

DEDHAM COMMUNITY ASSOCIATION, INC.

FINANCIAL STATEMENTS

**December 31, 2014
and December 31, 2013**

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Independent Auditor's Report

Officers and Directors
Dedham Community Association, Inc.
671 High Street
Dedham, MA 02026

I have audited the accompanying financial statements of Dedham Community Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activity and changes in net assets, 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dedham Community Association, Inc., as of December 31, 2014 and 2013, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Robert L. Mazza, P.C.

July 27, 2015
Dedham, Massachusetts

DEDHAM COMMUNITY ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

December 31,

	Unrestricted 2014	Temporarily Restricted 2014	Total 2014	Total 2013
ASSETS				
Cash - checking account	\$ 181,280	\$ -	\$ 181,280	\$ 294,633
Cash - money market	101,891	-	101,891	101,659
Cash - tenant deposits	2,610	-	2,610	2,607
Petty cash	<u>677</u>	-	<u>677</u>	<u>344</u>
Total cash and cash equivalents	286,458	-	286,458	399,243
Inter-fund receivable (payable)	(26,724)	26,724	-	-
Contributions receivable	-	-	-	2,550
Unconditional promises to give	5,550	-	5,550	500
Prepaid expenses	10,973	-	10,973	12,489
Land	209,600	-	209,600	209,600
Building and improvements - at cost	1,523,331	-	1,523,331	1,446,515
Pool and pool house - at cost	1,127,350	-	1,127,350	1,127,350
Furniture and equipment - at cost	249,659	-	249,659	174,673
Less accumulated depreciation	<u>(946,411)</u>	-	<u>(946,411)</u>	<u>(863,065)</u>
TOTAL ASSETS	<u>\$ 2,439,786</u>	<u>\$ 26,724</u>	<u>\$ 2,466,510</u>	<u>\$ 2,509,855</u>
 LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued expenses	\$ 41,564	\$ -	\$ 41,564	\$ 42,579
Mortgage payable	566,184	-	566,184	597,060
Tenant deposits	2,610	-	2,610	2,607
Deferred tuition	24,955	-	24,955	7,506
Deferred rent	<u>86,615</u>	-	<u>86,615</u>	<u>87,626</u>
TOTAL LIABILITIES	<u>721,928</u>	<u>-</u>	<u>721,928</u>	<u>737,378</u>
 NET ASSETS				
Unrestricted	1,717,858	-	1,717,858	1,704,103
Temporarily restricted	<u>-</u>	<u>26,724</u>	<u>26,724</u>	<u>68,374</u>
TOTAL NET ASSETS	<u>1,717,858</u>	<u>26,724</u>	<u>1,744,582</u>	<u>1,772,477</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,439,786</u>	<u>\$ 26,724</u>	<u>\$ 2,466,510</u>	<u>\$ 2,509,855</u>

The accompanying notes are an integral part of these financial statements.
See Accountant's Report.

DEDHAM COMMUNITY ASSOCIATION, INC.

STATEMENTS OF ACTIVITY AND CHANGES IN NET ASSETS

For the years ended December 31,

	2014	2013
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUES AND GAINS		
Preschool fees, grants and subsidies	\$ 1,042,581	\$ 1,051,321
Fund drive, grants, and contributions	81,223	53,985
Rental income	56,150	55,543
Program fees, services and subsidies	55,137	73,113
Summer camp	529,421	479,404
Pool memberships and rentals	48,675	51,445
Fundraising events	31,580	29,464
Memberships	12,220	10,715
Investment income	<u>231</u>	<u>226</u>
	1,857,218	1,805,216
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of program restrictions	<u>47,490</u>	<u>7,662</u>
TOTAL UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT	<u><u>\$ 1,904,708</u></u>	<u><u>\$ 1,812,878</u></u>

The accompanying notes are an integral part of these financial statements.
See Accountant's Report.

DEDHAM COMMUNITY ASSOCIATION, INC.

STATEMENTS OF ACTIVITY AND CHANGES IN NET ASSETS

For the years ended December 31,

	2014	2013
EXPENSES AND LOSSES		
Preschool expenses:		
Salaries and wages	\$ 796,463	\$ 783,231
Operating expenses	277,054	277,753
General administration	221,980	197,113
Program expenses	573,965	523,803
Fundraising expenses	<u>21,491</u>	<u>17,512</u>
TOTAL EXPENSES AND LOSSES	<u>1,890,953</u>	<u>1,799,412</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>13,755</u>	<u>13,466</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Fund drive, grants, and contributions	5,840	47,490
Net assets released from restrictions	<u>(47,490)</u>	<u>(7,662)</u>
(DECREASE) INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(41,650)</u>	<u>39,828</u>
(DECREASE) INCREASE IN NET ASSETS	(27,895)	53,294
NET ASSETS AT BEGINNING OF YEAR	<u>1,772,477</u>	<u>1,719,183</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,744,582</u>	<u>\$ 1,772,477</u>

The accompanying notes are an integral part of these financial statements.
See Accountant's Report.

DEDHAM COMMUNITY ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

For the years ended December 31,

	2014	2013
Cash flows from operating activities:		
(Decrease) Increase in net assets	\$ (27,895)	\$ 53,294
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	89,896	81,652
(Increase) decrease in assets:		
Contributions receivable	2,550	(2,550)
Unconditional promises to give	(5,050)	5,050
Prepaid expenses	1,516	(564)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(1,015)	5,831
Tenant deposits	3	3
Deferred revenue	16,438	(7,177)
Total adjustments	<u>104,338</u>	<u>82,245</u>
Net cash provided by operating activities	<u>76,443</u>	<u>135,539</u>
Cash flows from investing activities:		
Decrease in cash		
restricted to improvements of property	-	11,156
Purchase of property and equipment	<u>(158,352)</u>	<u>(17,339)</u>
Net cash (used in) investing activities	<u>(158,352)</u>	<u>(6,183)</u>
Cash flows from financing activities:		
Repayment of mortgage and net cash (used in) financing activities	<u>(30,876)</u>	<u>(29,500)</u>
Net (decrease) increase in cash and cash equivalents	(112,785)	99,856
Cash and cash equivalents, beginning	<u>399,243</u>	<u>299,387</u>
Cash and cash equivalents, ending	<u>\$ 286,458</u>	<u>\$ 399,243</u>

The accompanying notes are an integral part of these financial statements.
See Accountant's Report.

DEDHAM COMMUNITY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Dedham Community Association, Inc., (the "Association") also known in the community as the Dedham Community House, operates a preschool and day care center and also sundry educational and recreational programs available to the public. The Association's customers reside in Dedham, Massachusetts and the surrounding geographic towns.

The financial statements of the Dedham Community Association, Inc. are presented on the accrual basis.

The Association reports gifts of cash and other assets as restricted support if they are 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 purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If the restrictions are satisfied in the same reporting period in which the revenue is recognized, the contributions are recorded directly as increases to unrestricted assets.

The Association reports gifts of land, building, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts 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 restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

During 2014 and 2013, the Association received \$5,840 and \$47,490 in temporarily restricted contributions and grants for improvements to the buildings and other capital and community projects.

The Dedham Community Association, Inc. adheres to the accounting policy of charging non-recurring and relatively immaterial capital expenditures to the current year's activities. Property and equipment are recorded at cost and are depreciated on the straight-line basis over the useful lives of the assets as follows:

Building and Improvements	40, 20 & 10 Years
Pool and Pool House	40 Years
Furniture and Equipment	10, 7 & 5 Years

DEDHAM COMMUNITY ASSOCIATION, INC.

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Cash and cash equivalents represent all cash in bank and short-term highly liquid investments with a maturity of three months or less. Financial instruments, which potentially subject the Association to concentrations of credit risk, consist principally of cash and temporary cash investments. At times, cash balances held at financial institutions were in excess of federally insured limits. The Association places its temporary cash investments with high-credit, quality financial institutions and, by policy, limits the amount of credit exposure to any one financial institution. The Association believes no significant concentration of credit risk exists with respect to these cash investments.

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. It is the Association's policy to charge off uncollectible promises to give when management determines the amounts will not be collected.

By policy, the Association may invest in high-grade marketable securities.

The Association does not provide its employees with compensated absences, therefore no liability has been recorded.

The Association is a tax-exempt association as defined in Section 501(c)(3) of the Internal Revenue Code.

Included in these financial statements are childcare subsidies from Quincy Community Action Programs, Inc., Child Care Choices of Boston, and Pace Inc. Child Care Works. Total reimbursements received were approximately \$10,965 and \$19,198 in 2014 and 2013, respectively.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions for the reporting period and as of the financial statement date. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities and the reported amounts of revenues and expenses. Actual results could differ from these estimates.

The Association expenses advertising as incurred. Advertising expense was \$5,973 and \$5,500 for the years 2014 and 2013, respectively.

DEDHAM COMMUNITY ASSOCIATION, INC.

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

December 31, 2014

NOTE 2 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give represent pledges receivable from both the members of the Board of Directors and the public. At December 31, 2014 pledges receivable was \$5,550, and is expected to be collected within one year.

NOTE 3 - LEASES

The preschool building houses two tenants under month to month leases totaling \$2,715 per month. At December 31, 2014, the preschool building has a net book value of \$507,180. Rental income also includes payments received for short-term periodic rental of various portions of the main facility. Rental income for 2014 and 2013 was \$56,150 and \$55,543, respectively.

The Association entered into a lease with a nearby private educational institution for the rental of the athletic playing field. The terms of the agreement are for a \$1,000 per year rent for a period of ninety-nine (99) years. The full amount of all future lease payments under the lease agreement has been paid in advance. The unearned portion of the payments received has been recorded as deferred rent in the liability section of the Statement of Financial Position.

NOTE 4 – MORTGAGE PAYABLE

On December 23, 2009, the Association refinanced their mortgage payable increasing the principal to \$780,000 with interest accruing at a rate of 5.5%. On December 1, 2013, the interest rate was reduced to 4.5% until December 23, 2014, when the mortgage was refinanced to 4%. Installment payments of principal and interest are due monthly through December 23, 2019 at which time all outstanding principal and interest will be due. The mortgage is secured by the buildings and related improvements, and is subject to certain financial covenants.

DEDHAM COMMUNITY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

December 31, 2014

NOTE 4 – MORTGAGE PAYABLE – (Continued)

At December 31, 2014, the mortgage balance due was \$566,184. Maturities by year of the outstanding principal balance are as follows:

Fiscal year ending December 31,	
2015	\$ 28,315
2016	29,468
2017	30,669
2018	31,919
2019	<u>445,813</u>
	<u>\$ 566,184</u>

Interest incurred and paid during the years ended December 31, 2014 and 2013 was \$26,595 and \$27,973, respectively.

NOTE 5 – REVOLVING LOAN AGREEMENT

On May 11, 2011, the Association entered into a \$100,000 revolving loan agreement. Bank advances on this credit line are payable on demand and carry an interest rate equal to one (1%) percent above the prime rate or five (5%) percent, whichever is greater. The loan is secured by a second mortgage on the preschool building and related property, and is subject to certain financial covenants. The agreement expires on August 15, 2015. On December 31, 2014, there were no balances outstanding under this agreement.

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 27, 2015, the date that the financial statements were available to be issued.