (USCIS) without the need of an attorney and affords 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. ChesMRC promotes activities and initiatives that create positive community awareness of the growing non-English speaking population.

BASIS OF ACCOUNTING

The financial statements of ChesMRC have been prepared on the accrual basis of accounting; which is U.S. Generally Accepted Accounting Principles. Under this method of accounting, revenue is recognized when amounts are earned and expenses are recognized when they are incurred.

BASIS OF PRESENTATION

The Organization follows Financial Accounting Standards Board Accounting Standard Codification (FASB ASC) 958-210, *Presentation of Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210, the Organization is required to report information regarding its financial position and activities according to two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) based on existence or absence of donor-imposed restrictions:

A description of the two categories of net assets is as follows:

Net Assets without Donor Restrictions – are free from donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets are presently available for use by the Organization at the discretion of the Board of Directors.

Net Assets with Donor Restrictions – are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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

REVENUE RECOGNITION

Contribution Revenue – The Organization records contributions (including pledges) when the contribution is deemed unconditional. Contributions are reflected in the financial statements at the earlier of the transfer of the asset or at the time an unconditional pledge is made.

Grant Income – Grants are awarded to support the Organization’s activities that are conditioned on performing certain services or incurring certain reimbursable expenditures. Cost reimbursement grants are recognized as revenue in the period the qualifying expenditures are incurred. Grants receivable consist of outstanding amounts due for grants in which the allowable expenditures have been incurred but the funding has not been reimbursed to the Organization. Grant amounts collected in advance but unearned are reflected as unearned revenue. Unearned revenue applies to services to be rendered in future periods and revenue is recognized in the year when the services are earned. Certain unexpended grants could be required under the grant terms to be returned to the funding entity.

Contracts for Services – Income is recognized when earned; therefore, over the period the service was provided.

Rental Income – Income is recognized when earned; therefore, over the period the service was provided.

CASH AND CASH EQUIVALENTS

The Organization considers all highly-liquid debt investments with an original maturity of three months or less to be cash equivalents.

CONCENTRATION OF CREDIT RISKS

Cash in the bank amounted to \$415,555 and \$261,053 (carrying amounts of \$413,811 and \$275,727) for the years ended June 30, 2020 and 2019, respectively. Of the cash in bank, \$250,000 was insured by the Federal Deposit Insurance Company for the years ended June 30, 2020 and 2019, respectively. The remaining balances of \$165,555 and \$11,053 were uninsured for the years ended June 30, 2020 and 2019, respectively.

ACCOUNTS RECEIVABLE

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.

INVESTMENTS IN MARKETABLE SECURITIES

The Organization follows FASB ASC 958-320, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Investments consist of money market funds, and mutual fund shares with readily determinable fair values. Investments are reported at fair value based on quoted market prices in the Statements of Financial Position. Donated securities are also reported at fair market value as of the date of receipt. Unrealized gains and losses are recognized currently in the Statements of Activities. See Note C for further explanation of fair market value.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in values of investment securities could occur in the near-term, and those changes could materially affect investment balances and activity included in the financial statements.

See Independent Accountants’ Review Report

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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.

ALLOCATION OF FUNCTIONAL EXPENSES

Accounting principles generally accepted in the United States of America require all not for profit entities to present their expenses on a functional basis, separating program services from management and general expenses and fundraising expenses. Functional expenses are either charged directly to program services as incurred or allocated based on usage for items such as occupancy, depreciation and administrative salaries.

SUBSEQUENT EVENTS EVALUATION

Subsequent events were evaluated through January 29, 2021 which is the date the financial statements were available to be issued. See Note L for further explanation.

NOTE B. ACCOUNTING PRONOUNCEMENTS ADOPTED

The Organization adopted two Financial Accounting Standards Board (FASB) Accounting Standards Updates (ASU) that will affect the Organization's revenue recognition.

The first, FASB ASU 2014-09, Revenue from Contracts with Customers requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. On January 1, 2019, the Organization adopted ASU 2014-09 using the modified retrospective method. In addition, this standard requires enhanced qualitative and quantitative disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The second, FASB ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions.

NOTE C. INVESTMENTS/MARKETABLE SECURITIES

The Organization maintains investments in two accounts with Mid-Shore Community Foundation and one account with Wye Financial & Trust. These accounts were opened during the year ended June 30, 2019. Investments are stated at fair market value and are composed of the following:

	<u>MARKET</u>	<u>COST</u>
Balances at June 30, 2020:		
Without Donor Restrictions	<u>\$ 5,154</u>	<u>\$ 5,137</u>
With Donor Restrictions – Endowment	<u>\$ 5,159</u>	<u>\$ 5,136</u>
Balances at June 30, 2019:		
Without Donor Restrictions	<u>\$ 4,992</u>	<u>\$ 4,992</u>
With Donor Restrictions – Endowment	<u>\$ 5,027</u>	<u>\$ 5,018</u>

See Independent Accountants' Review Report

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE C. INVESTMENTS/MARKETABLE SECURITIES (CONTINUED)

The net increase in unrealized appreciation has been reflected as current year income. Investment income has been allocated to each fund based upon the fair market values at the end of each month. Certain investments are not insured from risk of loss.

The following tabulation summarizes the unrealized and realized gains (losses) of investment assets:

Increase in unrealized appreciation	<u>2020</u>	<u>2019</u>
	\$ 31	\$ 8
Realized gain (loss) for the year	<u>100</u>	<u>4</u>
Total gain (loss) for the year	<u>\$ 131</u>	<u>\$ 12</u>

NOTE D. FAIR VALUE MEASUREMENTS

The Organization adopted FASB ASC 820, *Fair Value Measurements*, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. This hierarchy consists of three broad levels:

Level 1 – Inputs to the valuation methodology are unadjusted, quoted market prices for identical instruments in active markets.

Level 2 – Inputs to the valuation methodology include quoted market prices for similar instruments in active markets, and inputs that are observable for the instrument, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Organization has determined the fair values of assets and liabilities measured on a recurring basis at June 30, 2020 and 2019 are as follows:

	Fair Active Value	Quoted Prices in Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<u>As of June 30, 2020</u>				
Marketable Securities/ Traded Funds	\$ 10,313	\$ 42	\$ 10,271	\$ -
<u>As of June 30, 2019</u>				
Marketable Securities/ Traded Funds	\$ 10,019	\$ -	\$ 10,019	\$ -

NOTE E. DEBT

Line of Credit

ChesMRC has an unsecured line of credit with Shore United Bank with a maximum borrowing limit of \$50,000 and an adjustable interest rate, 5.75% at June 30, 2020. No borrowings were made against this line of credit for the years ended June 30, 2020 or 2019.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE E. DEBT (CONTINUED)

Long-Term Debt

Long-term debt consists of the following:

	<u>2020</u>	<u>2019</u>
Mortgage Payable – Shore United Bank; Monthly Principal and Interest Installments of \$2,659; Matures April 20, 2044, Interest at 5.350% per Annum; Secured by Commercial Real Estate	\$ 426,155	\$ 434,631
Less Current Maturities	(9,360)	(8,873)
TOTAL LONG-TERM DEBT	<u>\$ 416,795</u>	<u>\$ 425,758</u>

Long-Term debt is scheduled to mature as follows:

2021	\$ 9,360
2022	9,873
2023	10,414
2024	10,986
2025	11,588
Thereafter	<u>373,934</u>
TOTAL	<u>\$ 426,155</u>

Interest under all debt agreements amounted to \$23,431 and \$3,949 for the year ended June 30, 2020 and 2019, respectively.

NOTE F. SBA PAYCHECK PROTECTION PROGRAM

The Organization applied for and received a Small Business Administration Paycheck Protection Program (PPP) loan on April 15, 2020. The loan was written by Shore United Bank with proceeds of \$62,425, payable in monthly installments of principal and interest at 1.00% of \$3,513 beginning November 2020. Under the terms of the PPP, the Organization is eligible for forgiveness of the loan so long as they spend at least 60% of the proceeds on payroll costs and so long as all proceeds are spent on qualifying expenses within the established 24-week time period following funding. As of June 30, 2020, the Organization has spent all of the proceeds on qualified payroll costs. In light of these facts, the Organization has recorded the entire PPP proceeds as Grant Income on the Statement of Activities for the year ended June 30, 2020.

NOTE G. DONOR RESTRICTED NET ASSETS

During the years ended June 30, 2020 and 2019, donor restricted contributions were as follows:

	<u>2020</u>	<u>2019</u>
Youth Development	\$ 95,831	\$ 96,865
Resource Center	18,609	5,000
Cultural Competency	5,593	30,907
Facilities and Capital	104,500	180,150
Family Fund	6,425	2,710
Endowment Contributions	-	5,000
Endowment Income	<u>132</u>	<u>27</u>
Total	<u>\$ 231,090</u>	<u>\$ 320,659</u>

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
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FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE G. DONOR RESTRICTED NET ASSETS (CONTINUED)

Net assets released from donor restrictions during the year ended June 30, 2020 and 2019, by incurring qualified expenses or by the occurrence of events specified by the donors were as follows:

	<u>2020</u>	<u>2019</u>
Youth Development	\$ 106,362	\$ 84,349
Resource Center	18,609	5,000
Cultural Competency	5,593	30,907
Interpreter Training	1,875	2,812
Facilities and Capital	58,315	124,751
Family Fund	<u>3,009</u>	<u>1,273</u>
Total	<u>\$ 193,763</u>	<u>\$ 249,092</u>

Net assets with donor restrictions at year end are comprised of the following:

	<u>2020</u>	<u>2019</u>
Youth Development	\$ 1,985	\$ 12,516
Interpreter Training	2,611	4,486
Facilities and Capital	101,584	55,399
Family Fund	6,912	3,496
Endowment	<u>5,159</u>	<u>5,027</u>
Total	<u>\$ 118,251</u>	<u>\$ 80,924</u>

NOTE H. ENDOWMENT FUNDS

ChesMRC received endowment contributions during the fiscal year ended June 30, 2019, and established the Chesapeake Multicultural Resource Center Fund of the Mid-Shore Community Foundation.

Endowment composition by type of fund:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
June 30, 2020			
Donor-restricted			
Endowment Funds	\$ -	\$ 5,159	\$ 5,159
Board Designated			
Endowment Funds	<u>5,112</u>	<u>-</u>	<u>5,112</u>
Total Funds	<u>\$ 5,112</u>	<u>\$ 5,159</u>	<u>\$ 10,271</u>
June 30, 2019			
Donor-restricted			
Endowment Funds	\$ -	\$ 5,027	\$ 5,027
Board Designated			
Endowment Funds	<u>4,992</u>	<u>-</u>	<u>4,992</u>
Total Funds	<u>\$ 4,992</u>	<u>\$ 5,027</u>	<u>\$ 10,019</u>

Under the terms of the contribution, the principal is to remain in perpetuity, however the income earned on the contributions is restricted for general operating expenses. Additionally, the Board designated a sum of \$5,000, to act as a Board-Designated endowment fund.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
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NOTE H. ENDOWMENT FUNDS (CONTINUED)
Changes in Endowment Net Assets:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Funds June 30, 2018	\$ -	\$ -	\$ -
Investment Return:			
Investment Income	-	23	23
Net Appreciation	-	12	12
Contributions	5,000	5,000	10,000
Appropriations—			
Operating	(8)	(8)	(16)
Endowment Funds June 30, 2019	4,992	5,027	10,019
Investment Return:			
Investment Income	106	124	230
Net Appreciation	64	67	131
Contributions	-	-	-
Appropriations—			
Operating	(50)	(59)	(110)
Endowment Funds June 30, 2020	<u>\$ 5,112</u>	<u>\$ 5,159</u>	<u>\$ 10,271</u>

NOTE I. LEASE OBLIGATIONS

The Organization has a lease that expires on September 30, 2019 for real property located on Bay Street, Easton, MD. The organization has moved operations from this location effective July 2019. Terms of the lease require monthly payments of \$1,100. Lease expenses related to this agreement totaled \$4,350 and \$13,200 for the years ended June 30, 2020 and 2019, respectively.

NOTE J. RENTAL INCOME

ChesMRC leases office spaces and residential apartments to unrelated companies. The amount of rental income received was \$34,380 and \$9,275 for the years ended June 30, 2020 and 2019, respectively.

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NOTE K. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows as of June 30, 2020 and 2019:

	2020	2019
Cash and cash equivalents	\$ 414,024	\$ 275,901
Investments	10,313	10,019
Accounts Receivable	5,458	656
Prepaid Expenses	<u>2,633</u>	<u>3,940</u>
Total financial assets available within one year	432,428	290,516
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	113,092	75,897
Restricted by donors in perpetuity	<u>5,159</u>	<u>5,027</u>
Total amounts unavailable for general expenditures within one year	118,251	80,924
Amounts unavailable for management without Board's approval		
Board Designated	<u>5,112</u>	<u>4,992</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 309,065</u>	<u>\$ 204,600</u>

As part of the Organization's liquidity management, it has a policy to structure its financial resources to be available as its general expenditures, liabilities, and other obligations come due. The Organization has an available line of credit with borrowing up to \$50,000 which it can utilize to meet short-term liquidity needs.

NOTE L. SUBSEQUENT EVENTS

In response to the COVID-19 pandemic, many non-essential businesses have closed and social distancing has been implemented. ChesMRC remains open and operating. The need for outreach services related to non-English speaking communities has increased and the Organization has received several new contracts related to such services. The Organization has applied for numerous grant and loan programs as outlined below. The short and long-term impacts of the COVID-19 pandemic on the Organization are unknown at this time.

Paycheck Protection Program Loan	\$ 62,425
Maryland COVID-19 Emergency Relief Grant	\$ 10,000
Department of Housing and Community Development (DHCD) Nonprofit Recovery Initiative Grant	\$ 15,000