



**FINANCIAL STATEMENTS TOGETHER WITH
REPORT OF INDEPENDENT ACCOUNTANTS**

SEPTEMBER 30, 2022 AND 2021

CAMBRIDGE ECONOMIC OPPORTUNITY COMMITTEE, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Cambridge Economic Opportunity Committee, Inc.

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Cambridge Economic Opportunity Committee, Inc. (a Massachusetts nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Cambridge Economic Opportunity Committee, Inc. as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cambridge Economic Opportunity Committee, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cambridge Economic Opportunity Committee, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Cambridge Economic Opportunity Committee, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cambridge Economic Opportunity Committee, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2023, on our consideration of Cambridge Economic Opportunity Committee, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cambridge Economic Opportunity Committee, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cambridge Economic Opportunity Committee, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Cambridge Economic Opportunity Committee, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 25, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Handwritten signature in black ink, appearing to read "BJHC PC".

Topsfield, Massachusetts
January 12, 2023

CAMBRIDGE ECONOMIC OPPORTUNITY COMMITTEE, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021

ASSETS	2022	2021
CURRENT ASSETS:		
Cash and cash equivalents	\$ 682,976	\$ 787,709
Contracts, grants and other receivables	241,472	323,148
Investments	740,152	892,057
Prepaid expenses	423	9,480
Total current assets	<u>1,665,023</u>	<u>2,012,394</u>
PROPERTY AND EQUIPMENT , at cost, net of accumulated depreciation	<u>80,907</u>	<u>89,530</u>
TOTAL ASSETS	<u><u>\$ 1,745,930</u></u>	<u><u>\$ 2,101,924</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 42,010	\$ 33,479
Accrued expenses	117,129	125,637
Deferred revenue	72,770	281,335
Total current liabilities	<u>231,909</u>	<u>440,451</u>
NET ASSETS:		
Without donor restrictions:		
Undesignated	1,285,152	1,441,785
Designated for property and equipment	80,907	89,530
Designated by the Board of Directors	50,000	50,000
Total net assets without donor restrictions	<u>1,416,059</u>	<u>1,581,315</u>
With donor restrictions	<u>97,962</u>	<u>80,158</u>
Total net assets	<u>1,514,021</u>	<u>1,661,473</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,745,930</u></u>	<u><u>\$ 2,101,924</u></u>

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

CAMBRIDGE ECONOMIC OPPORTUNITY COMMITTEE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(with comparative totals for 2021)

	2022			
	Without Donor Restrictions	With Donor Restrictions	Total	Total 2021
REVENUES AND SUPPORT:				
Government grants and contracts	\$ 1,579,368	\$ -	\$ 1,579,368	\$ 1,365,714
Grants and contributions - private	296,717	25,000	321,717	366,767
In-kind contributions	128,310	-	128,310	146,039
Net investment return	(143,378)	-	(143,378)	107,721
Rent and other income	9,375	-	9,375	25,000
Net assets released from restrictions	7,196	(7,196)	-	-
	<u>1,877,588</u>	<u>17,804</u>	<u>1,895,392</u>	<u>2,011,241</u>
EXPENSES:				
Program Services -				
Comprehensive Bundled Services	1,839,634	-	1,839,634	1,528,392
Supporting Services:				
General and Administrative	175,410	-	175,410	144,141
Fundraising	22,540	-	22,540	-
Ballot Initiative	5,260	-	5,260	-
	<u>2,042,844</u>	<u>-</u>	<u>2,042,844</u>	<u>1,672,533</u>
CHANGE IN NET ASSETS	(165,256)	17,804	(147,452)	338,708
NET ASSETS, beginning of year	<u>1,581,315</u>	<u>80,158</u>	<u>1,661,473</u>	<u>1,322,765</u>
NET ASSETS, end of year	<u>\$ 1,416,059</u>	<u>\$ 97,962</u>	<u>\$ 1,514,021</u>	<u>\$ 1,661,473</u>

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

CAMBRIDGE ECONOMIC OPPORTUNITY COMMITTEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(with comparative totals for 2021)

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Ballot Initiative</u>	<u>Total 2022</u>	<u>Total 2021</u>
Compensation and benefits:						
Salaries	\$ 713,646	\$ 47,361	\$ 16,360	\$ 2,530	\$ 779,897	\$ 716,530
Fringe benefits	136,740	13,103	3,901	633	154,377	135,080
Payroll taxes	54,071	3,063	1,301	202	58,637	51,041
Total compensation and benefits	<u>904,457</u>	<u>63,527</u>	<u>21,562</u>	<u>3,365</u>	<u>992,911</u>	<u>902,651</u>
Food	545,094	-	-	-	545,094	447,063
Supplies	242,670	71	-	580	243,321	120,388
Professional fees and consulting	55,766	56,378	-	1,315	113,459	77,585
Office	47,892	11,494	-	-	59,386	35,135
Repairs and maintenance	14,678	20,979	-	-	35,657	43,133
Small equipment and maintenance	14,279	-	-	-	14,279	4,325
Occupancy	12,070	159	-	-	12,229	14,565
Depreciation	-	8,624	-	-	8,624	8,624
Insurance	-	8,342	-	-	8,342	11,509
Training and dues	2,317	5,836	-	-	8,153	6,952
Fundraising expenses	-	-	978	-	978	-
Transportation	411	-	-	-	411	603
	<u>\$ 1,839,634</u>	<u>\$ 175,410</u>	<u>\$ 22,540</u>	<u>\$ 5,260</u>	<u>\$ 2,042,844</u>	<u>\$ 1,672,533</u>

The accompanying notes are an integral part of these financial statements

CAMBRIDGE ECONOMIC OPPORTUNITY COMMITTEE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (147,452)	\$ 338,708
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,624	8,624
Net realized/unrealized (gain) loss on investments	154,491	(100,404)
Cash provided by (used in) changes in:		
Contracts, grants and other receivables	81,676	(132,834)
Prepaid expenses	9,057	13,850
Accounts payable	8,531	8,486
Accrued expenses	(8,508)	21,702
Deferred revenue	(208,565)	59,395
	<u>(102,146)</u>	<u>217,527</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(258,002)	(185,041)
Proceeds from sale of investments	255,415	178,729
	<u>(2,587)</u>	<u>(6,312)</u>
NET CASH USED IN INVESTING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(104,733)	211,215
CASH AND CASH EQUIVALENTS, beginning of year	<u>787,709</u>	<u>576,494</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 682,976</u>	<u>\$ 787,709</u>

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

CAMBRIDGE ECONOMIC OPPORTUNITY COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

1. NATURE OF THE ORGANIZATION

Cambridge Economic Opportunity Committee, Inc. (“CEOC”) was founded in 1965 and its mission is to *empower people and mobilize resources to fight poverty’s causes and impacts through education and organizing*. CEOC’s vision is to *envision an inclusive and diverse Cambridge without poverty where everyone has affordable housing, quality health care and education, food security and economic stability*.

CEOC operates comprehensive bundled services which are funded primarily by government contracts and grants, and contributions from the general public. Program services include the following:

▪ *College Assistance*

CEOC advocates assist college applicants and their families with completion of their FAFSA (*Free Application for Federal Student Aid*) forms.

▪ *Financial Education*

CEOC facilitators provide individual and group education sessions focusing on budgeting, savings, debt reduction, credit, and identity theft.

▪ *Food Pantry*

CEOC operates a food pantry Monday through Thursday for individuals and families needing support.

▪ *Free Income Tax Preparation*

CEOC is an IRS-certified VITA (*Volunteer Income Tax Assistance*) partner providing free income tax preparation by appointment for individuals and families with low to moderate income.

▪ *Health Insurance Assistance*

CEOC is a certified Massachusetts Health Connector Navigator agency with trained staff to assist individuals and families choosing and enrolling in a health insurance plan, addressing medical bills, and sourcing health care providers.

▪ *Housing Assistance*

CEOC provides information and support regarding tenant rights and responsibilities, eviction and homelessness prevention, housing applications and recertification, landlord disputes and housing subsidies.

▪ *Public Benefits Assistance*

CEOC assists individuals with Social Security, MassHealth, Medicare and EAEDC benefit applications and issues.

▪ *SNAP/Food Stamp Assistance*

CEOC assists individuals with SNAP/Food Stamp applications and annual recertification.

(Continued)

CAMBRIDGE ECONOMIC OPPORTUNITY COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

CEOC's policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Classification and Reporting Net Assets

CEOC classifies net assets, revenues, gains and losses based on the existence or absence of donor or grantor-imposed restrictions. Consequently, net assets and changes therein are classified and reported as follows:

- i. Net assets without donor restrictions represent the portion of net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. It is CEOC's policy to report contributions with donor restrictions that are met in the same fiscal year the contributions are made as unrestricted revenue. Additionally, gains and investment income are treated as unrestricted revenue unless specifically restricted by donor or by law. The governing board has designated, from assets without donor restrictions, net assets for operating reserves.
- ii. Net assets with donor restrictions represent the portion of net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources be maintained in perpetuity. Donor-imposed restrictions that are temporary in nature are released and reclassified to net assets without donor restrictions when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management's Review

In preparing these financial statements, CEOC's management has evaluated events and transactions for potential recognition or disclosure through January 12, 2023, the date the financial statements were available to be issued.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CEOC's financial statements for the year ended September 30, 2021, from which the summarized information was derived.

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CAMBRIDGE ECONOMIC OPPORTUNITY COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue Recognition

Revenue from contracts and grants are recognized as services are performed and as resources are expended in accordance with the provisions of the applicable contract or grant agreement. Certain contracts are subject to possible audit by the contract agency administering the contract award. Contract revenue received in advance is recorded as deferred revenue in the accompanying Statements of Financial Position.

Rental income is recorded ratably over the term of the lease. Interest and other income are recorded as earned.

Contributions received, including unconditional promises to give, are recognized as revenues in the period received at their fair value. Gifts of cash or other support are reported as restricted (with donor restrictions) if received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

In-kind Goods and Services

In-kind contributions are recorded as revenues without donor restrictions unless explicit donor stipulations specify how the donations must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as revenues with donor restrictions.

CEOC receives significant contributed services from volunteers in conducting its operations. The value of these services is not reflected in these financial statements, as they are not professional in nature nor do they create or add value to nonfinancial assets.

CEOC receives thousands of pounds of donated food from a nonprofit organization for distribution in its food pantry network. The value of these donations is based on a per pound price as determined by the Greater Boston Food Bank and USDA and was \$128,310 and \$146,039 for the years ended September 30, 2022 and 2021, respectively. These amounts are reflected as in-kind contribution revenue without donor restrictions and included in food expense in the accompanying financial statements.

Deferred Revenue

During the year ended September 30, 2022, CEOC received government contracts. CEOC recognizes revenues when earned. Deferred revenue represents payments on government contracts not yet earned as of September 30, 2022 and 2021.

Functional Expense Allocation

CEOC allocates its expenses on a functional basis between its program and supporting services. Expenses that can be identified with its program are allocated directly according to their natural expense classification. The expenses that are allocated to supporting services include occupancy and certain professional services, which are allocated on the basis of estimates of time and effort, and utilized square footage of space. Indirect expenses are allocated based upon estimates made by management.

(Continued)

CAMBRIDGE ECONOMIC OPPORTUNITY COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Functional Expense Allocation *(continued)*

Supporting services are those costs related to operating and managing CEOC's programs on a day-to-day basis. Supporting services consist of the following:

- General and administrative - includes all activities related to CEOC's internal management and accounting for program services.
- Fundraising – includes all activities related to maintain contributor information, donor relations, writing grant proposals, and other similar projects related to the procurement of funds for CEOC's programs.
- Ballot Initiative – includes all activities related to CEOC's work on educating people on two of the Massachusetts's ballot initiatives in the November Election.

Allocation of functional expenses is on a reasonable basis that is consistently applied. The basis of allocation may change from year to year. As a result, prior year information may be reallocated for comparative purposes.

Cash and Cash Equivalents

CEOC considers all liquid investments with an original maturity of three months or less to be cash or cash equivalents.

Certificate of Deposit

The certificate of deposit consisted of one (1) certificate which was redeemed early during the fiscal year ended September 30, 2021.

Contracts, Grants and Other Receivables

Contracts and grants receivable are classified as current if they are expected to be received within one year, and non-current when the expected receipt exceeds one year. Management uses the allowance method for establishing provisions for probable losses on contracts, grants and other receivables for financial reporting. Management has reviewed outstanding receivables and has determined that no allowance for doubtful accounts is necessary.

Investments and Fair Value Reporting

Investments include equity and debt instruments which are publicly traded, and whose fair value is therefore classified and disclosed as Level I. Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Purchases and sale of securities are recorded on a trade-date basis. Investment return, primarily interest, dividends, realized and unrealized gains and losses is recorded when earned and considered available for unrestricted use unless otherwise restricted by the donor. Investment fees are netted against investment return. Realized and unrealized gains and losses are determined on the basis of specific identification and recognized on a trade-date basis.

In accordance with generally accepted accounting principles, CEOC uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

(Continued)

CAMBRIDGE ECONOMIC OPPORTUNITY COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and Fair Value Reporting *(continued)*

Investments measured at fair value are classified and disclosed in one of the following categories:

Level I: Quoted prices are available in active markets for identical investments as of the reporting date.

Level II: Pricing inputs are other than quoted prices in active markets of comparable investments, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level III: Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment, and requires significant judgment or estimation.

Property and Equipment

Property and equipment are stated at cost at date of acquisition or fair value at date of donation in the case of contributed assets. Purchases of property and equipment in excess of \$5,000 and having a useful life over three years are capitalized. Expenditures for major renewals and improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Upon retirement or disposal of assets, the cost and related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in income.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Building and improvements	10-30 years
Furniture and office equipment	3-10 years

Depreciation expense was \$8,624 for the years ended September 30, 2022 and 2021.

Impairment of Long-Lived Assets

In accordance with accounting principles generally accepted in the United States of America, CEOC has given consideration to the impairment of its long-lived assets in its presentation of these financial statements. As of September 30, 2022, CEOC has not recognized any reduction in the carrying value of its property and equipment.

Compensated Absences

Employees are entitled to paid vacation and personal days off depending on job classification, length of service and other factors. Unpaid, earned vacation and personal days are recorded as accrued expenses in the accompanying Statements of Financial Position.

Income Tax Status

CEOC is a public charity formed for charitable purposes under IRS Section 501(c)(3) and is exempt from Federal and state income taxes on trade or business profits generated by activities related to its exempt purpose. CEOC may be subject to income taxes on profits generated by unrelated trade or business income.

CEOC is required to report uncertain tax positions, related interest and penalties. As of September 30, 2022, CEOC determined that there were no material uncertain tax positions to report.

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CAMBRIDGE ECONOMIC OPPORTUNITY COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income Tax Status *(continued)*

For the years ended September 30, 2022 and 2021, management has determined that CEOC does not have any unrelated trade or business income and, as a result, no provision for income taxes is presented in these financial statements. CEOC is subject to audit by tax authorities generally for three years after its returns were filed.

Advertising Costs

CEOC's policy is to expense advertising costs as incurred.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 682,976	\$ 787,709
Contracts, grants and other receivables	241,472	323,148
Investments	740,152	892,057
	<u>1,664,600</u>	<u>2,002,914</u>
Less: net assets with donor restrictions	<u>(97,962)</u>	<u>(80,158)</u>
	<u>\$ 1,566,638</u>	<u>\$ 1,922,756</u>

CEOC maintains a policy of structuring its financial assets to be available as general expenditures, liabilities, and other obligations become due. As part of its liquidity management plan, CEOC invests cash in excess of daily requirements in an investment account.

The board-designated operating reserve (\$50,000, included above) is subject to spending limitations and, although CEOC does not intend to spend from this reserve, these amounts could be made available, if necessary.

CEOC also has available a \$100,000 bank line of credit to assist operationally as needed.

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CAMBRIDGE ECONOMIC OPPORTUNITY COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

4. INVESTMENTS

At September 30, 2022 and 2021, investments were comprised as follows:

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 35,320	\$ 35,320	\$ 26,806	\$ 26,806
Equity securities	274,277	265,450	374,244	277,311
Equity mutual funds/ETFs	98,572	117,971	138,041	115,891
Fixed income mutual funds/ETFs	367,303	411,627	379,772	371,380
Total investment securities	<u>\$ 775,472</u>	<u>\$ 830,368</u>	<u>\$ 918,863</u>	<u>\$ 791,388</u>

Cash and cash equivalents (\$35,320 and \$26,806 for the years ended September 30, 2022 and 2021, respectively) are included in cash and cash equivalents on the Statements of Financial Position. Based on the fair value hierarchy levels, fair value measurements are classified as follows at September 30, 2022 and 2021:

	September 30, 2022			
	Level I	Level II	Level III	Total
Cash and cash equivalents	\$ 35,320	\$ -	\$ -	\$ 35,320
Equity securities	274,277	-	-	274,277
Equity mutual funds/ETFs	98,572	-	-	98,572
Fixed income mutual funds/ETFs	367,303	-	-	367,303
	<u>\$ 775,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 775,472</u>

	September 30, 2021			
	Level I	Level II	Level III	Total
Cash and cash equivalents	\$ 26,806	\$ -	\$ -	\$ 26,806
Equity securities	374,244	-	-	374,244
Equity mutual funds/ETFs	138,041	-	-	138,041
Fixed income mutual funds/ETFs	379,772	-	-	379,772
	<u>\$ 918,863</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 918,863</u>

(Continued)

CAMBRIDGE ECONOMIC OPPORTUNITY COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

4. INVESTMENTS (continued)

Net investment return for the years ended September 30, 2022 and 2021, is comprised of the following:

	2022	2021
Interest and dividends, net	\$ 11,113	\$ 7,317
Realized gain on investments	27,879	27,551
Unrealized gain (loss) on investments	(182,370)	72,853
	<u>\$ (143,378)</u>	<u>\$ 107,721</u>

Investment fees of \$9,170 and \$9,257 for the years ended September 30, 2022 and 2021, respectively, were netted with interest and dividend income.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2022	2021
Land	\$ 14,700	\$ 14,700
Building and improvements	213,514	213,514
Furniture and office equipment	29,847	29,847
	<u>258,061</u>	<u>258,061</u>
Less - accumulated depreciation	<u>177,154</u>	<u>168,531</u>
Net property and equipment	<u>\$ 80,907</u>	<u>\$ 89,530</u>

6. LINE OF CREDIT

CEOC has a \$100,000 line of credit agreement with a bank. Advances are due on demand and are secured by all assets of CEOC. Interest is payable monthly at 2% over the prime rate published in the Wall Street Journal (6.25% and 3.25% at September 30, 2022 and 2021, respectively). There were no outstanding advances at September 30, 2022 and 2021. The line of credit agreement is renewable annually and contains various financial covenants. CEOC was in compliance with these covenants at September 30, 2022 and 2021.

(Continued)

CAMBRIDGE ECONOMIC OPPORTUNITY COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

7. DEFERRED REVENUE

The following table provides information about significant changes in income received in advance for the years ended September 30, 2022 and 2021:

	2022	2021
Deferred revenue, beginning of year	\$ 281,335	\$ 221,940
Revenue recognized that was included in deferred revenue at the beginning of year	(281,335)	(221,940)
Increase in deferred revenue due to cash received during the year	72,770	281,335
Deferred revenue, end of year	\$ 72,770	\$ 281,335

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30, 2022 and 2021 included \$98,729 and \$80,158 of funds restricted for future use, respectively.

9. RENTAL INCOME

CEOC leases a portion of its office space to an unrelated, nonprofit organization requiring monthly rent of \$1,042. The lease agreement expired December 31, 2022. Total rental income for the years ended September 30, 2022 and 2021, was \$9,375 and \$25,000, respectively, and is included in rent and other income in the accompanying Statements of Activities. Future rental income under the lease is as follows:

October 1, 2022 – September 30, 2023	\$6,875
October 1, 2023 – September 30, 2024	\$1,250

10. RETIREMENT PLAN

CEOC offers eligible employees the ability to enroll in a tax-deferred annuity retirement plan. CEOC does not make any contributions to this plan.

11. FINANCIAL INSTRUMENTS, CREDIT RISK AND CONCENTRATION RISK

CEOC maintains its operating cash and certificate of deposit balances in Massachusetts banks, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain amounts. At times during the year, cash balances may exceed insured amounts. CEOC has not experienced any losses in such accounts.

CEOC's portfolio of common stocks and mutual funds have a fair market value at September 30, 2022 of \$740,152; representing 42% of its total asset base. The fair market value of these investments is not federal-insured and is subject to market fluctuation.

(Continued)

CAMBRIDGE ECONOMIC OPPORTUNITY COMMITTEE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

11. FINANCIAL INSTRUMENTS, CREDIT RISK AND CONCENTRATION RISK (continued)

CEOC receives a significant portion of its funding from the Commonwealth of Massachusetts and the City of Cambridge under cost reimbursement and unit-rate contracts. Payments to CEOC are subject to audit by the appropriate government agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of CEOC at September 30, 2022 and 2021, or on the results of operations for the years then ended.

The following sources provided a significant portion of CEOC’s total revenue for the years ended September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Commonwealth of Massachusetts, Department of Housing and Community Development	59%	41%
City of Cambridge	18%	21%

The following sources represent a significant portion of CEOC’s contracts, grants and other receivables as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
City of Cambridge	63%	91%
Commonwealth Health Insurance Connector Authority	20%	5%

12. RELATED PARTY TRANSACTIONS

During the years 2022 and 2021, one member of the Board of Directors was employed by a financial institution in which CEOC holds depository accounts, investments, and its line of credit. The combined balances of these accounts at September 30, 2022 and 2021, were \$1,422,453 and \$1,673,341, respectively. This Board member abstains from voting on matters relating to their employer.

13. PARTNERSHIP INTEREST

CEOC is a member of the Family Stability Project; a partnership comprised of the De Novo Center for Justice and Healing, the Transition House and CEOC. During fiscal year 2022 and 2021, the partnership was awarded a \$250,000 grant from the City of Cambridge Community Benefits Fund to be used to provide targeted training to improve housing stability, financial security, and overall well-being to families living in Cambridge. The De Novo Center for Justice and Healing is the fiscal agent for the partnership. There were no amounts due CEOC at September 30, 2022.

14. RECLASSIFICATION

CEOC reclassified \$50,000 of net assets without donor restrictions in the 2021 comparative financial statements to net assets with donor restrictions to conform to the 2022 presentation.

SUPPLEMENTARY INFORMATION

CAMBRIDGE ECONOMIC OPPORTUNITY COMMITTEE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2022

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2022

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Pass-Through the Massachusetts Department of Housing and Community Development	93.569	F202034	\$ 403,449
Pass-Through CARES Funding	93.569	F202037	398,535
Commonwealth of Massachusetts Community Services Block Grant	93.569	70020025	312,565
City of Cambridge Community Development Block Grant	14.218	CDBG (58420-34000- 500102-0028-CD19801)	68,336
U.S. Department of Agriculture			
The Emergency Food Assistance Program (Food Commodities) - The Greater Boston Food Bank	10.569	N/A	128,310
Pass-Through UMass Medical School - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	N/A	25,844
			\$ 1,337,039

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Cambridge Economic Opportunity Committee, Inc., and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) utilizing the July 2022 Compliance Supplement. Because the Schedule presents only a selected portion of the operations of Cambridge Economic Opportunity Committee, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Cambridge Economic Opportunity Committee, Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Cambridge Economic Opportunity Committee, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cambridge Economic Opportunity Committee, Inc. (a Massachusetts nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 12, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cambridge Economic Opportunity Committee, Inc.’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cambridge Economic Opportunity Committee, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of Cambridge Economic Opportunity Committee, Inc.’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cambridge Economic Opportunity Committee, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "BJHC PC". The letters are bold and slightly slanted, with a casual, professional appearance.

Topsfield, Massachusetts
January 12, 2023



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
Cambridge Economic Opportunity Committee, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cambridge Economic Opportunity Committee, Inc.’s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Cambridge Economic Opportunity Committee, Inc.’s major federal programs for the year ended September 30, 2022. Cambridge Economic Opportunity Committee, Inc.’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Cambridge Economic Opportunity Committee, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Cambridge Economic Opportunity Committee, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Cambridge Economic Opportunity Committee, Inc.’s compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Cambridge Economic Opportunity Committee, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Cambridge Economic Opportunity Committee, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Cambridge Economic Opportunity Committee, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Cambridge Economic Opportunity Committee, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Cambridge Economic Opportunity Committee, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Cambridge Economic Opportunity Committee, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Handwritten signature in black ink, appearing to read "BJHC PC".

Topsfield, Massachusetts
January 12, 2023

CAMBRIDGE ECONOMIC OPPORTUNITY COMMITTEE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2022

A. SUMMARY OF AUDITOR’S RESULTS:

1. The auditor’s report expresses an unmodified opinion on whether the financial statements of Cambridge Economic Opportunity Committee, Inc. were prepared in accordance with GAAP.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Cambridge Economic Opportunity Committee, Inc. were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs.
5. The auditor’s report on compliance for the major federal award programs of Cambridge Economic Opportunity Committee, Inc. expresses an unmodified opinion.
6. Audit findings required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. The programs tested as major programs were: Assistance Living, CFDA #93.569 Community Services Block Grant.
8. The threshold for distinguishing between Types A and B programs was \$750,000.
9. Cambridge Economic Opportunity Committee, Inc. was determined to be a high-risk auditee.

B. FINDING – FINANCIAL STATEMENT AUDIT:

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT:

None

CAMBRIDGE ECONOMIC OPPORTUNITY COMMITTEE, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
SEPTEMBER 30, 2022

There were no prior audit findings.