

**CHESAPEAKE MULTICULTURAL
RESOURCE CENTER, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2024

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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, 2024 and 2023 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
November 26, 2024

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

<u>ASSETS</u>		
	<u>2024</u>	<u>2023</u>
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 194,310	\$ 278,800
Accounts Receivable	2,964	12,273
Grants Receivable	9,371	64,030
Reimbursements Receivable	4,742	-
Prepaid Expenses	7,378	4,108
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	218,765	359,211
<u>FIXED ASSETS</u>		
Land	221,946	221,946
Building and Improvements	514,753	362,657
Construction in Progress	-	25,231
	<hr/>	<hr/>
FIXED ASSETS, AT COST	736,699	609,834
Less: Accumulated Depreciation	(55,836)	(41,938)
	<hr/>	<hr/>
TOTAL FIXED ASSETS, AT COST, LESS ACCUMULATED DEPRECIATION	680,863	567,896
<u>OTHER ASSETS</u>		
Other Investments	469,022	137,990
Endowment Investments	14,366	13,089
	<hr/>	<hr/>
TOTAL OTHER ASSETS	483,388	151,079
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 1,383,016</u>	<u>\$ 1,078,186</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Current Maturities of Long-Term Debt	\$ 30,564	\$ 28,096
Accounts Payable	2,909	4,675
Rental Security Deposits	-	901
Payroll Taxes Payable	7,689	7,443
Accrued Payroll	18,211	26,058
Deferred Revenue	98,300	7,428
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	157,673	74,601
<u>LONG-TERM DEBT</u>		
Mortgage Payable	16,643	79,447
	<hr/>	<hr/>
TOTAL LONG-TERM DEBT	16,643	79,447
	<hr/>	<hr/>
TOTAL LIABILITIES	174,316	154,048
<u>NET ASSETS</u>		
Without Donor Restrictions	1,101,534	878,409
With Donor Restrictions	107,166	45,729
	<hr/>	<hr/>
TOTAL NET ASSETS	1,208,700	924,138
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,383,016</u>	<u>\$ 1,078,186</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, 2024 AND 2023

	<u>2024</u>			<u>2023</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>
<u>REVENUES</u>						
Contributed Revenue	\$ 364,154	\$ 8,450	\$ 372,604	\$ 315,007	\$ 19,650	\$ 334,657
Grant Revenue	396,000	146,250	542,250	76,511	125,343	201,854
Contracts for Services	93,425	-	93,425	93,452	-	93,452
Event Income	-	-	-	45,462	-	45,462
Rental Income	31,201	-	31,201	30,300	-	30,300
Interest & Dividend Income	11,490	(44)	11,446	614	140	754
Realized and Unrealized Gains/(Losses)	(6,207)	598	(5,609)	22,537	431	22,968
Other Income	2,501	-	2,501	4,986	-	4,986
TOTAL REVENUES	892,564	155,254	1,047,818	588,869	145,564	734,433
<u>EXPENSES</u>						
Program Expenses:						
Youth Development	84,396	-	84,396	104,616	-	104,616
Family Fund	8,140	-	8,140	5,144	-	5,144
Information and referral	582,274	-	582,274	478,621	-	478,621
Total Program Expenses	674,810	-	674,810	588,381	-	588,381
Supporting Services:						
Management and general	76,466	-	76,466	70,389	-	70,389
Fundraising	11,980	-	11,980	22,816	-	22,816
Total Supporting Services	88,446	-	88,446	93,205	-	93,205
TOTAL EXPENSES	763,256	-	763,256	681,586	-	681,586
<u>EXCESS OF REVENUE OVER EXPENSES</u>						
<u>BEFORE TRANSFER</u>	129,308	155,254	284,562	(92,717)	145,564	52,847
<u>NET ASSETS RELEASED FROM RESTRICTIONS</u>	93,817	(93,817)	-	239,205	(239,205)	-
<u>CHANGE IN NET ASSETS</u>	223,125	61,437	284,562	146,488	(93,641)	52,847
<u>NET ASSETS AT BEGINNING OF YEAR</u>	878,409	45,729	924,138	731,921	139,370	871,291
<u>NET ASSETS AT END OF YEAR</u>	\$ 1,101,534	\$ 107,166	\$ 1,208,700	\$ 878,409	\$ 45,729	\$ 924,138

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, 2024 AND 2023

	2024				2023			
	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising	Total
Accounting Fees	\$ -	\$ 6,500	\$ -	\$ 6,500	\$ -	\$ 6,000	\$ -	\$ 6,000
Advertising and Marketing	277	-	-	277	254	1,937	-	2,191
Bank Service Fees	1,045	747	-	1,792	616	218	564	1,398
Conferences and Meetings	53	-	100	153	1,008	-	-	1,008
Depreciation Expense	11,118	2,085	695	13,898	8,414	1,578	526	10,518
Dues and Subscriptions	2,603	-	94	2,697	2,538	-	-	2,538
Employee Benefit	53,336	6,400	-	59,736	40,520	11,710	10	52,240
Information Technology	7,383	929	1,548	9,860	8,384	229	980	9,593
Insurance	8,558	797	240	9,595	5,864	2,699	230	8,793
Loan & Property Fees	653	-	-	653	-	-	-	-
Mortgage Interest	2,765	518	173	3,456	4,509	845	282	5,636
Occupancy	11,170	-	-	11,170	4,528	2,407	-	6,935
Office Expense	2,731	-	-	2,731	5,051	355	-	5,406
Payroll Processing	1,786	-	-	1,786	-	1,597	-	1,597
Printing & Copying	3,943	-	1,240	5,183	1,460	200	11,621	13,281
Supply & Activity Expense	82,358	-	1,013	83,371	80,460	39	6,663	87,162
Postage & Shipping	6,035	-	330	6,365	7,707	30	-	7,737
Professional Development	1,985	738	244	2,967	60	-	50	110
Payroll Taxes	31,004	3,646	-	34,650	30,795	2,965	53	33,813
Property Taxes	4,846	1,609	303	6,758	3,985	747	249	4,981
Professional Fees	5,900	7,202	6,000	19,102	2,671	1,310	900	4,881
Repairs & Maintenance	6,442	861	-	7,303	6,950	2,020	-	8,970
Telecommunications	8,930	-	-	8,930	8,286	-	-	8,286
Travel	4,716	-	-	4,716	76	92	-	168
Salaries	415,173	44,434	-	459,607	364,245	33,411	688	398,344
Total Functional Expenses	\$ 674,810	\$ 76,466	\$ 11,980	\$ 763,256	\$ 588,381	\$ 70,389	\$ 22,816	\$ 681,586

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, 2024 AND 2023

	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 284,562	\$ 52,847
Adjustments to Reconcile Change in Net Assets to Net Cash and Cash Equivalents Provided by Operating Activities:		
Depreciation	13,898	10,518
(Gain) Loss and (Appreciation)/ Depreciation of Investments	5,608	(22,968)
(Increase) Decrease in Assets:		
Accounts Receivable	9,309	5,447
Grants Receivable	54,659	(35,517)
Reimbursements Receivable	(4,742)	-
Prepaid Expenses	(3,270)	(938)
(Decrease) Increase in Liabilities:		
Accounts Payable	(1,766)	2,445
Payroll Taxes Payable	246	4,392
Accrued Liabilities	(7,847)	5,548
Deferred Revenue	90,872	-
Rental Security Deposits	(901)	-
NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES	440,628	21,774
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Property, Plant & Equipment	(126,865)	(25,231)
Purchase of Investments	(586,943)	(114,624)
Proceeds from Sale of Investments	248,794	84,474
NET CASH AND CASH EQUIVALENTS USED IN INVESTING ACTIVITIES	(465,014)	(55,381)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Repayment of Long Term Borrowings	(60,336)	(58,155)
NET CASH AND CASH EQUIVALENTS USED IN FINANCING ACTIVITIES	(60,336)	(58,155)
Net Decrease in Cash and Cash Equivalents	(84,722)	(91,762)
Cash and Cash Equivalents, Beginning of Year	278,800	370,562
Cash and Cash Equivalents, End of Year	\$ 194,078	\$ 278,800
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for:		
Interest	\$ 3,456	\$ 5,636
Income Taxes	\$ -	\$ -

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, 2024 AND 2023

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.

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 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 at Easton Elementary School and the ChesMRC Scholarship program. After-school programs are funded through private donations and small grants. The program provides enrichment programming from 3:30-5:30 that includes Healthy Habits, STEM activities, arts and crafts, and Scout programs. 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 ChesMRC scholarship fund is designed to identify and assist students with the most need.

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 are 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. ChesMRC is an accredited organization through the Department of Justice and can represent clients before US Citizenship & Immigration 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.

See Independent Accountants' Review Report

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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

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 with 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.

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 receivables 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.

See Independent Accountants' Review Report

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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

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 \$106,476 and \$286,490 (carrying amounts of \$194,310 and \$278,800) for the years ended June 30, 2024, and 2023, respectively. Cash deposits are insured, up to \$250,000, by the Federal Deposit Insurance Company. Balances were fully insured on June 30, 2024. The excess balance of \$36,490 was uninsured for the year ended June 30, 2023.

ACCOUNTS RECEIVABLE / CREDIT LOSSES

Accounts receivable are stated at face amount. Management evaluates the collectability of receivables based on current conditions, past experience, and forecast of future events. 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 credit losses.

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, certificates of deposit, 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 D 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.

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 afterschool, scouting, and adult literacy programs, approximately fifteen people during fiscal years ending June 30, 2024, and 2023. 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.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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

SUBSEQUENT EVENTS EVALUATION

Subsequent events were evaluated through November 26, 2024, which is the date the financial statements were available to be issued.

NOTE B. RECENTLY ADOPTED ACCOUNTING STANDARDS

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses* (Topic 326). The ASU introduced a new credit loss methodology, Currently Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. ASU 2016-13 became effective for private entities and nonprofit organizations for periods beginning after December 15, 2022.

The CECL methodology utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses for loans, held-to-maturity securities, and other receivables at the time the financial asset originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized. For available-for-sale securities where fair value is less than cost, credit-related impairment, if any, is recognized through an allowance for credit losses and adjusted each period for changes in credit risks.

On July 1, 2023, the Organization adopted the guidance; the adoption of this standard did not have a material impact on the financial statements or related disclosures.

NOTE C. INVESTMENTS/MARKETABLE SECURITIES

The Organization maintains investments in two accounts with Mid-Shore Community Foundation, an account with Morgan Stanley and an 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 on June 30, 2024:</u>		
Without Donor Restrictions	<u>\$ 476,339</u>	<u>\$ 475,070</u>
With Donor Restrictions – Endowment	<u>\$ 7,048</u>	<u>\$ 6,290</u>
<u>Balances on June 30, 2023:</u>		
Without Donor Restrictions	<u>\$ 144,585</u>	<u>\$ 119,463</u>
With Donor Restrictions – Endowment	<u>\$ 6,494</u>	<u>\$ 6,050</u>

The net increase in unrealized appreciation has been reflected in the current year’s 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>2024</u>	<u>2023</u>
	\$ 1,314	\$ 25,133
Realized gain (loss) for the year	<u>(6,923)</u>	<u>(2,165)</u>
Total gain (loss) for the year	<u>\$ (5,609)</u>	<u>\$ 22,968</u>

See Independent Accountants’ Review Report

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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 on June 30, 2024, and 2023 are as follows:

<u>As of June 30, 2024</u>	<u>Fair Market Value</u>	<u>Quoted Prices in Markets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
Marketable Securities/ Traded Funds	<u>\$ 483,388</u>	<u>\$ 469,022</u>	<u>\$ 14,366</u>	<u>\$ -</u>
 <u>As of June 30, 2023</u>				
Marketable Securities/ Traded Funds	<u>\$ 151,079</u>	<u>\$ 137,990</u>	<u>\$ 13,089</u>	<u>\$ -</u>

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, 9.50% and 9.25% on June 30, 2024, and 2023, respectively. No borrowings were made against this line of credit for the years ended June 30, 2024, or 2023.

Long-Term Debt

Long-term debt consists of the following:

	<u>2024</u>	<u>2023</u>
Mortgage Payable – Shore United Bank. Monthly Principal and Interest Installments of \$2,659. Matures April 20, 2044, Interest at 6.50% per Annum. Secured by Commercial Real Estate	\$ 47,207	\$ 107,543
Less Current Maturities	<u>(30,564)</u>	<u>(28,096)</u>
TOTAL LONG-TERM DEBT	<u>\$ 16,643</u>	<u>\$ 79,447</u>

Long-Term debt is scheduled to mature as follows:

2025	\$ 30,564
2026	<u>16,643</u>
TOTAL	<u>\$ 47,207</u>

Interest under all debt agreements amounted to \$3,456 and \$5,636 for the years ended June 30, 2024, and 2023, respectively.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

NOTE F. DONOR RESTRICTED NET ASSETS

During the years ended June 30, 2024, and 2023, donor restricted contributions were as follows:

	<u>2024</u>	<u>2023</u>
Youth Development	\$ 37,750	\$ 63,343
Scholarship	115,000	52,000
Facilities and Capital	-	25,000
Family Fund	1,950	4,650
Endowment Income	<u>554</u>	<u>571</u>
Total	<u>\$ 155,254</u>	<u>\$ 145,564</u>

Net assets released from donor restrictions during the year ended June 30, 2024, and 2023, by incurring qualified expenses or by the occurrence of events specified by the donors were as follows:

	<u>2024</u>	<u>2023</u>
Youth Development	\$ 38,475	\$ 156,664
Scholarship	53,392	52,891
Facilities and Capital	-	25,000
Family Fund	<u>1,950</u>	<u>4,650</u>
Total	<u>\$ 93,817</u>	<u>\$ 239,205</u>

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

	<u>2024</u>	<u>2023</u>
Youth Development	\$ 25,140	\$ 25,865
Scholarship	72,367	10,759
Interpreter Training	2,611	2,611
Endowment	<u>7,048</u>	<u>6,494</u>
Total	<u>\$ 107,166</u>	<u>\$ 45,729</u>

NOTE G. 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</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<u>June 30, 2024</u>			
Donor-restricted			
Endowment Funds	\$ -	\$ 7,048	\$ 7,048
Board Designated			
Endowment Funds	<u>7,318</u>	-	<u>7,318</u>
Total Funds	<u>\$ 7,318</u>	<u>\$ 7,048</u>	<u>\$ 14,366</u>
<u>June 30, 2023</u>			
Donor-restricted			
Endowment Funds	\$ -	\$ 6,494	\$ 6,494
Board Designated			
Endowment Funds	<u>6,595</u>	-	<u>6,595</u>
Total Funds	<u>\$ 6,595</u>	<u>\$ 6,494</u>	<u>\$ 13,089</u>

See Independent Accountants' Review Report

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
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NOTE G. ENDOWMENT FUNDS (CONTINUED)

Under the terms of the contribution, the principal is to remain in perpetuity, however the income earned on the contributions is restricted to general operating expenses. Additionally, the Board designated a sum of \$5,000, to function 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, 2022	\$ 6,028	\$ 5,923	\$ 11,951
Investment Return:			
Investment Income	321	322	643
Net Appreciation	246	249	495
Contributions	-	-	-
Appropriations—			
Operating	-	-	-
Endowment Funds			
June 30, 2023	6,595	6,494	13,089
Investment Return:			
Investment Income	411	240	651
Net Appreciation	312	314	626
Contributions	-	-	-
Appropriations—			
Operating	-	-	-
Endowment Funds			
June 30, 2024	<u>\$ 7,318</u>	<u>\$ 7,048</u>	<u>\$ 14,366</u>

NOTE H. RENTAL INCOME

ChesMRC leases office spaces and residential apartments to unrelated companies. The amount of rental income received was \$31,201 and \$30,300 for the years ended June 30, 2024, and 2023, respectively.

NOTE I. REIMBURSEMENT RECEIVABLE

In September 2023, employee misappropriation was discovered through ChesMRC internal control procedures. It was discovered that the employee had misappropriated approximately \$13,000. The Board, with the guidance of an attorney Board member, issued notice to the former employee of the discovery and demanded restitution to ChesMRC. In June 2024, the Organization reached a settlement agreement with the former employee for restitution in the amount of \$5,000. On June 30, 2024, the balance owed was \$4,742.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
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NOTE J. 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, 2024, and 2023:

	2024	2023
Cash and cash equivalents	\$ 194,310	\$ 278,800
Investments	483,388	151,079
Grants and Accounts Receivable	17,077	76,303
Prepaid Expenses	<u>7,378</u>	<u>4,108</u>
Total financial assets available within one year	702,153	510,290
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	102,166	40,729
Restricted by donors in perpetuity	<u>5,000</u>	<u>5,000</u>
Total amounts unavailable for general expenditures within one year	107,166	45,729
Amounts unavailable for management without Board's approval.		
Board Designated	<u>7,317</u>	<u>6,595</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 587,670</u>	<u>\$ 457,966</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.