

**CHESAPEAKE MULTICULTURAL
RESOURCE CENTER, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2025

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Accounting Strategies Group, LLC

Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Chesapeake Multicultural Resource Center, Inc.
Easton, Maryland 21601

We have reviewed the accompanying financial statements of Chesapeake Multicultural Resource Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows 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 entity 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 financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with the 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.

We are required to be independent of Chesapeake Multicultural Resource Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, 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.

Accounting Strategies Group, LLC

Preston, Maryland
October 20, 2025

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

<u>ASSETS</u>		2025	2024
<u>CURRENT ASSETS</u>			
Cash and Cash Equivalents	\$	196,047	\$ 194,310
Accounts Receivable		3,841	2,964
Grants Receivable		63,483	9,371
Reimbursements Receivable		3,643	4,742
Prepaid Expenses		10,396	7,378
TOTAL CURRENT ASSETS		277,410	218,765
<u>FIXED ASSETS</u>			
Land		221,946	221,946
Building and Improvements		514,753	514,753
FIXED ASSETS, AT COST		736,699	736,699
Less: Accumulated Depreciation		(76,494)	(55,836)
TOTAL FIXED ASSETS, AT COST, LESS ACCUMULATED DEPRECIATION		660,205	680,863
<u>OTHER ASSETS</u>			
Other Investments		585,874	469,022
Endowment Investments		16,185	14,366
TOTAL OTHER ASSETS		602,059	483,388
TOTAL ASSETS		\$ 1,539,674	\$ 1,383,016
<u>LIABILITIES AND NET ASSETS</u>			
<u>CURRENT LIABILITIES</u>			
Current Maturities of Long-Term Debt	\$	-	\$ 30,564
Accounts Payable		7,301	2,909
Payroll Taxes Payable		7,120	7,689
Accrued Payroll		22,394	18,211
Deferred Revenue		72,769	98,300
TOTAL CURRENT LIABILITIES		109,584	157,673
<u>LONG-TERM DEBT</u>			
Mortgage Payable		-	16,643
TOTAL LONG-TERM DEBT		-	16,643
TOTAL LIABILITIES		109,584	174,316
<u>NET ASSETS</u>			
Without Donor Restrictions		1,351,760	1,101,534
With Donor Restrictions		78,330	107,166
TOTAL NET ASSETS		1,430,090	1,208,700
TOTAL LIABILITIES AND NET ASSETS		\$ 1,539,674	\$ 1,383,016

See Independent Accountants' Review Report
The Notes to Financial Statements are an integral part of these statements.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
REVENUES						
Contributed Revenue	\$ 479,289	\$ 18,033	\$ 497,322	\$ 364,154	\$ 8,450	\$ 372,604
Grant Revenue	495,306	73,613	568,919	396,000	146,250	542,250
Contracts for Services	86,345	-	86,345	93,425	-	93,425
Rental Income	29,050	-	29,050	31,201	-	31,201
Interest & Dividend Income	19,513	146	19,659	11,490	(44)	11,446
Realized and Unrealized Gains/(Losses)	636	747	1,383	(6,207)	598	(5,609)
Other Income	8,621	-	8,621	2,501	-	2,501
TOTAL REVENUES	1,118,760	92,539	1,211,299	892,564	155,254	1,047,818
EXPENSES						
Program Expenses:						
Youth Development	158,138	-	158,138	84,396	-	84,396
Family Fund	9,372	-	9,372	8,140	-	8,140
Information and referral	741,296	-	741,296	582,274	-	582,274
Total Program Expenses	<u>908,806</u>	<u>-</u>	<u>908,806</u>	<u>674,810</u>	<u>-</u>	<u>674,810</u>
Supporting Services:						
Management and general	71,935	-	71,935	76,466	-	76,466
Fundraising	9,168	-	9,168	11,980	-	11,980
Total Supporting Services	<u>81,103</u>	<u>-</u>	<u>81,103</u>	<u>88,446</u>	<u>-</u>	<u>88,446</u>
TOTAL EXPENSES	989,909	-	989,909	763,256	-	763,256
EXCESS OF REVENUE OVER EXPENSES						
BEFORE TRANSFER	128,851	92,539	221,390	129,308	155,254	284,562
NET ASSETS RELEASED FROM RESTRICTIONS	<u>121,375</u>	<u>(121,375)</u>	<u>-</u>	<u>93,817</u>	<u>(93,817)</u>	<u>-</u>
CHANGE IN NET ASSETS	250,226	(28,836)	221,390	223,125	61,437	284,562
NET ASSETS AT BEGINNING OF YEAR	<u>1,101,534</u>	<u>107,166</u>	<u>1,208,700</u>	<u>878,409</u>	<u>45,729</u>	<u>924,138</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,351,760</u>	<u>\$ 78,330</u>	<u>\$ 1,430,090</u>	<u>\$ 1,101,534</u>	<u>\$ 107,166</u>	<u>\$ 1,208,700</u>

See Independent Accountants' Review Report
The Notes to Financial Statements are an integral part of these statements.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025				2024			
	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising	Total
Accounting Fees	\$ -	\$ 7,000	\$ -	\$ 7,000	\$ -	\$ 6,500	\$ -	\$ 6,500
Advertising and Marketing	422	-	-	422	277	-	-	277
Bank Service Fees	1,752	376	-	2,128	1,045	747	-	1,792
Conferences and Meetings	146	-	-	146	53	-	100	153
Depreciation Expense	16,526	3,099	1,033	20,658	11,118	2,085	695	13,898
Dues and Subscriptions	2,624	-	-	2,624	2,603	-	94	2,697
Employee Benefit	52,694	-	-	52,694	53,336	6,400	-	59,736
Information Technology	15,980	1,059	1,863	18,902	7,383	929	1,548	9,860
Insurance	11,166	3,037	258	14,461	8,558	797	240	9,595
Loan & Property Fees	525	-	-	525	653	-	-	653
Mortgage Interest	1,047	196	65	1,308	2,765	518	173	3,456
Occupancy	6,248	-	-	6,248	11,170	-	-	11,170
Office Expense	4,507	33	-	4,540	2,731	-	-	2,731
Payroll Processing	2,087	-	-	2,087	1,786	-	-	1,786
Payroll Taxes	46,077	3,162	-	49,239	31,004	3,646	-	34,650
Postage & Shipping	6,492	-	-	6,492	6,035	-	330	6,365
Printing & Copying	5,352	275	2,587	8,214	3,943	-	1,240	5,183
Professional Development	2,410	2,266	-	4,676	1,985	738	244	2,967
Professional Fees	-	5,949	563	6,512	5,900	7,202	6,000	19,102
Property Taxes	5,411	1,014	338	6,763	4,846	1,609	303	6,758
Repairs & Maintenance	23,086	4,329	1,443	28,858	6,442	861	-	7,303
Salaries	582,244	40,140	-	622,384	415,173	44,434	-	459,607
Supply & Activity Expense	103,594	-	1,018	104,612	82,358	-	1,013	83,371
Telecommunications	11,472	-	-	11,472	8,930	-	-	8,930
Travel	6,944	-	-	6,944	4,716	-	-	4,716
Total Functional Expenses	\$ 908,806	\$ 71,935	\$ 9,168	\$ 989,909	\$ 674,810	\$ 76,466	\$ 11,980	\$ 763,256

See Independent Accountants' Review Report
The Notes to Financial Statements are an integral part of these statements.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 221,390	\$ 284,562
Adjustments to Reconcile Change in Net Assets to Net Cash and Cash Equivalents Provided by Operating Activities:		
Depreciation	20,658	13,898
(Gain) Loss and (Appreciation)/ Depreciation of Investments	(1,383)	5,609
(Increase) Decrease in Assets:		
Accounts Receivable	(877)	9,309
Grants Receivable	(54,112)	54,659
Reimbursements Receivable	1,099	(4,742)
Prepaid Expenses	(3,018)	(3,270)
(Decrease) Increase in Liabilities:		
Accounts Payable	4,392	(1,766)
Payroll Taxes Payable	(569)	246
Accrued Liabilities	4,183	(7,847)
Deferred Revenue	(25,531)	90,872
Rental Security Deposits	-	(901)
NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES	<u>166,232</u>	<u>440,629</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Property, Plant & Equipment	-	(126,865)
Purchase of Investments	(393,856)	(586,943)
Proceeds from Sale of Investments	276,568	249,025
NET CASH AND CASH EQUIVALENTS USED IN INVESTING ACTIVITIES	<u>(117,288)</u>	<u>(464,783)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Repayment of Long Term Borrowings	(47,207)	(60,336)
NET CASH AND CASH EQUIVALENTS USED IN FINANCING ACTIVITIES	<u>(47,207)</u>	<u>(60,336)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	1,737	(84,490)
Cash and Cash Equivalents, Beginning of Year	194,310	278,800
Cash and Cash Equivalents, End of Year	<u>\$ 196,047</u>	<u>\$ 194,310</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for:		
Interest	\$ 1,309	\$ 3,456
Income Taxes	<u>\$ -</u>	<u>\$ -</u>

See Independent Accountants' Review Report
The Notes to Financial Statements are an integral part of these statements.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025, AND 2024

NOTE A. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Chesapeake Multicultural Resource Center, Inc. (ChesMRC) was incorporated on August 23, 2012, as a Maryland non-stock corporation to operate exclusively for charitable, religious, scientific, literary, or educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code.

NATURE OF ACTIVITIES

ChesMRC empowers individuals from different cultures to become successful and engaged members of the community through education and information. Through its programs, ChesMRC strives to break down barriers that arise from differences in language, appearances, cultural and ethnic traditions, and to help newcomers understand and navigate through unfamiliar educational, health, social and legal structures. The Organization's initial focus was Talbot County, Maryland, however it is increasingly serving clients across the Maryland Mid-Shore region. All programs are provided free of charge; however, client donations are accepted.

Youth Development:

Youth Development programs include after-school programs at Easton Elementary School and the ChesMRC Scholarship program. After-school programs are funded through private donations and small grants. The program provides enrichment programming from 3:30-5:30 that includes Healthy Habits, STEM activities, arts and crafts, and Scout programs. The program is free of charge and open to any student; preference is given to children from low-income households with the greatest academic need.

The ChesMRC scholarship fund is designed to identify and assist students with the most need.

Resource Center:

The Resource Center provides a one-stop information and referral service to help people from different cultures adapt to their new community. Anyone can access the Center for general assistance, help with translations, completing documents, and referrals to service providers. The most frequent requests are for help in immigration law, obtaining driver's licenses, payment of income taxes, education and training, general legal aid, and family support. This activity is funded primarily through unrestricted donor contributions.

The Resource Center operates an immigration clinic to assist clients with immigration issues. ChesMRC is an accredited organization through the Department of Justice and can represent clients before US Citizenship & Immigration Services (USCIS) without the need of an attorney and affords legal services at little or no cost to qualifying candidates. The Center also offers citizenship classes and workshops to help prepare clients with taking the formal citizenship tests.

Community Awareness:

Through outreach to government agencies, service providers, and the general public, ChesMRC seeks to develop and disseminate information about the current and potential impact of new immigrants on the community. ChesMRC promotes activities and initiatives that create positive community awareness of the growing non-English speaking population.

BASIS OF ACCOUNTING

The financial statements of ChesMRC have been prepared on the accrual basis of accounting, which is U.S. Generally Accepted Accounting Principles. Under this method of accounting, revenue is recognized when amounts are earned, and expenses are recognized when they are incurred.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025, AND 2024

NOTE A. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

BASIS OF PRESENTATION

The Organization follows Financial Accounting Standards Board Accounting Standard Codification (FASB ASC) 958-210, *Presentation of Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210, the Organization is required to report information regarding its financial position and activities according to two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) based on existence or absence of donor-imposed restrictions:

A description of the two categories of net assets is as follows:

Net Assets without Donor Restrictions – are free from donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets are presently available for use by the Organization at the discretion of the Board of Directors.

Net Assets with Donor Restrictions – are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by the Organization or with the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

REVENUE RECOGNITION

The Organization follows two FASB Accounting Standards Updates (ASU) that affect the Organization's revenue recognition.

The first, FASB ASU 2014-09, *Revenue from Contracts with Customers* requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The second, FASB ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions.

Contribution Revenue – The Organization records contributions (including pledges) when the contribution is deemed unconditional. Contributions are reflected in the financial statements at the earlier of the transfer of the asset or at the time an unconditional pledge is made.

Contracts for Services – Income is recognized when earned; therefore, over the period the service was provided.

Rental Income – Income is recognized when earned; therefore, over the period the service was provided.

Grant Income – Grants are awarded to support the Organization's activities that are conditioned on performing certain services or incurring certain reimbursable expenditures. Cost reimbursement grants are recognized as revenue in the period the qualifying expenditures are incurred. Grants receivables consist of outstanding amounts due for grants in which the allowable expenditures have been incurred but the funding has not been reimbursed to the Organization. Grant amounts collected in advance but unearned are reflected as unearned revenue. Unearned revenue applies to services to be rendered in future periods and revenue is recognized in the year when the services are earned. Certain unexpended grants could be required under the grant terms to be returned to the funding entity.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025, AND 2024

NOTE A. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid debt investments with an original maturity of three months or less to be cash equivalents.

CONCENTRATION OF CREDIT RISKS

Cash in the bank amounted to \$197,496 and \$106,476 (carrying amounts of \$196,047 and \$194,310) for the years ended June 30, 2025, and 2024, respectively. Cash deposits are insured, up to \$250,000, by the Federal Deposit Insurance Company. Balances were fully insured on June 30, 2025, and 2024.

ACCOUNTS RECEIVABLE / CREDIT LOSSES

Accounts receivable are stated at face amount.

ChesMRC follows FASB ASU No. 2016-13, *Financial Instruments – Credit Losses* (Topic 326). The Currently Expected Credit Losses (CECL) methodology utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses for loans, held-to-maturity securities, and other receivables at the time the financial asset originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses.

Management evaluates the collectability of receivables based on current conditions, past experience, and forecast of future events. Management believes the full amount of accounts receivable to be collectible within one year of the statement of financial position date, therefore, there is no allowance for credit losses.

INVESTMENTS IN MARKETABLE SECURITIES

The Organization follows FASB ASC 958-320, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Investments consist of money market funds, certificates of deposit, and mutual fund shares with readily determinable fair values. Investments are reported at fair value based on quoted market prices in the Statements of Financial Position. Donated securities are also reported at fair market value as of the date of receipt. Unrealized gains and losses are recognized currently in the Statements of Activities. See Note C for further explanation of fair market value.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in values of investment securities could occur in the near-term, and those changes could materially affect investment balances and activity included in the financial statements.

DEFERRED REVENUE

Funds received as advances under grant and contract agreements in excess of expenditures are classified as deferred revenue.

FIXED ASSETS

Fixed assets are carried at cost. Assets and accumulated depreciation accounts are relieved when properties are retired or otherwise disposed. Gains and losses on the sale of property are included in revenue.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025, AND 2024

NOTE A. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTED SERVICES

Contributed services are reflected in the accompanying statements at their estimated fair values at the date of receipt to the extent that they create or enhance nonfinancial assets or require specialized skills which, if not provided by donation, would have to be purchased by the Organization.

A substantial number of unpaid volunteers make contributions of their time, particularly to the afterschool, scouting, and adult literacy programs, approximately fifteen people during fiscal years ending June 30, 2025, and 2024. The value of these contributed services is not included in the accompanying financial statements because the criteria for recognition under FASB-ASC 958-605 have not been satisfied.

DEPRECIATION

Depreciation is calculated using the straight-line method over the estimated useful lives of the fixed assets as follows:

Building and Improvements 15 to 39 Years

Fixed asset activity for ChesMRC for the years ended June 30, 2025, and 2024 was as follows:

	<u>Balance as of</u> <u>June 30, 2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance as of</u> <u>June 30, 2025</u>
Land	\$ 221,946	\$ -	\$ -	\$ 221,946
Building & Improvements	<u>514,753</u>	<u>-</u>	<u>-</u>	<u>514,753</u>
Totals	<u>\$ 736,699</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 736,699</u>

	<u>Balance as of</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance as of</u> <u>June 30, 2024</u>
Land	\$ 221,946	\$ -	\$ -	\$ 221,946
Building & Improvements	362,657	152,096	-	514,753
Construction in Progress	<u>25,231</u>	<u>-</u>	<u>25,231</u>	<u>-</u>
Totals	<u>\$ 609,834</u>	<u>\$ 152,096</u>	<u>\$ 25,231</u>	<u>\$ 736,699</u>

Depreciation expenses on all fixed assets were \$20,658 and \$13,898 for the years ended June 30, 2025, and 2024, respectively.

INCOME TAXES

ChesMRC is exempt under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity. ChesMRC is exempt from paying federal income tax on any income except unrelated business income. No provision has been made for income taxes as ChesMRC had no unrelated business income.

In accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, the Organization has assessed the likelihood that all tax positions are more likely than not to be sustained upon examination. The Organization's federal and state filings are subject to examination by the IRS and/or state authorities, generally, for the three years after they have been filed.

USE OF ESTIMATES

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

See Independent Accountants' Review Report

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2025, AND 2024

NOTE A. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

ALLOCATION OF FUNCTIONAL EXPENSES

Accounting principles generally accepted in the United States of America require all not-for-profit entities to present their expenses on a functional basis, separating program services from management and general expenses and fundraising expenses. Functional expenses are either charged directly to program services as incurred or allocated based on usage for items such as occupancy, depreciation, and administrative salaries.

SUBSEQUENT EVENTS EVALUATION

Subsequent events were evaluated through October 20, 2025, which is the date the financial statements were available to be issued.

NOTE B. INVESTMENTS/MARKETABLE SECURITIES

The Organization maintains investments in two accounts with Mid-Shore Community Foundation, an account with Morgan Stanley and an account with Wye Financial & Trust. Investments are stated at fair market value and are composed of the following:

	<u>MARKET</u>	<u>COST</u>
<u>Balances on June 30, 2025:</u>		
Without Donor Restrictions	<u>\$ 594,118</u>	<u>\$ 592,604</u>
With Donor Restrictions – Endowment	<u>\$ 7,941</u>	<u>\$ 6,605</u>
<u>Balances on June 30, 2024:</u>		
Without Donor Restrictions	<u>\$ 476,339</u>	<u>\$ 475,070</u>
With Donor Restrictions – Endowment	<u>\$ 7,048</u>	<u>\$ 6,290</u>

The net increase in unrealized appreciation has been reflected in the current year's income. Investment income has been allocated to each fund based upon the fair market values at the end of each month. Certain investments are not insured from risk of loss.

The following tabulation summarizes the unrealized and realized gains (losses) of investment assets:

	<u>2025</u>	<u>2024</u>
Increase in unrealized appreciation	\$ 824	\$ 1,314
Realized gain (loss) for the year	<u>559</u>	<u>(6,923)</u>
Total gain (loss) for the year	<u>\$ 1,383</u>	<u>\$ (5,609)</u>

NOTE C FAIR VALUE MEASUREMENTS

The Organization adopted FASB ASC 820, *Fair Value Measurements*, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. This hierarchy consists of three broad levels:

Level 1 – Inputs to the valuation methodology are unadjusted, quoted market prices for identical instruments in active markets.

Level 2 – Inputs to the valuation methodology include quoted market prices for similar instruments in active markets, and inputs that are observable for the instrument, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

See Independent Accountants' Review Report

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025, AND 2024

NOTE C **FAIR VALUE MEASUREMENTS (CONTINUED)**

The Organization has determined the fair values of assets and liabilities measured on a recurring basis on June 30, 2025, and 2024 are as follows:

<u>As of June 30, 2025</u>	<u>Fair Market Value</u>	<u>Quoted Prices in Markets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
Marketable Securities/ Traded Funds	<u>\$ 602,059</u>	<u>\$ 585,874</u>	<u>\$ 16,185</u>	<u>\$ -</u>
 <u>As of June 30, 2024</u>				
Marketable Securities/ Traded Funds	<u>\$ 483,388</u>	<u>\$ 469,022</u>	<u>\$ 14,366</u>	<u>\$ -</u>

NOTE D. **DEBT**

Line of Credit

ChesMRC has an unsecured line of credit with Shore United Bank with a maximum borrowing limit of \$50,000 and an adjustable interest rate, 8.50% and 9.50% on June 30, 2025, and 2024, respectively. No borrowings were made against this line of credit for the years ended June 30, 2025, or 2024.

Long-Term Debt

Long-term debt consists of the following:

	<u>2025</u>	<u>2024</u>
Mortgage Payable – Shore United Bank.		
Monthly Principal and Interest Installments of \$2,659.		
Matures April 20, 2044, Interest at 6.50% per Annum.		
Secured by Commercial Real Estate	\$ -	\$ 47,207
Less Current Maturities	(-)	(30,564)
TOTAL LONG-TERM DEBT	<u>\$ -</u>	<u>\$ 16,643</u>

Interest under all debt agreements amounted to \$1,309 and \$3,456 for the years ended June 30, 2025, and 2024, respectively.

NOTE E. **DONOR RESTRICTED NET ASSETS**

During the years ended June 30, 2025, and 2024, donor restricted contributions were as follows:

	<u>2025</u>	<u>2024</u>
Youth Development	\$ 17,068	\$ 37,750
Scholarship	61,613	115,000
Family Fund	12,965	1,950
Endowment Income	893	554
Total	<u>\$ 92,539</u>	<u>\$ 155,254</u>

Net assets released from donor restrictions during the year ended June 30, 2025, and 2024, by incurring qualified expenses or by the occurrence of events specified by the donors were as follows:

	<u>2025</u>	<u>2024</u>
Youth Development	\$ 42,208	\$ 38,475
Scholarship	67,149	53,392
Interpreter Training	2,611	-
Family Fund	9,407	1,950
Total	<u>\$ 121,375</u>	<u>\$ 93,817</u>

See Independent Accountants' Review Report

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
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NOTE E. DONOR RESTRICTED NET ASSETS (CONTINUED)

Net assets with donor restrictions at year end are comprised of the following:

	<u>2025</u>	<u>2024</u>
Youth Development	\$ -	\$ 25,140
Scholarship	66,831	72,367
Interpreter Training	-	2,611
Family Fund	3,558	-
Endowment	<u>7,941</u>	<u>7,048</u>
Total	<u>\$ 78,330</u>	<u>\$ 107,166</u>

NOTE F. ENDOWMENT FUNDS

ChesMRC received endowment contributions during the fiscal year ended June 30, 2019, and established the Chesapeake Multicultural Resource Center Fund of the Mid-Shore Community Foundation.

Endowment composition by type of fund:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>June 30, 2025</u>			
Donor-restricted			
Endowment Funds	\$ -	\$ 7,941	\$ 7,941
Board Designated			
Endowment Funds	<u>8,244</u>	<u>-</u>	<u>8,244</u>
Total Funds	<u>\$ 8,244</u>	<u>\$ 7,941</u>	<u>\$ 16,185</u>
<u>June 30, 2024</u>			
Donor-restricted			
Endowment Funds	\$ -	\$ 7,048	\$ 7,048
Board Designated			
Endowment Funds	<u>7,318</u>	<u>-</u>	<u>7,318</u>
Total Funds	<u>\$ 7,318</u>	<u>\$ 7,048</u>	<u>\$ 14,366</u>

Under the terms of the contribution, the principal is to remain in perpetuity, however the income earned on the contributions is restricted to general operating expenses. Additionally, the Board designated a sum of \$5,000, to function as a Board-Designated endowment fund.

CHESAPEAKE MULTICULTURAL RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025, AND 2024

NOTE F. ENDOWMENT FUNDS (CONTINUED)

Changes in Endowment Net Assets:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Funds			
June 30, 2023	\$ 6,595	\$ 6,494	\$ 13,089
Investment Return:			
Investment Income	411	240	651
Net Appreciation	312	314	626
Contributions	-	-	-
Appropriations—			
Operating	-	-	-
Endowment Funds			
June 30, 2024	7,318	7,048	14,366
Investment Return:			
Investment Income	327	315	642
Net Appreciation	599	578	1,177
Contributions	-	-	-
Appropriations—			
Operating	-	-	-
Endowment Funds			
June 30, 2025	<u>\$ 8,244</u>	<u>\$ 7,941</u>	<u>\$ 16,185</u>

NOTE G. RENTAL INCOME

ChesMRC leases office spaces and residential apartments to unrelated companies. The amount of rental income received was \$29,050 and \$31,201 for the years ended June 30, 2025, and 2024, respectively.

NOTE H. REIMBURSEMENT RECEIVABLE

In September 2023, employee misappropriation was discovered through ChesMRC internal control procedures. It was discovered that the employee had misappropriated approximately \$13,000. The Board, with the guidance of an attorney Board member, issued notice to the former employee of the discovery and demanded restitution to ChesMRC. In June 2024, the Organization reached a settlement agreement with the former employee for restitution in the amount of \$5,000. On June 30, 2025, and 2024, the balance owed was \$3,643 and \$4,742, respectively.

NOTE I. RETIREMENT PLAN

ChesMRC participated in a SIMPLE IRA plan with employer contributions of \$5,438 and \$5,764 for the years ended June 30, 2025, and 2024, respectively. All employees twenty-one years of age and older who have worked at least a year with at least \$5,000 of compensation for the year were eligible to participate in the plan.

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NOTE J.

LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows as of June 30, 2025, and 2024:

	2025	2024
Cash and cash equivalents	\$ 196,047	\$ 194,310
Investments	602,059	483,388
Grants and Accounts Receivable	70,967	17,077
Prepaid Expenses	<u>10,396</u>	<u>7,378</u>
Total financial assets available within one year	879,469	702,153
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	73,330	102,166
Restricted by donors in perpetuity	<u>5,000</u>	<u>5,000</u>
Total amounts unavailable for general expenditures within one year	78,330	107,166
Amounts unavailable for management without Board's approval.		
Board Designated	<u>8,244</u>	<u>7,318</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 792,895</u>	<u>\$ 587,669</u>

As part of the Organization's liquidity management, it has a policy to structure its financial resources to be available as its general expenditures, liabilities, and other obligations come due. The Organization has an available line of credit with borrowing up to \$50,000 which it can utilize to meet short-term liquidity needs.