

**MAVERICK LANDING COMMUNITY SERVICES, INC.**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**MAVERICK LANDING COMMUNITY SERVICES, INC.**

Contents  
December 31, 2015 and 2014

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	<b><u>Pages</u></b>
<b>Independent Accountants' Review Report .....</b>	<b>1</b>
<b>Financial Statements:</b>	
Statements of Financial Position .....	2
Statements of Activities and Changes in Net Assets .....	3
Statements of Cash Flows .....	4
Statements of Functional Expenses .....	5
Notes to Financial Statements .....	6 - 10



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## Independent Accountants' Review Report

To the Board of Directors of  
Maverick Landing Community Services, Inc.:

We have reviewed the accompanying financial statements of Maverick Landing Community Services, Inc. (a Massachusetts corporation, not for profit) (the Agency), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

### ***Accountants' Responsibility***

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### ***Accountants' Conclusion***

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Alexander, Brown, Pinning & Co., P.C.*  
Boston, Massachusetts  
May 3, 2016

**MAVERICK LANDING COMMUNITY SERVICES, INC.**

## Statements of Financial Position

December 31, 2015 and 2014

(See Independent Accountants' Review Report)

<b>Assets</b>	<b>2015</b>	<b>2014</b>
Current Assets:		
Cash	\$ 84,304	\$ 144,172
Short-term investments	195,301	195,301
Accounts receivable	9,320	415
Dividends and interest receivable	1,610	3,146
Prepaid expenses	8,991	11,159
Total current assets	299,526	354,193
Investments	813,488	1,180,513
Total assets	<u>\$ 1,113,014</u>	<u>\$ 1,534,706</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 21,223	\$ 32,251
Current portion of deferred revenue	195,301	195,301
Total current liabilities	216,524	227,552
Deferred Revenue, net of current portion	195,306	390,606
Total liabilities	<u>411,830</u>	<u>618,158</u>
Net Assets:		
Unrestricted:		
Operating	133,090	881,471
Board designated	550,000	-
Total unrestricted	683,090	881,471
Temporarily restricted	18,094	35,077
Total net assets	<u>701,184</u>	<u>916,548</u>
Total liabilities and net assets	<u>\$ 1,113,014</u>	<u>\$ 1,534,706</u>

The accompanying notes are an integral part of these statements.

**MAVERICK LANDING COMMUNITY SERVICES, INC.**

Statements of Activities and Changes in Net Assets  
For the Years Ended December 31, 2015 and 2014  
(See Independent Accountants' Review Report)

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	<u>2015</u>	<u>2014</u>
<b>Changes in Unrestricted Net Assets:</b>		
Operating revenue:		
Resident service fees	\$ 195,300	\$ 195,300
Property contributions	86,990	89,294
Grants and contributions	68,495	105,658
Net assets released from purpose restrictions	16,983	3,227
Investment income, net	13,866	15,220
	<u>381,634</u>	<u>408,699</u>
Total operating revenue		
Operating expenses:		
Program services	470,394	452,670
General and administrative	77,664	54,807
	<u>548,058</u>	<u>507,477</u>
Total operating expenses		
Changes in unrestricted net assets from operations	<u>(166,424)</u>	<u>(98,778)</u>
Non-operating revenue:		
Realized gains on investments	69,632	49,111
Unrealized losses on investments	(101,589)	(29,235)
	<u>(31,957)</u>	<u>19,876</u>
Total non-operating revenue		
Changes in unrestricted net assets	(198,381)	(78,902)
<b>Changes in Temporarily Restricted Net Assets:</b>		
Net assets released from purpose restrictions	<u>(16,983)</u>	<u>(3,227)</u>
Changes in net assets	(215,364)	(82,129)
<b>Net Assets:</b>		
Beginning of year	<u>916,548</u>	<u>998,677</u>
End of year	<u>\$ 701,184</u>	<u>\$ 916,548</u>

**MAVERICK LANDING COMMUNITY SERVICES, INC.**

## Statements of Cash Flows

For the Years Ended December 31, 2015 and 2014

(See Independent Accountants' Review Report)

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	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ (215,364)	\$ (82,129)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Realized and unrealized (gains) losses on investments	31,957	(19,876)
Changes in operating assets and liabilities:		
Accounts receivable	(8,905)	5,384
Dividends and interest receivable	1,536	794
Prepaid expenses	2,168	(253)
Accounts payable and accrued expenses	(11,028)	6,124
Deferred revenue	<u>(195,300)</u>	<u>(195,300)</u>
Net cash used in operating activities	(394,936)	(285,256)
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sales of investments	<u>335,068</u>	<u>299,287</u>
<b>Net Change in Cash</b>	(59,868)	14,031
<b>Cash:</b>		
Beginning of year	<u>144,172</u>	<u>130,141</u>
End of year	<u>\$ 84,304</u>	<u>\$ 144,172</u>

**MAVERICK LANDING COMMUNITY SERVICES, INC.**

Statements of Functional Expenses  
For the Years Ended December 31, 2015 and 2014  
(See Independent Accountants' Review Report)

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	<b>2015</b>			<b>2014</b>		
	<b>Program Services</b>	<b>General and Adminis- trative</b>	<b>Total</b>	<b>Program Services</b>	<b>General and Adminis- trative</b>	<b>Total</b>
Salaries	\$ 265,800	\$ 49,939	\$ 315,739	\$ 269,741	\$ -	\$ 269,741
Professional fees	82,854	7,120	89,974	45,880	10,600	56,480
Payroll taxes and fringe benefits	66,415	12,478	78,893	78,421	-	78,421
Stipends	27,231	-	27,231	31,220	-	31,220
Office expenses	22,500	-	22,500	25,061	-	25,061
Travel and training	5,594	-	5,594	2,347	-	2,347
Insurance	-	4,417	4,417	-	3,878	3,878
Management fees	-	3,333	3,333	-	40,000	40,000
Bank fees	-	377	377	-	329	329
Total expenses	<u>\$ 470,394</u>	<u>\$ 77,664</u>	<u>\$ 548,058</u>	<u>\$ 452,670</u>	<u>\$ 54,807</u>	<u>\$ 507,477</u>

## **MAVERICK LANDING COMMUNITY SERVICES, INC.**

Notes to Financial Statements  
December 31, 2015 and 2014  
(See Independent Accountants' Review Report)

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### **1. OPERATIONS AND NONPROFIT STATUS**

Maverick Landing Community Services, Inc. (the Agency) was formed in March 2006, and is chartered under the laws of the Commonwealth of Massachusetts. The Agency is committed to improving and enhancing the Maverick Landing community and the surrounding East Boston neighborhood for residents of all ages through the provision of social services, such as job training and job placement assistance, education programs regarding substance abuse, health, family care, and sponsorship of other civic activities that foster sustainable employment and better personal and community life.

The Agency is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Agency is also exempt from state income taxes. Donors may deduct contributions to the Agency within the requirements of the IRC.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Agency prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

#### **Estimates**

The preparation of financial statements in accordance with U.S. GAAP 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.

#### **Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable is recorded at the invoice amount and does not bear interest. The allowance for doubtful accounts is based on the collection history with each payor. There was no allowance as of December 31, 2015 and 2014.

#### **Revenue Recognition**

Resident service fees are recorded as services are provided. Fees received in advance of the services being provided are recorded as deferred revenue in the accompanying financial statements (see Note 4).

Unrestricted grants and contributions are recorded as revenue when received or unconditionally pledged. Restricted grants and contributions are recorded as temporarily restricted revenues and net assets when received or unconditionally pledged. Transfers are made to unrestricted net assets as costs are incurred or time restrictions or program restrictions have lapsed. Donor restricted grants and contributions received and satisfied in the same period are included in unrestricted net assets.

Investment income includes dividends and interest and is recorded when earned. Gains and losses are recognized as realized or unrealized based on fair value changes during the period (see Note 3). All other revenue is recorded when earned.



## MAVERICK LANDING COMMUNITY SERVICES, INC.

Notes to Financial Statements  
December 31, 2015 and 2014  
(See Independent Accountants' Review Report)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Unrestricted Net Assets

Unrestricted net assets bear no external restrictions. The Agency has grouped its unrestricted net assets into the following categories:

**Operating** - represent funds available to carry on the operations of the Agency.

**Board Designated** - represent funds set aside by the Board of Directors as a reserve for future operations, which cannot be spent without approval by the Board of Directors.

#### Temporarily Restricted Net Assets

Temporarily restricted net assets represent amounts received by the Agency which are designated by donors for specific purposes. Temporarily restricted net assets as of December 31, 2015 and 2014, are from one foundation and are purpose restricted.

#### Fair Value Measurements

The Agency follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Agency would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Agency uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Agency. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

## **MAVERICK LANDING COMMUNITY SERVICES, INC.**

Notes to Financial Statements  
December 31, 2015 and 2014  
(See Independent Accountants' Review Report)

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### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Cash**

For the purposes of the statements of cash flows, cash consists of checking and money market accounts, excluding the money market fund in the investment portfolio (see Note 3). Cash is valued using Level 1 inputs under the fair value hierarchy.

#### **Investments**

Investments are recorded in the financial statements at fair value. If an investment is directly held by the Agency and an active market with quoted prices exists, the market price of an identical security is used to report fair value. A summary of inputs used in valuing the Agency's investments as of December 31, 2015 and 2014, is included in Note 3.

#### **Expense Allocation**

Expenses related directly to a program are charged to that program, while other expenses are allocated based on management's estimate of the percentage attributable to each program.

#### **Statements of Activities and Changes in Net Assets**

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenue and operating expenses on the accompanying statements of activities and changes in net assets. Peripheral or incidental transactions are reported as non-operating revenue. Non-operating revenue, consistent with industry practice, includes realized gains and unrealized losses on investments.

#### **Subsequent Events**

Subsequent events have been evaluated through May 3, 2016, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

#### **Income Taxes**

The Agency accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Agency has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at December 31, 2015 and 2014. The Agency's information returns are subject to examination by the Federal and state jurisdictions and generally remain open for the most recent three years.

**MAVERICK LANDING COMMUNITY SERVICES, INC.**

Notes to Financial Statements  
December 31, 2015 and 2014  
(See Independent Accountants' Review Report)

**3. INVESTMENTS**

Investments are presented in the accompanying financial statements at fair value and are comprised of the following as of December 31:

	<u>2015</u>	<u>2014</u>
Money market fund	\$ 175,236	\$ 112,151
Common stocks:		
Information technology	135,726	205,352
Financial	86,864	142,846
Healthcare	82,818	93,579
Other domestic	56,564	122,957
Consumer staples	52,241	73,807
Energy	46,854	79,682
Industrials	<u>43,625</u>	<u>87,557</u>
Total common stocks	<u>504,692</u>	<u>805,780</u>
Corporate bonds:		
Domestic	303,871	432,910
International	<u>24,990</u>	<u>24,973</u>
Total corporate bonds	<u>328,861</u>	<u>457,883</u>
Total	<u>\$ 1,008,789</u>	<u>\$ 1,375,814</u>

Investments are not insured and are subject to ongoing market fluctuations. Investments have been classified as current and long-term in the accompanying statements of financial position based upon management's intent.

The investment portfolio as of December 31, 2015 and 2014, summarized using Level 1 and Level 2 inputs (see Note 2), are as follows:

	<u>2015</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market fund	\$ 175,236	\$ -	\$ -	\$ 175,236
Common stocks	504,692	-	-	504,692
Corporate bonds	<u>-</u>	<u>328,861</u>	<u>-</u>	<u>328,861</u>
	<u>\$ 679,928</u>	<u>\$ 328,861</u>	<u>\$ -</u>	<u>\$ 1,008,789</u>
	<u>2014</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market fund	\$ 112,151	\$ -	\$ -	\$ 112,151
Common stocks	805,780	-	-	805,780
Corporate bonds	<u>-</u>	<u>457,883</u>	<u>-</u>	<u>457,883</u>
	<u>\$ 917,931</u>	<u>\$ 457,883</u>	<u>\$ -</u>	<u>\$ 1,375,814</u>

Level 2 investments consist of corporate bonds. The values for these bonds are determined using other observable inputs such as prevailing interest rates, the market demand for such bonds, and the dates of maturity and purchase of the bonds.

## MAVERICK LANDING COMMUNITY SERVICES, INC.

Notes to Financial Statements  
December 31, 2015 and 2014  
(See Independent Accountants' Review Report)

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### 3. INVESTMENTS (Continued)

Investment management fees were \$10,132 and \$13,343 for the years ended December 31, 2015 and 2014, respectively, and are included in net investment income in the accompanying statements of activities and changes in net assets.

During 2015, the Board of Directors voted to designate \$550,000 of investments (see Note 2) to be used for operations at the discretion of the Board. These amounts are included in long-term investments in the accompanying statements of financial position.

### 4. DEFERRED REVENUE

Deferred revenue consists of prepaid resident service fees, which were received from four limited partnerships that redeveloped housing projects in the Maverick Landing area of East Boston. The funds are to be utilized over a ten-year period, commencing January 1, 2008, to support the Agency's purpose of providing community services to the residents of those projects and residents of the surrounding communities. The current portion of deferred revenue represents the amount that is expected to be utilized in the upcoming fiscal year. As of December 31, 2015 and 2014, deferred revenue consists of \$390,607 and \$585,907, respectively, of prepaid resident service fees.

### 5. EMPLOYMENT BENEFIT PLAN

The Agency has a retirement plan under IRC Section 408(e) for all employees who are deemed full-time. Payments are made by participating employees in the form of quarterly salary reductions. For each calendar year, the Agency will contribute a matching contribution to each eligible employee's balance up to a limit of 3% of the employee's annual compensation. The Agency made payments totaling \$5,798 and \$4,925 for the years ended December 31, 2015 and 2014, respectively, which are included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

### 6. CONCENTRATIONS

During 2015 and 2014, the Agency derived the following percentages of its total operating revenues from the following sources:

	<u>2015</u>	<u>2014</u>
Resident service fees	51%	48%
Property contributions	23%	22%

Resident service fees and property contributions are received from four limited partnerships.

### 7. MANAGEMENT AGREEMENT

The Agency had an agreement with Employment Resources, Inc. (ERI), where ERI served as a management agent to carry on the fiscal and administrative responsibilities of the Agency. The Agency compensated ERI with a monthly management fee of \$1,000, plus the cost of other services provided as needed, as defined in the management agreement. The Agency paid ERI \$40,000 under this agreement for the year ended December 31, 2014. This agreement was terminated by the Agency and ERI effective December 31, 2014. During 2015, the Agency paid ERI \$3,333 related to the transition.