



# MY BROTHER'S KEEPER

A Christian ministry of loving service and education

## Financial Statements

For the Years Ended June 30, 2021 and 2020



## Independent Auditor's Report

To the Board of Directors of  
My Brother's Keeper, Inc.  
Easton, MA

### Opinion

I have audited the accompanying financial statements of My Brother's Keeper, Inc. (a nonprofit Corporation) which comprise the statement of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of My Brother's Keeper, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of My Brother's Keeper, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Responsibilities of Management 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.

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 My Brother's Keeper, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

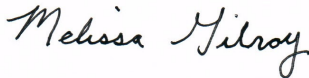
### Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my 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 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, including omissions, 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, I:

- 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 My Brother's Keeper, 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about My Brother's Keeper, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.



Melissa Gilroy, Certified Public Accountant  
Westwood, Massachusetts  
March 17, 2022

**My Brother's Keeper, Inc.**

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**June 30, 2021 and 2020**

**Independent Auditor's Report**

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Statements of Financial Position

As of June 30,	2021	2020
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 629,296	\$ 479,358
Contribution receivables	1,150	152,650
Accounts receivables	4,250	-
Prepaid expenses	25,835	12,904
Total current assets	<u>660,531</u>	<u>644,912</u>
<b>Fixed Assets</b>		
Land	1,127,900	1,127,900
Building and improvements	5,857,619	5,857,619
Landscaping and improvements	109,400	109,400
Furniture and equipment	363,743	347,743
Vehicles	395,355	395,355
	<u>7,854,017</u>	<u>7,838,017</u>
Less: accumulated depreciation	<u>(2,022,058)</u>	<u>(1,765,627)</u>
Total net fixed assets	<u>5,831,959</u>	<u>6,072,390</u>
<b>Other Non-Current Assets</b>		
Contribution receivables, net	-	55,374
Cash reserves:		
Reserve fund	400,445	373,613
Building and capital asset reserve	234,005	95,221
Mission advancement reserve	77,426	77,447
Total reserves	<u>711,876</u>	<u>546,281</u>
<b>Total Assets</b>	<u>\$ 7,204,366</u>	<u>\$ 7,318,957</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 78,740	\$ 13,709
Deferred revenue	-	2,500
Long term debt, current	9,451	18,200
Total current liabilities	<u>88,191</u>	<u>34,409</u>
<b>Long Term Liabilities</b>		
Paycheck Protection program loan	-	158,707
Note payable	352,316	653,634
Total long term liabilities	<u>352,316</u>	<u>812,341</u>
<b>Total liabilities</b>	<u>440,507</u>	<u>846,750</u>
<b>Net Assets</b>		
Without donor restrictions	6,762,709	6,264,183
With donor restrictions	1,150	208,024
<b>Total net assets</b>	<u>6,763,859</u>	<u>6,472,207</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 7,204,366</u>	<u>\$ 7,318,957</u>

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

For the years ended June 30,	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Changes in Net Assets</b>						
<b>Revenue and Support</b>						
Grants and Contributions	\$ 2,347,509		<b>2,347,509</b>	\$ 1,609,976	235,250	1,845,226
Government grants	158,707		<b>158,707</b>	-	-	-
Inkind contributions	4,461,978		<b>4,461,978</b>	2,967,171	-	2,967,171
Fundraising events, net	272,994	-	<b>272,994</b>	520,753	-	520,753
Interest income	1,195	-	<b>1,195</b>	1,298	-	1,298
Contributions released from restrictions	206,874	(206,874)	-	235,250	(235,250)	-
Total revenue and support	7,449,257	(206,874)	<b>7,242,383</b>	5,334,448	-	5,334,448
<b>Expenses</b>						
Program services	6,502,841	-	<b>6,502,841</b>	4,842,702	-	4,842,702
General and administrative	187,523	-	<b>187,523</b>	154,982	-	154,982
Development	260,367	-	<b>260,367</b>	163,350	-	163,350
Total expenses	6,950,731	-	<b>6,950,731</b>	5,161,034	-	5,161,034
<b>Net Operating Income (Loss)</b>	498,526	(206,874)	<b>291,652</b>	173,414	-	173,414
<b>Non-Operating Revenue</b>						
Capital Campaign funds released from restriction	-	-	-	137,185	(135,185)	-
Total non-operating revenue	-	-	-	137,185	(135,185)	-
<b>Change in Net Assets</b>	498,526	(206,874)	<b>291,652</b>	310,599	(135,185)	173,414
<b>Net Assets at Beginning of Year</b>	6,264,183	208,024	<b>6,472,207</b>	5,953,584	345,209	6,298,793
<b>Net Assets at End of Year</b>	\$ 6,762,709	1,150	<b>6,763,859</b>	\$ 6,264,183	210,024	6,472,207



My Brother's Keeper, Inc.

Statement of Functional Expenses

For the year ended June 30,	2021				2020			
	Program Services	General and Administrative	Development	Total	Program Services	General and Administrative	Development	Total
Salaries and contributed services	\$ 559,272	95,520	131,453	\$ 786,245	\$ 562,453	87,655	80,350	\$ 730,458
Benefits and payroll taxes	122,217	20,656	29,263	172,136	126,462	19,708	18,066	164,236
Sub-total	681,489	116,176	160,716	958,381	688,915	107,363	98,416	894,694
Christmas gifts and expenses	1,159,680	-	-	1,159,680	1,198,021	-	-	1,198,021
Furniture donations and expenses	315,900	-	-	315,900	610,986	-	-	610,986
Food donations and expenses	3,543,906	-	-	3,543,906	1,674,670	-	-	1,674,670
Depreciation	230,788	12,822	12,821	256,431	175,600	9,756	9,756	195,112
Tithing - donations to other non-profits	193,415	-	-	193,415	156,592	-	-	156,592
Volunteer expenses	17,201	-	-	17,201	26,485	-	-	26,485
Utilities	51,160	2,842	2,842	56,844	48,633	2,702	2,702	54,037
Vehicle expenses	20,997	-	-	20,997	23,829	-	-	23,829
Marketing and promotion	11,053	-	44,212	55,265	6,791	-	27,164	33,955
Repairs and maintenance	58,659	3,259	3,259	65,177	52,307	2,906	2,906	58,119
Interest	25,682	1,427	1,427	28,536	32,379	1,799	1,799	35,977
Insurance	38,461	3,144	1,962	43,567	38,222	3,231	1,666	43,119
Printing and postage	24,101	9,288	11,533	44,922	23,818	9,055	10,405	43,278
Telephone and technology	52,680	6,781	9,174	68,635	41,085	5,154	4,783	51,022
Dues and fees	10,133	1,330	1,884	13,347	14,150	1,804	1,654	17,608
Fuel assistance	23,241	-	-	23,241	9,644	-	-	9,644
Crucifixes	17,681	-	-	17,681	8,020	-	-	8,020
Other supplies and expenses	26,614	8,454	10,537	45,605	12,555	2,026	2,099	16,680
Professional fees	-	22,000	-	22,000	-	9,186	-	9,186
<b>Total Functional Expenses</b>	<b>\$ 6,502,841</b>	<b>187,523</b>	<b>260,367</b>	<b>\$ 6,950,731</b>	<b>\$ 4,842,702</b>	<b>154,982</b>	<b>163,350</b>	<b>\$ 5,161,034</b>

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



Statements of Cash Flows

For the years ended June 30,	2021	2020
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 291,652	\$ 173,414
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	256,431	195,112
Forgiveness of Paycheck Protection Program loan	(158,707)	-
Assets acquired through donation	-	(63,717)
Decrease (increase) in assets		
Account and contribution receivables	202,624	162,756
Prepaid expenses	(12,931)	285
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	65,031	(22,077)
Deferred revenue	(2,500)	(123,950)
<b>Net Cash Provided by Operating Activities</b>	<b>641,600</b>	<b>321,823</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	(16,000)	(69,248)
Cash reserve additions / (withdrawals), net	(165,595)	54,512
<b>Net Cash Used in Investing Activities</b>	<b>(181,595)</b>	<b>(14,736)</b>
<b>Cash Flows from Financing Activities</b>		
Paycheck Protection loan proceeds	-	158,707
Loan repayments	(310,067)	(131,243)
<b>Net Cash (Used in) Provided by Financing Activities</b>	<b>(310,067)</b>	<b>27,464</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>149,938</b>	<b>334,551</b>
<b>Cash and Cash Equivalents - Beginning</b>	<b>479,358</b>	<b>144,807</b>
<b>Cash and Cash Equivalents - Ending</b>	<b>\$ 629,296</b>	<b>\$ 479,358</b>
<b>Supplement Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	\$ 28,535	\$ 35,977



# **My Brother's Keeper, Inc.**

## **Notes to Financial Statements**

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### **1. Organization and Nature of Activities**

My Brother's Keeper, Inc. (the Organization) was incorporated under the General Laws of the Commonwealth of Massachusetts in February 1990. The mission of the organization is "To bring the Love and Hope of Jesus Christ to those we serve." In doing so, it provides and delivers furniture, household items, ancillary services, and food to needy individuals and families that seek assistance in the communities of southeastern Massachusetts. The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 13.2210(e) of the State Revenue and Taxation Code and is not a private foundation.

The majority of the Organization's activities are listed in the order of relative importance:

Furniture Assistance – The Organization delivers, free of charge, essential furniture as well as household items to needy individuals and families. The organization obtains donated new and used items from individual, institutional, and commercial sources. Program needs often require the Organization to purchase items to fulfill the needs of the people it serves.

Food Assistance – The Organization delivers food to those who request help. Deliveries consist of a healthy balance of non-perishable canned goods, dairy products, fresh fruits, and vegetables.

Christmas Assistance – The Organization provides gifts and food to needy families requesting assistance and support over the Christmas Season.

Fuel Assistance – In conjunction with another unaffiliated entity, the Organization assists requesting families with financial assistance in meeting overdue residential fuel bills to prevent cessation of services.

Credentials for Credibility – The program seeks to provide a resource for needy individuals to obtain driver licenses within the Commonwealth of Massachusetts, thereby providing them better access to the job markets outside their immediate residential area.

### **2. Summary of Significant Accounting Policies**

The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

#### **Method of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

#### **Use of Estimates**

The preparation of financial statements is in conformity with generally accepted accounting principles in the United States of America ("GAAP") which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

# **My Brother's Keeper, Inc.**

## **Notes to the Financial Statements**

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### **2. Summary of Significant Accounting Policies (continued)**

#### **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis with net assets, revenues, expenses, gains, and losses classified in two categories based on the existence or absence of externally imposed restrictions. Operating revenues consist of those monies received and contributions attributable to the Organization's ongoing efforts. The net assets of the Organization are classified and defined as follows:

#### ***Net Assets Without Donor Restrictions***

Net assets that are not subject to donor-imposed stipulations are considered unrestricted.

#### ***Net Assets With Donor Restrictions***

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 other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

#### **Cash and cash equivalents**

The Organization considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents. The Organization maintains its cash deposit balances in banks located in Massachusetts.

#### **Contribution Receivable**

Contribution receivables that are expected to be collected within one year are recorded at net realizable value. Contribution receivables that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. On a periodic basis, the Organization evaluates its contribution receivables and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. Contribution receivables are written off when deemed uncollectible. As of year-end, management has determined that no allowance was required.

#### **Revenue Recognition**

The Organization recognizes revenue from ticket sales for events on the date of the event. Sponsorship income for events is comprised of an exchange-based element for the value of tickets granted to sponsors and a contribution element. The Organization recognizes the exchange portion of sponsorship income upon the occurrence of the event and the contribution portion immediately. The Organization records special events ticket revenue equal to the fair value of direct benefits to donors when the event takes place.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions, including unconditional promises to give, are recognized as with or without donor restricted revenues in the year received in accordance with the donor requirements.

# My Brother's Keeper, Inc.

## Notes to the Financial Statements

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### 2. Summary of Significant Accounting Policies (continued)

#### Donated goods and services

Various individuals and organizations donate significant goods and services to the Organization as detailed in Note 5 of these financial statement footnotes. In addition, the Organization receives significant amounts of donated volunteer time related to its programs. For the years ending June 30, 2021 and 2020, the Organization received approximately 24,500 and 42,000 volunteer hours, respectively. This volunteer time was not recognized in the financial statements because it did not meet the criteria for recognition.

#### Fair Value Measurements

In accordance with GAAP, assets and liabilities recorded at fair value in the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

#### Property and equipment

Maintenance and repairs are expensed as incurred and improvements that increase the useful life of the asset are capitalized. When assets are retired or disposed of, the cost and related accumulated depreciation are removed from the accounts, and gains and losses are included in non-operating activities in the Statements of Activities. Land, buildings, and equipment, are shown at cost or fair value at the date a gift was received. Depreciation is computed on the straight-line method over the estimated useful lives of respective assets as follows:

Building and improvements	39 years
Landscaping and improvements	10 years
Furniture and equipment	5 years
Vehicles	5 years

The Organization reviews its real estate for impairment whenever events or changes in circumstances indicate that the carrying amount of such property may not be recoverable. If the real estate is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the real estate exceeds the fair market value of such property. There were no impairment losses recognized in 2021 and 2020.

#### Fundraising

Fundraising relates to the activities of raising general and specific contributions to the Organization and promotion of its special events.

#### Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and supporting services. Expenses relating to more than one function are allocated accordingly. Administration expenses include those expenses that are not directly identifiable with any specific function but provide for all the overall support and direction of the Organization. Payroll and associated costs are allocated to functions based on the job functions of respective employees. Occupancy costs are allocated based on estimated square footage.

## **My Brother's Keeper, Inc.**

### **Notes to the Financial Statements**

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#### **2. Summary of Significant Accounting Policies (continued)**

##### **Income Tax Status**

My Brother's Keeper, Inc. is classified as a Section 501(c)(3) organization under the Federal Internal Revenue Code and Section 13.2210(e) of the State Revenue and Taxation Code. As a result, it is exempt from federal income and state franchise taxes.

The Organization complies with the provisions of GAAP related to the accounting for the uncertainty in income taxes. As required, the Organization has evaluated its tax positions, applying a "more likely than not" threshold and believes that there would be no material changes to the results of its operation or financial position as a result of an audit by the applicable taxing authorities, federal or state. The Organization has filed all of its known and required tax returns in a timely manner, including as permitted, allowed extensions.

##### **Subsequent Event**

Other than the event mentioned above, the Organization has performed an evaluation of subsequent events through March 17, 2022, which is the date the Organization's financial statements were available to be issued.

#### **3. Cash Reserves**

The Board of Directors authorized the adoption of a cash management policy to ensure the long-term stability of the ministry through varying economic conditions so that the Organization can continuously carry out its mission, avoid excessive accumulation of funds, and effectively use major gifts. The following funds were established:

Reserve Fund – To create an internal line of credit to manage cash flow and maintain financial flexibility. The target amount is three months' reserve calculated as 25% of annual operating expenses from the prior three fiscal years. The Reserve Fund is to be funded quarterly in the lesser of \$25,000 or 5% of unrestricted contributions until the capped amount of \$400,000 is reached. At the Board's discretion, funding may be temporarily halted if funding will impact the ability to meet current operating needs.

Building and Capital Reserve – To create a ready source of funds for building repairs, renovations including leasehold improvements and other capital needs. The account is funded annually from 2% of unrestricted income, contributions are capped at \$250,000.

Mission Advancement Reserve – To create funds to meet special targets of opportunity that build capacity or improve our ability to carry out our mission. The target amount of the Mission Advancement Reserve will be an amount equal to complete Board approved projects. Funding will be from the annual budget surplus or 25% of unrestricted gifts in excess of \$50,000.

**My Brother's Keeper, Inc.**  
**Notes to the Financial Statements**

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**4. Fundraising Events, net**

The special events detailed below, represents the gross and net proceeds of fund raising events for the fiscal years ended June 30, 2021 and 2020:

Event	2021		
	Income	Expense	Net
Family Walk	\$ 57,078	\$ 3,867	\$ 53,211
Golf Tournament	142,454	31,438	111,016
South Coast Soiree	37,109	4,023	33,086
Other Events	9,090	4,655	4,435
Hungry Men	82,771	11,525	71,246
	<u>\$ 328,502</u>	<u>\$ 55,508</u>	<u>\$ 272,994</u>

Event	2020		
	Income	Expense	Net
Family Walk	\$ 610	\$ 1,486	\$ (876)
Golf Tournament	155,796	30,580	125,216
South Coast Soiree	116,578	43,972	72,606
Hungry Men	269,662	62,196	207,466
Other Events	120,985	4,644	116,341
	<u>\$ 663,631</u>	<u>\$ 142,878</u>	<u>\$ 520,753</u>

**5. Donated Goods and Services**

Donated materials, facilities and services totaling \$4,461,978 and \$2,967,171 in 2021 and 2020, respectively, were recorded at fair market value at the date of donation, and have been included in revenue and expenses as follows:

Goods	2021	2020
Furniture	\$ 147,794	\$ 437,476
Food	3,362,000	1,520,090
Christmas gifts	857,569	816,432
Assets	-	63,717
Total	<u>4,367,363</u>	<u>2,773,998</u>
<b>Services</b>		
Professional services	74,615	143,173
Administrative salaries	20,000	50,000
Total	<u>94,615</u>	<u>193,173</u>
Total	<u>\$ 4,461,978</u>	<u>\$ 2,967,171</u>

**My Brother's Keeper, Inc.**  
**Notes to the Financial Statements**

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**6. Contribution Receivables**

Contribution receivables, net of discounts and allowances are recorded as receivables with the revenue assigned to the appropriate net asset category. Included in contribution receivables is an amount due from one donor that represents approximately 87% and 96% of the total outstanding pledge receivables as of June 30, 2021 and 2020, respectively. At June 30, 2021 and 2020 contribution receivables are expected to be realized in the following time frame:

	2021	2020
In one year or less	\$ 1,150	\$ 116,950
Between two and five years	-	101,000
Subtotal	1,150	217,950
Discount to present value	-	(9,926)
Pledge receivables	<u>\$ 1,150</u>	<u>\$ 208,024</u>

**7. Concentration of Credit Risk**

The Organization maintains its cash deposit balances in banks located in Massachusetts that from time to time may exceed insurable limits under the Federal Depository Insurance Corporation (FDIC). The Organization has not experienced any losses on its cash deposit balances as it relates to FDIC insurance limits. Management monitors the credit worthiness of all banks where cash deposits are maintained. Management believes that the risk of any loss is minimal.

**8. Land Lease**

The building owned by My Brother's Keeper, Inc., located in Easton, Massachusetts, is situated on leased land owned by The Congregation of the Holy Cross Eastern Province, Inc. The terms of the lease called for payments of \$10 per year for a period of fifty (50) years. The lease was paid in full on October 2, 2002. The Organization recorded the fair value of the use of the land donated amounting to \$550,000 in a prior year.

In fiscal 2018, land adjacent to the building was included in a lease to the Organization by the same lessor which will serve the Organization as parking facilities. The Organization recorded the fair value of the use of the land donated amounting to \$277,900 as of June 30, 2018. In both cases as part of this land lease arrangement, the lessor may reclaim the land.

**9. Lines of Credit**

The Organization secured a \$100,000 demand line of credit with a local financial institution with an interest rate of 7.75% based on prime plus 2.5% with a minimum rate of 6%. The line of credit is secured by all assets of the Organization. At June 30, 2021 and 2020, there were no outstanding amounts due with respect to this line of credit.

The Organization has a line of credit amounting to \$225,000 that is due upon demand. The line of credit carries an interest rate of the Wall Street Journal Prime rate plus 0.50% which was 3.75% as of the fiscal years ended June 30, 2021 and 2020. As of June 30, 2021 and 2020, there were no outstanding amounts due with respect to this line of credit.

## **My Brother's Keeper, Inc.**

### **Notes to the Financial Statements**

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#### **10. Note Payable**

In connection with the building project that was completed in a prior fiscal year, the Organization obtained a \$2,560,000 construction loan. The loan had interest only payments due through August 2018. As of September 2018, the loan required monthly payments of principal and interest amounting to \$5,605.46. Effective February 2019, the loan agreement was modified to reduce the monthly principal and interest payments to \$4,768.31.

In March 2021, the loan terms were further modified due to additional principal payments made during fiscal 2020 and 2021. In February and March 2021, the Organization made additional large principal payments of approximately \$289,000. As such, beginning in April 2021, monthly payments on the loan were reduced to \$1,832.47 and are being amortized over a 300-month term. The interest rate on the note was reduced to 3.5% fixed and the maturity date was extended to March 2031. Prior to the modification, the loan was being amortized over 25 years and had an interest rate of the Bank of Boston advance rate plus 2.5% which was 4.91% as of June 30, 2020. The loan is secured by the real estate. As of June 30, 2021 and 2020 the loan had an outstanding balance of \$361,767 and \$671,834, respectively.

The loan payments are due as follows, reflecting the loan modification described above:

2022	\$	9,451
2023	\$	9,786
2024	\$	10,133
2025	\$	10,493
2026	\$	10,865
Thereafter	\$	311,039

#### **11. Paycheck Protection Program Loan**

In April 2020, the Organization received a Paycheck Protection Program (PPP) loan under the CARES act in the amount of \$158,707. The loan was available to fund eligible payroll and related costs, utilities and rent and carried an interest rate of 1%. The loan was used for the qualifying expenditures as described under the provisions of the CARES act. As a result, in March 2021, the loan was forgiven by the Small Business Association (SBA) and has been recognized as income in the accompanying financial statements.

#### **12. Related Party Transactions**

During 2021 and 2020, related parties donated \$64,775 and \$27,600 to the Organization, respectively.

#### **13. Employee Benefits**

The organization sponsors a 403b retirement plan for the benefit of eligible employees. All full-time employees are eligible to participate in the plan. The Organization's contributions under this plan amounted to \$27,877 and \$23,656 for the years ended June 30, 2021 and 2020.

#### **14. Net Assets with Donor Restrictions**

As of June 30, 2021 and 2020, net assets with donor restrictions consisted of pledges, primarily for the Dartmouth Expansion and other programming needs amounting to \$1,150 and \$208,024, respectively.

## My Brother's Keeper, Inc. Notes to the Financial Statements

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### 15. Liquidity and Available

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, as of June 30, 2021 within one year of the balance sheet date consists of:

Financial Assets at year-end:	2021	2020
Cash and cash equivalents	\$ 629,296	\$ 479,358
Receivables, current	1,150	116,950
Cash reserves	711,876	546,281
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,342,322</u>	<u>\$ 1,142,589</u>

The Organization's goal is generally to maintain financial assets to meet 60 days of operating expense, which it was able to achieve in fiscal 2021 and 2020.

### 16. Recent Accounting Pronouncements

In 2020, the Organization adopted the Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers" (Topic 606). This guidance amends revenue recognition to replace numerous, industry-specific requirements and converges areas under this topic with those of the International Financial Reporting Standards. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made" (Topic 605) as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

### 17. Risks and Uncertainties

In March 2020, a national emergency was declared in the United States as a result of the coronavirus epidemic. This public health crisis has had a significant and wide-ranging effect on the United States economy, global markets, supply chains, businesses and communities. During 2020, COVID-19 impacted the operations of the organization, specifically, but not limited to, special event cancellations, shifting of certain programming operations to virtual or touchless, an increase in donations related to providing COVID-19 and an increase in program demand. The Pandemic continues to effect results of operations in fiscal 2021. Management believes it is taking appropriate actions to mitigate any negative impact COVID-19 may have on its operations.