

# **De Novo Center for Justice and Healing, Inc.**

Financial Statements

June 30, 2021 and 2020

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## Independent Auditor's Report

To the Board of Directors  
De Novo Center for Justice and Healing, Inc.

We have audited the accompanying financial statements of De Novo Center for Justice and Healing, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### ***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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of De Novo Center for Justice and Healing, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Baker Tilly US, LLP*

Baker Tilly US, LLP  
Tewksbury, Massachusetts  
January 27, 2022

**Statements of Financial Position**
**De Novo Center for Justice and Healing, Inc.**

<b>June 30</b>	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 288,547	\$ 739,641
Grants and Contributions Receivable	750,437	394,869
Prepaid Expenses and Other Current Assets	19,366	34,221
<b>Total Current Assets</b>	<b>1,058,350</b>	<b>1,168,731</b>
Investments	969,968	571,700
Property and Equipment, Net of Accumulated Depreciation	70,551	65,031
Deposits	34,255	34,255
<b>Total Assets</b>	<b>\$ 2,133,124</b>	<b>\$ 1,839,717</b>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts Payable	\$ 7,262	\$ 20,708
Accrued Expenses	227,419	179,797
<b>Total Current Liabilities</b>	<b>234,681</b>	<b>200,505</b>
Long-Term Debt – Paycheck Protection Program	-	326,820
Deferred Rent	302,012	275,851
<b>Total Liabilities</b>	<b>536,693</b>	<b>803,176</b>
Net Assets:		
Net Assets without Donor Restrictions	1,330,409	702,716
Net Assets with Donor Restrictions	266,022	333,825
<b>Total Net Assets</b>	<b>1,596,431</b>	<b>1,036,541</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,133,124</b>	<b>\$ 1,839,717</b>

*The accompanying notes are an integral part of these financial statements.*

**Statements of Activities**
**De Novo Center for Justice and Healing, Inc.**
**For the Years Ended June 30**
**2021**
**2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Operating Activities:</b>						
<b>Revenue and Other Support:</b>						
Contributions	\$ 898,369	\$ 614,516	\$ 1,512,885	\$ 669,182	\$ 700,006	\$ 1,369,188
Grants and Contracts Revenue	1,461,271	-	1,461,271	806,732	-	806,732
Donated Goods and Services	298,349	-	298,349	484,510	-	484,510
Special Events	45,000	-	45,000	-	-	-
Program Service Fees	15,163	-	15,163	40,593	-	40,593
Other Income	-	-	-	2,782	-	2,782
Net Assets Released from Restriction	682,319	(682,319)	-	646,348	(646,348)	-
<b>Total Revenue and Other Support</b>	<b>3,400,471</b>	<b>(67,803)</b>	<b>3,332,668</b>	<b>2,650,147</b>	<b>53,658</b>	<b>2,703,805</b>
<b>Operating Expenses:</b>						
<b>Program Services:</b>						
Counseling Services	509,214	-	509,214	463,669	-	463,669
Legal Services	2,237,967	-	2,237,967	1,825,845	-	1,825,845
<b>Total Program Services</b>	<b>2,747,181</b>	<b>-</b>	<b>2,747,181</b>	<b>2,289,514</b>	<b>-</b>	<b>2,289,514</b>
General and Administrative	282,867	-	282,867	333,439	-	333,439
Fundraising	182,917	-	182,917	189,258	-	189,258
<b>Total Operating Expenses</b>	<b>3,212,965</b>	<b>-</b>	<b>3,212,965</b>	<b>2,812,211</b>	<b>-</b>	<b>2,812,211</b>
<b>Increase (Decrease) in Net Assets from Operations</b>	<b>187,506</b>	<b>(67,803)</b>	<b>119,703</b>	<b>(162,064)</b>	<b>53,658</b>	<b>(108,406)</b>
<b>Nonoperating Activities:</b>						
<b>Gain on Extinguishment of Long-Term Debt - Paycheck</b>						
Protection Program	326,820	-	326,820	-	-	-
Investment Income, Net	113,367	-	113,367	15,147	-	15,147
<b>Total Nonoperating Activities</b>	<b>440,187</b>	<b>-</b>	<b>440,187</b>	<b>15,147</b>	<b>-</b>	<b>15,147</b>
<b>Increase (Decrease) in Net Assets</b>	<b>627,693</b>	<b>(67,803)</b>	<b>559,890</b>	<b>(146,917)</b>	<b>53,658</b>	<b>(93,259)</b>
<b>Net Assets, Beginning of Year</b>	<b>702,716</b>	<b>333,825</b>	<b>1,036,541</b>	<b>849,633</b>	<b>280,167</b>	<b>1,129,800</b>
<b>Net Assets, End of Year</b>	<b>\$ 1,330,409</b>	<b>\$ 266,022</b>	<b>\$ 1,596,431</b>	<b>\$ 702,716</b>	<b>\$ 333,825</b>	<b>\$ 1,036,541</b>

*The accompanying notes are an integral part of these financial statements.*

For the Year Ended June 30

2021

	Program Services			General and Administrative	Fundraising	Total
	Counseling Services	Legal Services	Total Program Services			
Salaries, Related Benefits and Taxes	\$ 370,372	\$ 1,497,308	\$ 1,867,680	\$ 184,384	\$ 148,851	\$ 2,200,915
Donated Services	74,947	192,620	267,567	21,123	-	288,690
Occupancy	42,469	179,203	221,672	26,360	18,449	266,481
COVID-19 Emergency Fund Payments	-	205,601	205,601	-	-	205,601
Office Expense	14,766	80,168	94,934	14,526	9,019	118,479
Professional Fees	-	39,136	39,136	24,420	1,825	65,381
Depreciation	5,243	22,172	27,415	2,385	2,031	31,831
Other	563	19,532	20,095	8,874	2,675	31,644
Training and Travel	354	2,227	2,581	72	67	2,720
Contracted Services	-	-	-	723	-	723
Filing Fees	500	-	500	-	-	500
<b>Total</b>	<b>\$ 509,214</b>	<b>\$ 2,237,967</b>	<b>\$ 2,747,181</b>	<b>\$ 282,867</b>	<b>\$ 182,917</b>	<b>\$ 3,212,965</b>

For the Year Ended June 30

2020

	Program Services			General and Administrative	Fundraising	Total
	Counseling Services	Legal Services	Total Program Services			
Salaries, Related Benefits and Taxes	\$ 322,647	\$ 1,241,440	\$ 1,564,087	\$ 187,265	\$ 156,796	\$ 1,908,148
Donated Services	83,794	322,602	406,396	61,138	-	467,534
Occupancy	41,126	163,481	204,607	26,495	20,754	251,856
COVID-19 Emergency Fund Payments	-	24,440	24,440	-	-	24,440
Office Expense	8,585	38,627	47,212	23,616	5,339	76,167
Professional Fees	817	6,186	7,003	8,776	670	16,449
Depreciation	4,999	19,268	24,267	2,509	2,133	28,909
Other	633	4,471	5,104	453	3,003	8,560
Training and Travel	487	5,330	5,817	652	563	7,032
Contracted Services	-	-	-	22,535	-	22,535
Filing Fees	581	-	581	-	-	581
<b>Total</b>	<b>\$ 463,669</b>	<b>\$ 1,825,845</b>	<b>\$ 2,289,514</b>	<b>\$ 333,439</b>	<b>\$ 189,258</b>	<b>\$ 2,812,211</b>

<b>For the Years Ended June 30</b>	<b>2021</b>	<b>2020</b>
Cash Flows from Operating Activities:		
Increase (Decrease) in Net Assets	\$ 559,890	\$ (93,259)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash (Used in) Provided by Operating Activities:		
Depreciation	31,831	28,909
Net Realized and Unrealized (Gains) Losses on Investments	(91,837)	3,929
Gain on Extinguishment of Long-Term Debt – Paycheck Protection Program	(326,820)	-
(Increase) Decrease in Grants and Contributions Receivable	(355,568)	57,408
Decrease in Prepaid Expenses and Other Current Assets	14,855	7,890
(Decrease) Increase in Accounts Payable	(13,446)	19,268
Increase in Accrued Expenses	47,622	29,716
Increase in Deferred Rent	26,161	62,576
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(107,312)</b>	<b>116,437</b>
Cash Flows from Investing Activities:		
Purchase of Investments	(330,708)	(289,925)
Acquisition of Property and Equipment	(37,351)	(3,024)
Proceeds from Sale of Investments	24,277	266,976
<b>Net Cash Used in Investing Activities</b>	<b>(343,782)</b>	<b>(25,973)</b>
Net Cash Provided by Financing Activities:		
Borrowings from Long-Term Debt – Paycheck Protection Program	-	326,820
Net (Decrease) Increase in Cash and Cash Equivalents	<b>(451,094)</b>	417,284
Cash and Cash Equivalents, Beginning of Year	<b>739,641</b>	322,357
Cash and Cash Equivalents, End of Year	<b>\$ 288,547</b>	<b>\$ 739,641</b>
<u>Supplemental Disclosure of Noncash Investing and Financing Activities:</u>		
Disposal of Fully Depreciated Property and Equipment	<b>\$ -</b>	<b>\$ 42,295</b>



## 1. Organization and Summary of Significant Accounting Policies:

*Nature of Organization:* De Novo Center for Justice and Healing, Inc. (the Organization) is a nonprofit organization that provides civil legal assistance and psychological counseling services to low income individuals within Cambridge and Greater Boston area.

*Basis of Presentation:* The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Any reference in these notes to applicable guidance is meant to refer to the authoritative United States generally accepted accounting principles as found in the Accounting Standards Codification (ASC) and Accounting Standards Update (ASU) of the Financial Accounting Standards Board (FASB).

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

*Net Assets without Donor Restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

*Net Assets with Donor Restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of 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.

*Measure of Operations:* The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing civil legal assistance and psychological counseling services to low income individuals. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

*Fair Value Measurements:* The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

*Revenue and Other Support:* Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Revenue represents amounts derived from program service fees, grant revenue, contributions, and service and cost reimbursement contracts.

**1. Organization and Summary of Significant Accounting Policies (Continued):**

Revenue is recognized when control of the services provided is transferred to the Organization's customers and in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods and services using the following steps: 1) identification of the contract, or contracts with a customer, 2) identification of performance obligations in the contract, 3) determination of the transaction price, 4) allocation of the transaction price to the performance obligations in the contract and 5) recognition of revenue when or as the Organization satisfies the performance obligations.

The Organization generates revenue from special events. Revenue from special events is recognized when the related training or event occurs.

The Organization generates program service fees from various legal and counseling services that are privately paid by the individuals that the Organization serves. Revenue from these services is recognized when the service is performed.

The Organization typically invoices its customers as services are provided. Typical payment terms provide that customers pay upon receipt of the invoice.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long contributed assets must be used are recorded as net assets with donor restrictions. Otherwise, the contributions are recorded as net assets without donor restrictions.

Contributions of services are reported as revenue and expenses without donor restrictions at the fair value of the service received only if the services create or enhance a nonfinancial asset or would typically need to be purchased by the Organization if they had not been provided by contribution, require specialized skills, and are provided by individuals with those skills. Contributions of goods and space to be used in program operations are reported as revenue and expenses without donor restrictions at the time the goods or space is received.

The Organization must determine whether a contribution (or a promise to give) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. The Organization cannot consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Grant and contract revenue is recognized as reimbursable expenses are incurred and upon meeting the legal and contractual requirements of the funding source.

**1. Organization and Summary of Significant Accounting Policies (Continued):**

In addition, the Organization's programs are supported by contracts negotiated with various agencies of the Commonwealth of Massachusetts. Therefore, the Organization is subject to regulations and rate formulas. Excess of revenue over expenses from the Commonwealth of Massachusetts supported programs, up to certain defined limits, can be utilized by the Organization for expenditures in accordance with its exempt purpose, provided such expenditures are reimbursable under the Operational Services Division's regulations. Amounts in excess of these limits are subject to negotiated use or potential recoupment and are reported as a liability. As of June 30, 2021 and 2020, there were no amounts owed to the Commonwealth of Massachusetts under these contracts.

*Cash and Cash Equivalents:* The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has a cash management program, which provides for the investment of excess cash balances primarily in short-term money market accounts, overnight investment accounts and tax-free money market fund investments. The Organization considers such highly liquid investments with original maturities of three months or less when purchased to be cash equivalents, except for those amounts that are held in the investment portfolio, which are invested for long-term purposes. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

*Investments and Investment Income:* The Organization's investments are reported at fair value as of the date of the statements of financial position. Realized and unrealized gains and losses are reflected in the accompanying statements of activities. Investment income or loss on investments (including realized and unrealized gains and losses on investments, interest and dividends) is included in net assets without donor restrictions unless the income or loss is restricted by donor or law.

*Concentrations of Credit Risk:* Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash, cash equivalents, investments, and grants and contributions receivable. The Organization maintains its cash, cash equivalents and investments with high-credit quality financial institutions. The Organization believes it is not exposed to any significant losses due to credit risk on cash, cash equivalents and investments. Grants and contributions receivable are carried at amounts based upon management's judgment of potential defaults. Management identifies troubled receivables balances by assessing the donor's credit worthiness. As of June 30, 2021 and 2020, management has determined all receivables are collectible.

*Other Risks and Uncertainties:* Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

*Property and Equipment:* Property and equipment are recorded at cost on the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, as follows:

Furniture and Fixtures	5 Years
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*Impairment of Long-Lived Assets:* It is required that long-lived assets, including purchased intangible assets with finite lives, be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. As of June 30, 2021 and 2020, the Organization has determined that there have been no significant events or changes in circumstances that would trigger impairment testing of the Organization's long-lived assets.

*Deferred Rent:* The Organization records rent expense on a constant periodic rate over the term of the lease agreement. The excess of the cumulative rent expense incurred over the cumulative amounts due under the lease agreement is deferred and recognized over the term of the lease.

**1. Organization and Summary of Significant Accounting Policies (Continued):**

*Functional Allocation of Expenses:* The costs of providing the Organization's program and other activities have been summarized on a functional basis in the statements of activities. Expenses related directly to program services or supporting activities are charged directly while other expenses that are common to several functions are allocated based on management's estimates, among major classes of programs services and supporting activities.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries, Related Benefits and Taxes	Time and Effort
Occupancy	Time and Effort
Other	Time and Effort
Office Expense	Time and Effort
Depreciation	Time and Effort
Professional Fees	Time and Effort
Training and Travel	Time and Effort

*Income Taxes:* The Organization is a nonprofit Organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on trade or business profits generated by activities related to the Organization's exempt function. The Organization may be subject to federal and state income taxes for profits generated from trade or business activities unrelated to the Organization's exempt function. As of June 30, 2021 and 2020, management believes that the Organization has not generated any unrelated business taxable income.

The Organization assesses the recording of uncertain tax positions by evaluating the minimum recognition threshold and measurement requirements a tax position must meet before being recognized as a benefit in the financial statements. The Organization's policy is to recognize interest and penalties accrued on any uncertain tax positions as a component of income tax expense, if any, in its statements of activities. The Organization has not recognized any liabilities for uncertain tax positions or unrecognized benefits as of June 30, 2021 and 2020. The Organization does not expect any material change in uncertain tax benefits within the next 12 months.

*Use of Estimates:* Management has used estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities in its preparation of the financial statements in accordance with GAAP. Actual results experienced by the Organization may differ from those estimates.

*Subsequent Events:* Management has evaluated subsequent events spanning the period from June 30, 2021 through January 27, 2022, the date the financial statements were available to be issued.

**2. Availability and Liquidity:**

The following reflects the Organization's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general use within one year of June 30, 2021 and 2020 due to contractual or donor-imposed restrictions.

Financial Assets at End of Year:	2021	2020
Cash and Cash Equivalents	\$ 288,547	\$ 739,641
Investments	969,968	571,700
Grants and Contributions Receivable	750,437	394,869
Total Financial Assets at End of Year	2,008,952	1,706,210
Less: Amounts Unavailable for General Expenditures within One Year:		
Due to Contractual or Donor-Imposed Restriction:		
Restricted by Donor with Time or Purpose Restrictions	266,022	333,825
Board Designations:		
Board Designated, Primarily for Long-Term Investing	969,968	571,700
	1,235,990	905,525
Financial Assets Available to Meet Cash Needs for General Expenditures over the Next 12 Months	\$ 772,962	\$ 800,685

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations may come due. In addition, the Organization invests cash in excess of daily requirements in long-term investments. In the event of an unanticipated liquidity need, the Organization also could draw upon its board designated funds.

**3. Grants and Contributions Receivable:**

Grants and contributions receivable as of June 30, 2021 and 2020 amounted to \$750,437 and \$394,869, respectively, and are expected to be collected within one year of the date of the statements of financial position.

**4. Conditional Grants:**

The Cummings Foundation, Inc. has pledged to give the Organization \$300,000 over ten years, based on certain parameters. During each of the years ended June 30, 2021 and 2020, the Organization received \$30,000 of this conditional grant, which was recorded as contributions revenue without donor restrictions. Due to the contingent nature of the contribution, the balance of \$180,000 has not been recorded as a grant receivable as of June 30, 2021.

**5. Property and Equipment:**

Property and equipment as of June 30, 2021 and 2020 consist of the following:

	2021	2020
Furniture and Fixtures	\$ 180,669	\$ 143,318
Less: Accumulated Depreciation	110,118	78,287
	\$ 70,551	\$ 65,031

Depreciation expense for the years ended June 30, 2021 and 2020 amounted to \$31,831 and \$28,909, respectively.

**6. Investments:**

Investments as of June 30, 2021 and 2020 consist of the following:

	2021	2020
Money Market Funds	\$ 293,992	\$ 105,756
Mutual Funds	675,976	465,944
	<u>\$ 969,968</u>	<u>\$ 571,700</u>

For the years ended June 30, 2021 and 2020, net investment income consists of the following:

	2021	2020
Interest and Dividends	\$ 21,830	\$ 19,451
Net Realized Gains	9,742	17,502
Net Unrealized Gains (Losses)	82,095	(21,431)
	<u>113,667</u>	<u>15,522</u>
Less: Investment Fees	300	375
Net Investment Income	<u>\$ 113,367</u>	<u>\$ 15,147</u>

**7. Fair Value Measurements:**

Investments measured at fair value on a recurring basis as of June 30, 2021 and 2020 are as follows:

	Fair Value Measurements at June 30, 2021			
	Totals	Level 1	Level 2	Level 3
Money Market Funds	\$ 293,992	\$ 293,992	\$ -	\$ -
Mutual Funds:				
Blend Equity Funds	459,576	459,576	-	-
Term Bonds Funds	216,400	216,400	-	-
Total Mutual Funds	<u>675,976</u>	<u>675,976</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 969,968</u>	<u>\$ 969,968</u>	<u>\$ -</u>	<u>\$ -</u>

	Fair Value Measurements at June 30, 2020			
	Total	Level 1	Level 2	Level 3
Money Market Funds	\$ 105,756	\$ 105,756	\$ -	\$ -
Mutual Funds:				
Blend Equity Funds	178,982	178,982	-	-
Term Bonds Funds	286,962	286,962	-	-
Total Mutual Funds	<u>465,944</u>	<u>465,944</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 571,700</u>	<u>\$ 571,700</u>	<u>\$ -</u>	<u>\$ -</u>

**7. Fair Value Measurements (Continued):**

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used for the years ended June 30, 2021 and 2020.

*Mutual Funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

*Money Market Funds:* Valued at the daily closing price as reported by the fund from an active market.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**8. Long-Term Debt - Paycheck Protection Program:**

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was enacted and signed into law to provide certain aid and stimulus to the U.S. economy. The Organization qualifies as a small business under the CARES Act and submitted a loan application with a qualified lender for funding under the Paycheck Protection Program (PPP), administered by the Small Business Association (SBA).

On April 17, 2020, the Organization's application with the lender was approved and as a result, the Organization obtained a loan (PPP Loan) in the amount of \$326,820. The PPP Loan bore fixed interest at 1.00% per annum, which began accruing from the date of the loan, and was set to mature on April 17, 2022. The PPP loan was unsecured and guaranteed by the SBA. The PPP Loan was eligible to be forgiven provided the Organization satisfied certain conditions and upon approval by the lender and the SBA. The PPP Loan provided for the deferral of payments until the SBA had determined the forgiveness amount, at which time, any remaining PPP loan amount would have required equal monthly payments of principal plus accrued interest in an amount sufficient to have repaid the remaining PPP Loan balance by the maturity date.

On April 9, 2021, the Organization obtained from the SBA notification of forgiveness of the entire PPP loan balance in the amount of \$326,820, which was recorded to nonoperating activities as a gain on extinguishment of long-term debt - paycheck protection program in the accompanying statements of activities. The accrued interest on the PPP Loan was determined to be immaterial to the financial statements.

**9. Net Assets without Donor Restrictions:**

Net assets without donor restrictions as of June 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Board Designated	\$ 969,968	\$ 571,700
Undesignated	289,890	65,985
Net Investment in Property and Equipment	<u>70,551</u>	<u>65,031</u>
	<u>\$ 1,330,409</u>	<u>\$ 702,716</u>

**10. Net Assets with Donor Restrictions:**

Net assets with donor restrictions as of June 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Immigration Services	\$ 118,893	\$ 164,750
Client and COVID Relief	67,268	91,828
Housing and Homelessness Prevention	27,500	2,000
Counseling Services	12,694	35,694
General Legal Services	10,167	9,167
Domestic Violence Services	<u>5,500</u>	<u>5,500</u>
Total Purpose Restrictions	<u>242,022</u>	<u>308,939</u>
Subject to Passage of Time:		
Operating Support	<u>24,000</u>	<u>24,886</u>
Total Net Assets with Donor Restrictions	<u>\$ 266,022</u>	<u>\$ 333,825</u>

**11. Net Assets Released from Restriction:**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors or by the passage of time. Net assets released from restriction during the years ended June 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Purpose Restricted:		
Immigration Services	\$ 230,857	\$ 209,167
General Legal Services	100,000	247,829
Client and COVID Relief	71,560	23,939
Counseling Services	59,500	37,495
Domestic Violence Services	33,000	33,000
Housing and Homelessness Prevention	<u>14,500</u>	<u>11,417</u>
Total Purpose Restricted	<u>509,417</u>	<u>562,847</u>
Time Restricted:		
Operating Support	<u>172,902</u>	<u>83,501</u>
Total Net Assets Released from Restrictions	<u>\$ 682,319</u>	<u>\$ 646,348</u>



**12. Donated Goods and Services:**

The Organization receives donated goods and services. The estimated fair value for goods and services is determined by the donor or by management. During the years ended June 30, 2021 and 2020, donated goods and services consisted of the following:

	<u>2021</u>	<u>2020</u>
Professional Services	\$ 288,354	\$ 466,488
Supplies and Minor Equipment	9,995	16,975
Donated Space	-	1,047
	<u>\$ 298,349</u>	<u>\$ 484,510</u>

**13. Operating Lease:**

The Organization is party to a noncancelable lease agreement for office space in Cambridge, Massachusetts, which provides for escalating monthly payments through maturity on June 30, 2032. During the years ended June 30, 2021 and 2020, rent expense incurred under this agreement amounted to \$226,270 and \$228,000, respectively.

Future minimum lease payments due under this noncancelable lease agreement as of June 30, 2021 consist of the following:

<b>Year Ending</b>	
<b><u>June 30,</u></b>	
2022	\$ 226,030
2023	232,931
2024	238,276
2025	243,620
2026	248,965
Thereafter	<u>1,629,479</u>
	<u>\$ 2,819,301</u>

**14. Retirement Plan:**

The Organization sponsors a defined contribution plan under Section 403(b) of the Internal Revenue Code, covering substantially all of its employees who meet certain eligibility requirements, which allows participants to defer a portion of their salaries into a variety of investment options. The plan allows for employee salary deferrals not to exceed the legal limit. The Organization, at the discretion of the Board of Directors, may make contributions to the plan. During the years ended June 30, 2021 and 2020, the Organization made contributions to the plan of \$34,071 and \$34,025, respectively.

**15. Economic Dependency:**

*Contract Services Revenue:* During the years ended June 30, 2021 and 2020, the Organization received approximately 76% and 54%, respectively, of its contract services revenue directly from the Commonwealth of Massachusetts. For the year ended June 30, 2020, an additional amount of approximately 12% of contract services revenue represents Commonwealth of Massachusetts funds that were passed through another agency to the Organization. Approximately 17% and 22% of contract services revenue for the years ended June 30, 2021 and 2020, respectively, was derived from contracts with one agency.

**15. Economic Dependency (Continued):**

*Grants and Contributions Receivable:* As of June 30, 2021 and 2020, approximately 74% and 37%, respectively, of grants and contributions receivable are due directly from the Commonwealth of Massachusetts and approximately 7% and 2%, respectively, of grants and contributions receivable are due from the agency that passes Commonwealth of Massachusetts funds to the Organization. Additionally, as of each of the years ended June 30, 2021 and 2020, approximately 74% and 47%, respectively, of grants and contributions receivable are due from three funding sources.

**16. Risks and Uncertainties:**

On January 30, 2020, the World Health Organization (WHO) announced an international public health emergency related to the COVID-19 outbreak. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The impact of the COVID-19 outbreak has resulted in economic uncertainties. The extent to which the Organization's financial results will be affected cannot be reasonably estimated at this time.

**17. Indemnifications:**

In the ordinary course of business, the Organization enters into various agreements containing standard indemnification provisions. The Organization's indemnification obligations under such provisions are typically in effect from the date of execution of the applicable agreement through the end of the applicable statute of limitations. The aggregate maximum potential future liability of the Organization under such indemnification provisions is uncertain. As of June 30, 2021 and 2020, no amounts have been accrued related to such indemnification provisions.