

**CHESAPEAKE MULTICULTURAL
RESOURCE CENTER, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2022

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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, 2022 and 2021 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.

We are required to be independent of Chesapeake Multicultural Resource Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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 17, 2023

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CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 370,562	\$ 413,888
Accounts Receivable	17,720	5,385
Grants Receivable	28,513	-
Prepaid Expenses	3,170	3,534
TOTAL CURRENT ASSETS	<u>419,965</u>	<u>422,807</u>
<u>FIXED ASSETS</u>		
Land	221,946	221,946
Building and Improvements	362,657	362,657
FIXED ASSETS, AT COST	<u>584,603</u>	<u>584,603</u>
Less: Accumulated Depreciation	(31,420)	(20,902)
TOTAL FIXED ASSETS, AT COST, LESS ACCUMULATED DEPRECIATION	<u>553,183</u>	<u>563,701</u>
<u>OTHER ASSETS</u>		
Other Investments	86,010	51
Endowment Investments	11,951	13,792
TOTAL OTHER ASSETS	<u>97,961</u>	<u>13,843</u>
TOTAL ASSETS	<u>\$ 1,071,109</u>	<u>\$ 1,000,351</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Current Maturities of Long-Term Debt	\$ 25,725	\$ 11,012
Accounts Payable	2,230	5,304
Rental Security Deposits	901	900
Payroll Taxes Payable	3,051	1,243
Accrued Payroll	20,510	17,383
Deferred Revenue	7,428	7,480
TOTAL CURRENT LIABILITIES	<u>59,845</u>	<u>43,322</u>
<u>LONG-TERM DEBT</u>		
Mortgage Payable	139,973	382,211
TOTAL LONG-TERM DEBT	<u>139,973</u>	<u>382,211</u>
TOTAL LIABILITIES	<u>199,818</u>	<u>425,533</u>
<u>NET ASSETS</u>		
Without Donor Restrictions	731,921	417,615
With Donor Restrictions	139,370	157,203
TOTAL NET ASSETS	<u>871,291</u>	<u>574,818</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,071,109</u>	<u>\$ 1,000,351</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 ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
REVENUES						
Contributed Revenue	\$ 316,406	\$ 167,005	\$ 483,411	\$ 249,511	\$ 18,556	\$ 268,067
Grant Revenue	134,137	86,881	221,018	82,817	113,243	196,060
Contracts for Services	159,749	-	159,749	101,409	-	101,409
Rental Income	36,500	-	36,500	40,264	-	40,264
Interest & Dividend Income	300	122	422	238	(61)	177
Realized and Unrealized Gains/(Losses)	(1,037)	(1,046)	(2,083)	1,763	1,778	3,541
Other Income	10,305	-	10,305	4,407	-	4,407
TOTAL REVENUES	656,360	252,962	909,322	480,409	133,516	613,925
EXPENSES						
Program Expenses:						
Youth Development	107,039	-	107,039	91,118	-	91,118
Family Fund	10,446	-	10,446	4,021	-	4,021
Information and referral	433,260	-	433,260	332,745	-	332,745
Total Program Expenses	550,745	-	550,745	427,884	-	427,884
Supporting Services:						
Management and general	51,871	-	51,871	57,906	-	57,906
Fundraising	10,233	-	10,233	41,397	-	41,397
Total Supporting Services	62,104	-	62,104	99,303	-	99,303
TOTAL EXPENSES	612,849	-	612,849	527,187	-	527,187
EXCESS OF REVENUE OVER EXPENSES BEFORE TRANSFER	43,511	252,962	296,473	(46,778)	133,516	86,738
NET ASSETS RELEASED FROM RESTRICTIONS	270,795	(270,795)	-	94,564	(94,564)	-
CHANGE IN NET ASSETS	314,306	(17,833)	296,473	47,786	38,952	86,738
NET ASSETS AT BEGINNING OF YEAR	417,615	157,203	574,818	369,829	118,251	488,080
NET ASSETS AT END OF YEAR	\$ 731,921	\$ 139,370	\$ 871,291	\$ 417,615	\$ 157,203	\$ 574,818

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, 2022 AND 2021

	2022				2021			
	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising	Total
Accounting Fees	\$ -	\$ 6,100	\$ -	\$ 6,100	\$ -	\$ 6,025	\$ -	\$ 6,025
Advertising and Marketing	49	-	-	49	374	140	-	514
Bank Service Fees	311	556	372	1,239	135	984	-	1,119
Conferences and Meetings	1,026	-	-	1,026	-	-	-	-
Depreciation Expense	8,414	1,578	526	10,518	-	10,255	-	10,255
Dues and Subscriptions	2,363	-	-	2,363	2,785	-	209	2,994
Employee Benefit	33,909	537	10	34,456	22,320	3,420	436	26,176
Information Technology	3,415	184	1,518	5,117	7,149	845	928	8,922
Insurance	2,408	6,964	-	9,372	4,555	3,703	-	8,258
Loan & Property Fees	25	-	-	25	-	-	-	-
Mortgage Interest	9,014	1,690	563	11,267	16,390	647	539	17,576
Occupancy	5,641	518	-	6,159	5,869	-	-	5,869
Office Expense	4,308	-	-	4,308	4,415	20	72	4,507
Payroll Processing	-	1,759	-	1,759	-	921	-	921
Printing & Copying	1,377	-	2,961	4,338	1,290	-	1,948	3,238
Supply & Activity Expense	74,607	55	2,828	77,490	21,751	62	-	21,813
Postage & Shipping	2,072	-	312	2,384	1,537	183	633	2,353
Professional Development	-	-	-	-	20	157	229	406
Payroll Taxes	26,130	2,942	74	29,146	24,945	1,955	3,050	29,950
Property Taxes	2,996	533	178	3,707	4,028	1,019	251	5,298
Professional Fees	8,397	4,240	172	12,809	7,087	3,107	-	10,194
Repairs & Maintenance	31,467	-	-	31,467	10,724	354	-	11,078
Telecommunications	8,626	-	-	8,626	5,983	-	11	5,994
Travel	82	-	-	82	-	-	-	-
Salaries	324,108	24,215	719	349,042	286,527	24,109	33,091	343,727
Total Functional Expenses	\$ 550,745	\$ 51,871	\$ 10,233	\$ 612,849	\$ 427,884	\$ 57,906	\$ 41,397	\$ 527,187

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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 296,473	\$ 86,738
Adjustments to Reconcile Change in Net Assets to Net Cash and Cash Equivalents Provided by (Used In) Operating Activities:		
Depreciation	10,518	10,255
(Gain) Loss and (Appreciation)/ Depreciation of Investments	2,083	(3,541)
(Increase) Decrease in Assets:		
Accounts Receivable	(12,335)	73
Grants Receivable	(28,513)	
Prepaid Expenses	364	(901)
(Decrease) Increase in Liabilities:		
Accounts Payable	(3,074)	2,596
Payroll Taxes Payable	1,808	(1,217)
Accrued Liabilities	3,127	721
Deferred Revenue	(52)	(38,187)
Rental Security Deposits	1	-
NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES	<u>270,400</u>	<u>56,537</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Property, Plant & Equipment	-	(23,752)
Purchase of Investments	(89,756)	(4,149)
Proceeds from Sale of Investments	3,555	4,160
NET CASH AND CASH EQUIVALENTS USED IN INVESTING ACTIVITIES	<u>(86,201)</u>	<u>(23,741)</u>
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Repayment of Long Term Borrowings	<u>(227,525)</u>	<u>(32,932)</u>
NET CASH AND CASH EQUIVALENTS USED IN FINANCING ACTIVITIES	<u>(227,525)</u>	<u>(32,932)</u>
Net Decrease in Cash and Cash Equivalents	(43,326)	(136)
Cash and Cash Equivalents, Beginning of Year	<u>413,888</u>	<u>414,024</u>
Cash and Cash Equivalents, End of Year	<u>\$ 370,562</u>	<u>\$ 413,888</u>
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for:		
Interest	\$ 11,267	\$ 17,576
Income Taxes	<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, 2022 AND 2021

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. 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.

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. 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.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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

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.

REVENUE RECOGNITION

The Organization follows two Financial Accounting Standards Board (FASB) Accounting Standards Updates (ASU) that 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.

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.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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

REVENUE RECOGNITION – (CONTINUED)

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.

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.

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.

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 \$367,921 and \$421,336 (carrying amounts of \$370,562 and \$413,888) for the years ended June 30, 2022 and 2021, respectively. Of the cash in bank, \$250,000 was insured by the Federal Deposit Insurance Company for the years ended June 30, 2022 and 2021, respectively. The remaining balances of \$117,921 and \$171,336 were uninsured for the years ended June 30, 2022 and 2021, 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.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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

DEFERRED REVENUE

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

FIXED ASSETS

Fixed assets are carried at cost. Assets and accumulated depreciation accounts are relieved when properties are retired or otherwise disposed. Gains and losses on the sale of property are included in revenue.

CONTRIBUTED SERVICES

Contributed services are reflected in the accompanying statements at their estimated fair values at the date of receipt to the extent that they create or enhance nonfinancial assets or require specialized skills which, if not provided by donation, would have to be purchased by the Organization.

A substantial number of unpaid volunteers make contributions of their time, particularly to the after-school, scouting and adult literacy programs, approximately 15 people during fiscal years ending June 30, 2022 and 2021. The value of these contributed services is not included in the accompanying financial statements because the criteria for recognition under FASB-ASC 958-605 has not been satisfied.

DEPRECIATION

Depreciation is calculated using the straight-line method over the estimated useful lives of the fixed assets as follows:

Building and Improvements 15 to 39 Years

Fixed asset activity for ChesMRC for the years ended June 30, 2022 and 2021 was as follows:

	<u>Balance as of</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance as of</u> <u>June 30, 2022</u>
Buildings and Improvements	\$ 362,657	\$ -	\$ -	\$ 362,657
Land	<u>221,946</u>	<u>-</u>	<u>-</u>	<u>221,946</u>
Totals	<u>\$ 584,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 584,603</u>

	<u>Balance as of</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance as of</u> <u>June 30, 2021</u>
Buildings and Improvements	\$ 338,905	\$ 23,752	\$ -	\$ 362,657
Land	<u>221,946</u>	<u>-</u>	<u>-</u>	<u>221,946</u>
Totals	<u>\$ 560,851</u>	<u>\$ 23,752</u>	<u>\$ -</u>	<u>\$ 584,603</u>

Depreciation expense on all fixed assets was \$10,518 and \$10,255 for the years ended June 30, 2022 and 2021, respectively.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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

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 are subject to examination by the IRS and/or state authorities, generally, for the three years after have been filed.

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 17, 2023 which is the date the financial statements were available to be issued.

NOTE B. INVESTMENTS/MARKETABLE SECURITIES

The Organization maintains investments in two accounts with Mid-Shore Community Foundation and one account with Wye Financial & Trust. Investments are stated at fair market value and are composed of the following:

	<u>MARKET</u>	<u>COST</u>
<u>Balances at June 30, 2022:</u>		
Without Donor Restrictions	<u>\$ 92,038</u>	<u>\$ 91,850</u>
With Donor Restrictions – Endowment	<u>\$ 5,923</u>	<u>\$ 5,728</u>
<u>Balances at June 30, 2021:</u>		
Without Donor Restrictions	<u>\$ 6,996</u>	<u>\$ 5,771</u>
With Donor Restrictions – Endowment	<u>\$ 6,847</u>	<u>\$ 5,606</u>

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

NOTE B. 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>2022</u>	<u>2021</u>
	\$ (2,173)	\$ 2,426
Realized gain (loss) for the year	<u>90</u>	<u>1,115</u>
Total gain (loss) for the year	<u>\$ (2,083)</u>	<u>\$ 3,541</u>

NOTE C. 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, 2022 and 2021 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, 2022</u>				
Marketable Securities/ Traded Funds	\$ <u>97,961</u>	\$ <u>86,010</u>	\$ <u>11,951</u>	\$ <u>-</u>
<u>As of June 30, 2021</u>				
Marketable Securities/ Traded Funds	\$ <u>13,843</u>	\$ <u>51</u>	\$ <u>13,792</u>	\$ <u>-</u>

NOTE D. 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% and 4.00% at June 30, 2022 and 2021, respectively. No borrowings were made against this line of credit for the years ended June 30, 2022 or 2021.

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NOTE D. DEBT (CONTINUED)

Long-Term Debt

Long-term debt consists of the following:

	<u>2022</u>	<u>2021</u>
Mortgage Payable – Shore United Bank; Monthly Principal and Interest Installments of \$2,659; Matures April 20, 2044, Interest at 4.00% per Annum; Secured by Commercial Real Estate	\$ 165,698	\$ 393,223
Less Current Maturities	<u>(25,725)</u>	<u>(11,012)</u>
TOTAL LONG-TERM DEBT	<u>\$ 139,973</u>	<u>\$ 382,211</u>

Long-Term debt is scheduled to mature as follows:

2023	\$ 25,725
2024	26,773
2025	27,864
2026	28,999
2027	30,181
Thereafter	<u>26,156</u>
TOTAL	<u>\$ 165,698</u>

Interest under all debt agreements amounted to \$11,267 and \$17,576 for the years ended June 30, 2022 and 2021, respectively.

NOTE E. DONOR RESTRICTED NET ASSETS

During the years ended June 30, 2022 and 2021, donor restricted contributions were as follows:

	<u>2022</u>	<u>2021</u>
Youth Development	\$ 176,760	\$ 53,243
Scholarship	50,582	-
Resource Center	-	35,000
Facilities and Capital	25,000	39,939
Family Fund	1,544	3,646
Endowment Income	<u>(924)</u>	<u>1,688</u>
Total	<u>\$ 252,962</u>	<u>\$ 133,516</u>

Net assets released from donor restrictions during the year ended June 30, 2022 and 2021, by incurring qualified expenses or by the occurrence of events specified by the donors were as follows:

	<u>2022</u>	<u>2021</u>
Youth Development	\$ 57,574	\$ 55,228
Scholarship	38,932	-
Resource Center	-	35,000
Facilities and Capital	166,335	188
Family Fund	<u>7,954</u>	<u>4,148</u>
Total	<u>\$ 270,795</u>	<u>\$ 94,564</u>

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

	<u>2022</u>	<u>2021</u>
Youth Development	\$ 119,186	\$ -
Scholarship	11,650	-
Interpreter Training	2,611	2,611
Facilities and Capital	-	141,335
Family Fund	-	6,410
Endowment	<u>5,923</u>	<u>6,847</u>
Total	<u>\$ 139,370</u>	<u>\$ 157,203</u>

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CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
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NOTE F.

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>
<u>June 30, 2022</u>			
Donor-restricted			
Endowment Funds	\$ -	\$ 5,923	\$ 5,923
Board Designated			
Endowment Funds	<u>6,028</u>	<u>-</u>	<u>6,028</u>
Total Funds	<u>\$ 6,028</u>	<u>\$ 5,923</u>	<u>\$ 11,951</u>
<u>June 30, 2021</u>			
Donor-restricted			
Endowment Funds	\$ -	\$ 6,847	\$ 6,847
Board Designated			
Endowment Funds	<u>6,945</u>	<u>-</u>	<u>6,945</u>
Total Funds	<u>\$ 6,945</u>	<u>\$ 6,847</u>	<u>\$ 13,792</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.

Changes in Endowment Net Assets:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Funds			
June 30, 2020	\$ 5,112	\$ 5,159	\$ 10,271
Investment Return:			
Investment Income	70	(90)	(20)
Net Appreciation	1,763	1,778	3,541
Contributions	-	-	-
Appropriations—			
Operating	<u>-</u>	<u>-</u>	<u>-</u>
Endowment Funds			
June 30, 2021	6,945	6,847	13,792
Investment Return:			
Investment Income	165	167	332
Net Appreciation	(1,082)	(1,091)	(2,173)
Contributions	-	-	-
Appropriations—			
Operating	<u>-</u>	<u>-</u>	<u>-</u>
Endowment Funds			
June 30, 2022	<u>\$ 6,028</u>	<u>\$ 5,923</u>	<u>\$ 11,951</u>

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CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE G. RENTAL INCOME

ChesMRC leases office spaces and residential apartments to unrelated companies. The amount of rental income received was \$36,500 and \$40,264 for the years ended June 30, 2022 and 2021, respectively.

NOTE H. 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, 2022 and 2021:

	2022	2021
Cash and cash equivalents	\$ 370,562	\$ 413,888
Investments	97,961	13,843
Grants and Accounts Receivable	46,233	5,385
Prepaid Expenses	<u>3,170</u>	<u>3,534</u>
Total financial assets available within one year	517,926	436,650
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	134,370	152,203
Restricted by donors in perpetuity	<u>5,000</u>	<u>5,000</u>
Total amounts unavailable for general expenditures within one year	139,370	157,203
Amounts unavailable for management without Board's approval		
Board Designated	<u>6,028</u>	<u>6,945</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 372,528</u>	<u>\$ 272,502</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.