



Maverick Landing Community Services (MLCS)

**FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

MAVERICK LANDING COMMUNITY SERVICES, INC.

Contents
December 31, 2017 and 2016

	<u>Pages</u>
Independent Accountants' Review Report	1
Financial Statements:	
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, 2017 and 2016, 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

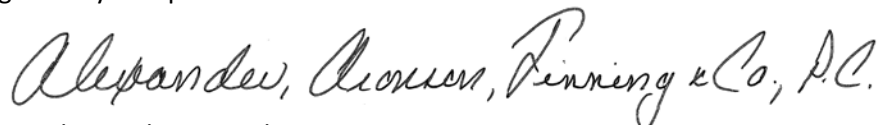
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and 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.



Westborough, Massachusetts
April 24, 2018

MAVERICK LANDING COMMUNITY SERVICES, INC.

Statements of Financial Position

December 31, 2017 and 2016

(See Independent Accountants' Review Report)

Assets	2017	2016
Current Assets:		
Cash	\$ 101,782	\$ 52,829
Short-term investments	-	195,301
Accounts receivable	30,789	28,859
Prepaid expenses and other	4,275	8,232
Total current assets	136,846	285,221
Investments	558,563	573,722
Total assets	<u>\$ 695,409</u>	<u>\$ 858,943</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 26,280	\$ 26,872
Deferred revenue	-	195,301
Total liabilities	<u>26,280</u>	<u>222,173</u>
Net Assets:		
Unrestricted:		
Operating	119,129	62,605
Board designated	550,000	550,000
Total unrestricted	669,129	612,605
Temporarily restricted	-	24,165
Total net assets	<u>669,129</u>	<u>636,770</u>
Total liabilities and net assets	<u>\$ 695,409</u>	<u>\$ 858,943</u>

MAVERICK LANDING COMMUNITY SERVICES, INC.

Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2017 and 2016
(See Independent Accountants' Review Report)

	<u>2017</u>	<u>2016</u>
Changes in Unrestricted Net Assets:		
Operating revenue:		
Resident service fees	\$ 195,301	\$ 195,306
Grants and contributions	111,439	74,729
Property contributions	89,616	88,299
Net assets released from purpose restrictions	24,165	10,836
Investment income, net	4,167	3,945
	<u>424,688</u>	<u>373,115</u>
Operating expenses:		
Program services	254,959	286,368
General and administrative	127,985	145,166
Fundraising	45,344	47,586
	<u>428,288</u>	<u>479,120</u>
Changes in unrestricted net assets from operations	<u>(3,600)</u>	<u>(106,005)</u>
Non-operating revenue (losses):		
Unrealized gains (losses) on investments	41,406	(15,053)
Realized gains on investments	18,718	50,573
	<u>60,124</u>	<u>35,520</u>
Changes in unrestricted net assets	<u>56,524</u>	<u>(70,485)</u>
Changes in Temporarily Restricted Net Assets:		
Grant	-	16,907
Net assets released from purpose restrictions	(24,165)	(10,836)
Changes in temporarily restricted net assets	<u>(24,165)</u>	<u>6,071</u>
Changes in net assets	32,359	(64,414)
Net Assets:		
Beginning of year	<u>636,770</u>	<u>701,184</u>
End of year	<u>\$ 669,129</u>	<u>\$ 636,770</u>

MAVERICK LANDING COMMUNITY SERVICES, INC.

Statements of Cash Flows

For the Years Ended December 31, 2017 and 2016

(See Independent Accountants' Review Report)

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 32,359	\$ (64,414)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Bad debt	28,859	-
Realized and unrealized gains on investments	(60,124)	(35,520)
Changes in operating assets and liabilities:		
Accounts receivable	(30,789)	(19,539)
Prepaid expenses and other	3,957	2,369
Accounts payable and accrued expenses	(592)	5,649
Deferred revenue	(195,301)	(195,306)
Net cash used in operating activities	(221,631)	(306,761)
Cash Flows from Investing Activities:		
Proceeds from sales of investments	270,584	275,286
Net Change in Cash	48,953	(31,475)
Cash:		
Beginning of year	52,829	84,304
End of year	<u>\$ 101,782</u>	<u>\$ 52,829</u>

MAVERICK LANDING COMMUNITY SERVICES, INC.

Statements of Functional Expenses

For the Years Ended December 31, 2017 and 2016

(See Independent Accountants' Review Report)

	2017				2016			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 147,052	\$ 46,101	\$ 30,274	\$ 223,427	\$ 143,472	\$ 69,878	\$ 42,065	\$ 255,415
Professional fees	25,687	20,202	10,128	56,017	56,021	31,434	342	87,797
Stipends	46,433	1,319	-	47,752	42,830	-	-	42,830
Payroll taxes and fringe benefits	20,245	6,404	4,942	31,591	31,606	19,255	5,179	56,040
Office expenses	14,445	16,059	-	30,504	7,651	16,090	-	23,741
Bad debt	-	28,859	-	28,859	-	-	-	-
Insurance	-	6,327	-	6,327	-	6,416	-	6,416
Travel and training	1,097	2,316	-	3,413	4,788	1,808	-	6,596
Bank fees	-	398	-	398	-	285	-	285
Total expenses	<u>\$ 254,959</u>	<u>\$ 127,985</u>	<u>\$ 45,344</u>	<u>\$ 428,288</u>	<u>\$ 286,368</u>	<u>\$ 145,166</u>	<u>\$ 47,586</u>	<u>\$ 479,120</u>

MAVERICK LANDING COMMUNITY SERVICES, INC.

Notes to Financial Statements
December 31, 2017 and 2016
(See Independent Accountants' Review Report)

1. OPERATIONS AND NONPROFIT STATUS

Maverick Landing Community Services, Inc. (the Agency) was formed in March 2006 as a Massachusetts non-profit organization. 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 are recorded at the invoice amount and do 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, 2017 and 2016.

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). Property contributions are contributions from four limited partnerships (see Note 6) and are recorded as revenue when received or unconditionally pledged.

Unrestricted grants and contributions are recorded as revenue when received or unconditionally pledged. Restricted grants and contributions are recorded as temporarily restricted revenue 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, 2017 and 2016
(See Independent Accountants' Review Report)

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, 2016, were 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, 2017 and 2016
(See Independent Accountants' Review Report)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (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, 2017 and 2016, 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 in the accompanying statements of activities and changes in net assets. Non-operating revenue (losses) includes realized and unrealized gains (losses) on investments.

Subsequent Events

Subsequent events have been evaluated through April 24, 2018, 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, 2017 and 2016. The Agency's information returns are subject to examination by the Federal and Massachusetts jurisdictions.

MAVERICK LANDING COMMUNITY SERVICES, INC.

Notes to Financial Statements
 December 31, 2017 and 2016
 (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>2017</u>	<u>2016</u>
Money market fund	\$ 130,930	\$ 250,562
Common stocks:		
Information technology	80,516	84,493
Financial	77,090	67,399
Consumer staples	62,305	55,889
Industrials	54,285	43,181
Healthcare	52,141	40,494
Other	<u>25,768</u>	<u>51,018</u>
Total common stocks	<u>352,105</u>	<u>342,474</u>
Corporate bonds:		
Domestic	75,528	150,986
International	<u>-</u>	<u>25,001</u>
Total corporate bonds	<u>75,528</u>	<u>175,987</u>
Total	<u>\$ 558,563</u>	<u>\$ 769,023</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, 2017 and 2016, summarized using Level 1 and Level 2 inputs (see Note 2), are as follows:

	2017			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Money market fund	\$ 130,930	\$ -	\$ -	\$ 130,930
Common stocks	352,105	-	-	352,105
Corporate bonds	<u>-</u>	<u>75,528</u>	<u>-</u>	<u>75,528</u>
	<u>\$ 483,035</u>	<u>\$ 75,528</u>	<u>\$ -</u>	<u>\$ 558,563</u>
	2016			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Money market fund	\$ 250,562	\$ -	\$ -	\$ 250,562
Common stocks	342,474	-	-	342,474
Corporate bonds	<u>-</u>	<u>175,987</u>	<u>-</u>	<u>175,987</u>
	<u>\$ 593,036</u>	<u>\$ 175,987</u>	<u>\$ -</u>	<u>\$ 769,023</u>

MAVERICK LANDING COMMUNITY SERVICES, INC.

Notes to Financial Statements
December 31, 2017 and 2016
(See Independent Accountants' Review Report)

3. INVESTMENTS (Continued)

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

Investment management fees were \$5,656 and \$7,675 for the years ended December 31, 2017 and 2016, respectively, and are included in net investment income in the accompanying statements of activities and changes in net assets.

The Board of Directors previously voted to designate \$550,000 of investments (see Note 2) to be used for operations at the discretion of the Board. The Agency did not use any of these funds during 2016 or 2017. These amounts are included in long-term investments in the accompanying statements of financial position.

4. DEFERRED REVENUE

Deferred revenue at December 31, 2016, consisted 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 were to be utilized over a ten-year period, commencing on 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 remaining balance of the prepaid resident service fees was recognized during 2017.

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 \$2,920 and \$4,652 for the years ended December 31, 2017 and 2016, respectively, which are included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

6. CONCENTRATIONS

During 2017 and 2016, the Agency derived the following percentages of its total operating revenue from the following sources:

	<u>2017</u>	<u>2016</u>
Resident service fees	46%	52%
Property contributions	21%	24%

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

7. RECLASSIFICATION

Certain amounts in the 2016 financial statements have been reclassified to conform with the 2017 presentation.