

THE
DIMOCK CENTER

**DIMOCK COMMUNITY FOUNDATION, INC.
AND AFFILIATES**

**COMBINING FINANCIAL STATEMENTS IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND
UNIFORM GUIDANCE
JUNE 30, 2019 AND 2018**

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

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June 30, 2019 and 2018

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Unmodified Opinion on Combining Financial Statements Accompanied by Other Information – Not-For-Profit Entity

Independent Auditor's Report

To the Boards of Directors of
Dimock Community Foundation, Inc. and Affiliates:

Report on the Combining Financial Statements

We have audited the accompanying combining financial statements of Dimock Community Foundation, Inc. and Affiliates (Massachusetts corporations, not for profit) (collectively, the Agency) which comprise the combining statements of financial position as of June 30, 2019 and 2018, and the related combining statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the combining financial statements.

Management's Responsibility for the Combining Financial Statements

Management is responsible for the preparation and fair presentation of these combining 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 combining financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combining financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combining financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combining financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combining financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combining financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combining financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combining financial statements referred to on page one present fairly, in all material respects, the combining financial position of Dimock Community Foundation, Inc. and Affiliates as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the combining financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2019, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the combining financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combining financial statements. The information has been subjected to the auditing procedures applied in the audit of the combining financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combining financial statements or to the combining financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combining financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2019, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



Boston, Massachusetts
November 19, 2019

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Combining Statement of Financial Position
June 30, 2019

Assets	The Foundation					The Support Corp	Eliminations	Total
	Without Donor Restrictions			With Donor Restrictions	Total			
	Operating	Property and Equipment	Total					
Current Assets:								
Cash and cash equivalents	\$ 4,057,107	\$ -	\$ 4,057,107	\$ 2,654,756	\$ 6,711,863	\$ 47,323	\$ -	\$ 6,759,186
Patient accounts receivable, net of contractual allowances and allowance for doubtful accounts of approximately \$2,875,000	830,379	-	830,379	-	830,379	-	-	830,379
Grants and contracts receivable, net of allowance for doubtful accounts of approximately \$100,000	1,982,910	-	1,982,910	-	1,982,910	-	-	1,982,910
Inventory	139,619	-	139,619	-	139,619	-	-	139,619
Prepaid expenses and other	343,701	-	343,701	-	343,701	-	-	343,701
Due (to) from	1,000	-	1,000	-	1,000	(1,000)	-	-
Total current assets	<u>7,354,716</u>	<u>-</u>	<u>7,354,716</u>	<u>2,654,756</u>	<u>10,009,472</u>	<u>46,323</u>	<u>-</u>	<u>10,055,795</u>
Property and Equipment:								
Land, buildings and improvements	-	46,542,415	46,542,415	-	46,542,415	14,413,009	(500,000)	60,455,424
Furniture and equipment	-	7,761,561	7,761,561	-	7,761,561	-	-	7,761,561
	-	54,303,976	54,303,976	-	54,303,976	14,413,009	(500,000)	68,216,985
Less - accumulated depreciation	-	28,503,115	28,503,115	-	28,503,115	446,269	-	28,949,384
Net property and equipment	-	<u>25,800,861</u>	<u>25,800,861</u>	-	<u>25,800,861</u>	<u>13,966,740</u>	<u>(500,000)</u>	<u>39,267,601</u>
Other Assets:								
Investments	309,802	-	309,802	3,375,764	3,685,566	-	-	3,685,566
Notes receivable	-	9,743,600	9,743,600	-	9,743,600	500,000	(500,000)	9,743,600
Restricted deposits	-	277,849	277,849	-	277,849	224,155	-	502,004
Total other assets	<u>309,802</u>	<u>10,021,449</u>	<u>10,331,251</u>	<u>3,375,764</u>	<u>13,707,015</u>	<u>724,155</u>	<u>(500,000)</u>	<u>13,931,170</u>
Total assets	<u>\$ 7,664,518</u>	<u>\$ 35,822,310</u>	<u>\$ 43,486,828</u>	<u>\$ 6,030,520</u>	<u>\$ 49,517,348</u>	<u>\$ 14,737,218</u>	<u>\$ (1,000,000)</u>	<u>\$ 63,254,566</u>
Liabilities and Net Assets								
Current Liabilities:								
Current portion of long-term debt	\$ -	\$ 570,950	\$ 570,950	\$ -	\$ 570,950	\$ -	\$ -	\$ 570,950
Accounts payable	1,723,370	-	1,723,370	-	1,723,370	-	-	1,723,370
Accrued expenses	2,116,496	-	2,116,496	-	2,116,496	-	-	2,116,496
Total current liabilities	<u>3,839,866</u>	<u>570,950</u>	<u>4,410,816</u>	<u>-</u>	<u>4,410,816</u>	<u>-</u>	<u>-</u>	<u>4,410,816</u>
Other Liabilities:								
Long-term debt, net of current portion and unamortized debt issuance costs	-	11,424,658	11,424,658	-	11,424,658	14,280,000	-	25,704,658
Deferred revenue	500,000	-	500,000	-	500,000	-	(500,000)	-
Conditional liabilities	-	815,541	815,541	-	815,541	-	-	815,541
Total other liabilities	<u>500,000</u>	<u>12,240,199</u>	<u>12,740,199</u>	<u>-</u>	<u>12,740,199</u>	<u>14,280,000</u>	<u>(500,000)</u>	<u>26,520,199</u>
Total liabilities	<u>4,339,866</u>	<u>12,811,149</u>	<u>17,151,015</u>	<u>-</u>	<u>17,151,015</u>	<u>14,280,000</u>	<u>(500,000)</u>	<u>30,931,015</u>
Net Assets:								
Without donor restrictions:								
Operating	3,224,652	-	3,224,652	-	3,224,652	-	-	3,224,652
Property and equipment	-	15,570,918	15,570,918	-	15,570,918	457,218	(500,000)	15,528,136
Custodial property	-	7,440,243	7,440,243	-	7,440,243	-	-	7,440,243
Board designated endowment	100,000	-	100,000	-	100,000	-	-	100,000
Total without donor restrictions	<u>3,324,652</u>	<u>23,011,161</u>	<u>26,335,813</u>	<u>-</u>	<u>26,335,813</u>	<u>457,218</u>	<u>(500,000)</u>	<u>26,293,031</u>
With donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,030,520</u>	<u>6,030,520</u>	<u>-</u>	<u>-</u>	<u>6,030,520</u>
Total net assets	<u>3,324,652</u>	<u>23,011,161</u>	<u>26,335,813</u>	<u>6,030,520</u>	<u>32,366,333</u>	<u>457,218</u>	<u>(500,000)</u>	<u>32,323,551</u>
Total liabilities and net assets	<u>\$ 7,664,518</u>	<u>\$ 35,822,310</u>	<u>\$ 43,486,828</u>	<u>\$ 6,030,520</u>	<u>\$ 49,517,348</u>	<u>\$ 14,737,218</u>	<u>\$ (1,000,000)</u>	<u>\$ 63,254,566</u>

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

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Combining Statement of Financial Position
June 30, 2018

Assets	The Foundation							
	Without Donor Restrictions			With Donor Restrictions	Total	The Support Corp	Eliminations	Total
	Operating	Property and Equipment	Total					
Current Assets:								
Cash and cash equivalents	\$ 2,541,097	\$ -	\$ 2,541,097	\$ 2,238,323	\$ 4,779,420	\$ 17,623	\$ -	\$ 4,797,043
Patient accounts receivable, net of contractual allowances and allowance for doubtful accounts of approximately \$2,917,000	766,027	-	766,027	-	766,027	-	-	766,027
Grants and contracts receivable, net of allowance for doubtful accounts of approximately \$100,000	1,754,936	-	1,754,936	-	1,754,936	-	-	1,754,936
Inventory	298,027	-	298,027	-	298,027	-	-	298,027
Prepaid expenses and other	452,420	-	452,420	-	452,420	-	-	452,420
Due (to) from	1,000	-	1,000	-	1,000	(1,000)	-	-
Total current assets	<u>5,813,507</u>	<u>-</u>	<u>5,813,507</u>	<u>2,238,323</u>	<u>8,051,830</u>	<u>16,623</u>	<u>-</u>	<u>8,068,453</u>
Property and Equipment:								
Land, buildings and improvements	-	45,473,704	45,473,704	-	45,473,704	14,359,106	(500,000)	59,332,810
Furniture and equipment	-	7,581,551	7,581,551	-	7,581,551	-	-	7,581,551
	-	53,055,255	53,055,255	-	53,055,255	14,359,106	(500,000)	66,914,361
Less - accumulated depreciation	-	27,134,745	27,134,745	-	27,134,745	151,121	-	27,285,866
Net property and equipment	<u>-</u>	<u>25,920,510</u>	<u>25,920,510</u>	<u>-</u>	<u>25,920,510</u>	<u>14,207,985</u>	<u>(500,000)</u>	<u>39,628,495</u>
Other Assets:								
Investments	258,668	-	258,668	3,283,370	3,542,038	-	-	3,542,038
Notes receivable	-	9,743,600	9,743,600	-	9,743,600	500,000	(500,000)	9,743,600
Restricted deposits	-	240,674	240,674	-	240,674	985,577	-	1,226,251
Total other assets	<u>258,668</u>	<u>9,984,274</u>	<u>10,242,942</u>	<u>3,283,370</u>	<u>13,526,312</u>	<u>1,485,577</u>	<u>(500,000)</u>	<u>14,511,889</u>
Total assets	<u>\$ 6,072,175</u>	<u>\$ 35,904,784</u>	<u>\$ 41,976,959</u>	<u>\$ 5,521,693</u>	<u>\$ 47,498,652</u>	<u>\$ 15,710,185</u>	<u>\$ (1,000,000)</u>	<u>\$ 62,208,837</u>
Liabilities and Net Assets								
Current Liabilities:								
Current portion of long-term debt	\$ -	\$ 564,233	\$ 564,233	\$ -	\$ 564,233	\$ -	\$ -	\$ 564,233
Accounts payable	1,525,357	-	1,525,357	-	1,525,357	634,900	-	2,160,257
Accrued expenses	1,762,899	-	1,762,899	-	1,762,899	-	-	1,762,899
Total current liabilities	<u>3,288,256</u>	<u>564,233</u>	<u>3,852,489</u>	<u>-</u>	<u>3,852,489</u>	<u>634,900</u>	<u>-</u>	<u>4,487,389</u>
Other Liabilities:								
Long-term debt, net of current portion and unamortized debt issuance costs	-	12,288,016	12,288,016	-	12,288,016	14,280,000	-	26,568,016
Deferred revenue	500,000	-	500,000	-	500,000	-	(500,000)	-
Conditional liabilities	-	815,541	815,541	-	815,541	-	-	815,541
Total other liabilities	<u>500,000</u>	<u>13,103,557</u>	<u>13,603,557</u>	<u>-</u>	<u>13,603,557</u>	<u>14,280,000</u>	<u>(500,000)</u>	<u>27,383,557</u>
Total liabilities	<u>3,788,256</u>	<u>13,667,790</u>	<u>17,456,046</u>	<u>-</u>	<u>17,456,046</u>	<u>14,914,900</u>	<u>(500,000)</u>	<u>31,870,946</u>
Net Assets:								
Without donor restrictions:								
Operating	2,183,919	-	2,183,919	-	2,183,919	-	-	2,183,919
Property and equipment	-	14,427,512	14,427,512	-	14,427,512	795,285	(500,000)	14,722,797
Custodial property	-	7,809,482	7,809,482	-	7,809,482	-	-	7,809,482
Board designated endowment	100,000	-	100,000	-	100,000	-	-	100,000
Total without donor restrictions	<u>2,283,919</u>	<u>22,236,994</u>	<u>24,520,913</u>	<u>-</u>	<u>24,520,913</u>	<u>795,285</u>	<u>(500,000)</u>	<u>24,816,198</u>
With donor restrictions	-	-	-	5,521,693	5,521,693	-	-	5,521,693
Total net assets	<u>2,283,919</u>	<u>22,236,994</u>	<u>24,520,913</u>	<u>5,521,693</u>	<u>30,042,606</u>	<u>795,285</u>	<u>(500,000)</u>	<u>30,337,891</u>
Total liabilities and net assets	<u>\$ 6,072,175</u>	<u>\$ 35,904,784</u>	<u>\$ 41,976,959</u>	<u>\$ 5,521,693</u>	<u>\$ 47,498,652</u>	<u>\$ 15,710,185</u>	<u>\$ (1,000,000)</u>	<u>\$ 62,208,837</u>

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

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Combining Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2019

	The Foundation							
	Without Donor Restrictions			With Donor Restrictions	Total	The Support Corp	Eliminations	Total
	Operating	Property and Equipment	Total					
Operating Revenues:								
Net patient service revenue	\$ 22,051,396	\$ -	\$ 22,051,396	\$ -	\$ 22,051,396	\$ -	\$ -	\$ 22,051,396
Grants and contracts	17,716,661	-	17,716,661	-	17,716,661	-	-	17,716,661
Contributions and other	2,566,126	-	2,566,126	1,227,666	3,793,792	-	-	3,793,792
Event revenue	1,376,574	-	1,376,574	-	1,376,574	-	-	1,376,574
In-kind goods and services	1,066,831	-	1,066,831	-	1,066,831	-	-	1,066,831
Rental income	618,857	-	618,857	-	618,857	100,000	(100,000)	618,857
Investment income	169,347	-	169,347	-	169,347	-	-	169,347
Net assets released from program restrictions	786,358	-	786,358	(786,358)	-	-	-	-
Total operating revenues	46,352,150	-	46,352,150	441,308	46,793,458	100,000	(100,000)	46,793,458
Operating Expenses:								
Program services:								
Health Services	17,499,349	232,545	17,731,894	-	17,731,894	-	-	17,731,894
Behavioral Health	10,961,356	322,975	11,284,331	-	11,284,331	-	-	11,284,331
Child and Family Development	7,293,536	333,629	7,627,165	-	7,627,165	-	-	7,627,165
Career Development Services	96,366	49,067	145,433	-	145,433	-	-	145,433
The Support Corp	-	-	-	-	-	438,067	-	438,067
Total program services	35,850,607	938,216	36,788,823	-	36,788,823	438,067	-	37,226,890
Supporting services:								
Fundraising	1,240,681	17,484	1,258,165	-	1,258,165	-	-	1,258,165
General and Administrative	4,832,819	149,624	4,982,443	-	4,982,443	-	(100,000)	4,882,443
Facilities	2,633,012	263,046	2,896,058	-	2,896,058	-	-	2,896,058
Total supporting services	8,706,512	430,154	9,136,666	-	9,136,666	-	(100,000)	9,036,666
Total operating expenses	44,557,119	1,368,370	45,925,489	-	45,925,489	438,067	(100,000)	46,263,556
Changes in net assets from operations	1,795,031	(1,368,370)	426,661	441,308	867,969	(338,067)	-	529,902
Non-Operating Revenues (Expenses):								
Sale of historic tax credits	-	1,292,500	1,292,500	-	1,292,500	-	-	1,292,500
Net realized and unrealized gains on investments	-	-	-	92,394	92,394	-	-	92,394
Capital grants	-	70,864	70,864	-	70,864	-	-	70,864
Capital campaign revenue	-	4,148	4,148	-	4,148	-	-	4,148
Capital campaign expense	-	(4,148)	(4,148)	-	(4,148)	-	-	(4,148)
Net assets released from capital restrictions	-	24,875	24,875	(24,875)	-	-	-	-
Total non-operating revenues (expenses)	-	1,388,239	1,388,239	67,519	1,455,758	-	-	1,455,758
Changes in net assets	1,795,031	19,869	1,814,900	508,827	2,323,727	(338,067)	-	1,985,660
Net Assets, beginning of year	2,283,919	22,236,994	24,520,913	5,521,693	30,042,606	795,285	(500,000)	30,337,891
Operational transfers	(754,298)	754,298	-	-	-	-	-	-
Net Assets, end of year	\$ 3,324,652	\$ 23,011,161	\$ 26,335,813	\$ 6,030,520	\$ 32,366,333	\$ 457,218	\$ (500,000)	\$ 32,323,551

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

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Combining Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2018

	The Foundation							
	Without Donor Restrictions			With Donor Restrictions	Total	The Support Corp	Eliminations	Total
	Operating	Property and Equipment	Total					
Operating Revenues:								
Net patient service revenue	\$ 18,996,495	\$ -	\$ 18,996,495	\$ -	\$ 18,996,495	\$ -	\$ -	\$ 18,996,495
Grants and contracts	17,056,048	-	17,056,048	-	17,056,048	-	-	17,056,048
Contributions and other	2,703,017	-	2,703,017	966,595	3,669,612	-	(300,000)	3,369,612
Event revenue	1,190,551	-	1,190,551	-	1,190,551	-	-	1,190,551
In-kind goods and services	1,036,882	-	1,036,882	-	1,036,882	-	-	1,036,882
Rental income	587,792	-	587,792	-	587,792	8,849	-	596,641
Investment income	138,007	-	138,007	-	138,007	-	-	138,007
Net assets released from program restrictions	901,369	-	901,369	(901,369)	-	-	-	-
Total operating revenues	42,610,161	-	42,610,161	65,226	42,675,387	8,849	(300,000)	42,384,236
Operating Expenses:								
Program services:								
Health Services	15,614,844	226,287	15,841,131	-	15,841,131	-	-	15,841,131
Behavioral Health	9,552,556	314,283	9,866,839	-	9,866,839	-	-	9,866,839
Child and Family Development	7,167,381	324,651	7,492,032	-	7,492,032	-	-	7,492,032
Career Development Services	229,150	47,747	276,897	-	276,897	-	-	276,897
The Support Corp	-	-	-	-	-	222,521	-	222,521
Total program services	32,563,931	912,968	33,476,899	-	33,476,899	222,521	-	33,699,420
Supporting services:								
Fundraising	1,138,049	17,013	1,155,062	-	1,155,062	-	-	1,155,062
General and Administrative	4,442,167	281,681	4,723,848	-	4,723,848	-	-	4,723,848
Facilities	2,612,293	255,967	2,868,260	-	2,868,260	-	-	2,868,260
Total supporting services	8,192,509	554,661	8,747,170	-	8,747,170	-	-	8,747,170
Total operating expenses	40,756,440	1,467,629	42,224,069	-	42,224,069	222,521	-	42,446,590
Changes in net assets from operations	1,853,721	(1,467,629)	386,092	65,226	451,318	(213,672)	(300,000)	(62,354)
Non-Operating Revenues (Expenses):								
Net realized and unrealized gains on investments	-	-	-	279,134	279,134	-	-	279,134
Capital grants	-	1,523,620	1,523,620	50,001	1,573,621	-	-	1,573,621
Capital campaign revenue	-	3,373	3,373	-	3,373	-	-	3,373
Capital campaign expense	-	(3,703)	(3,703)	-	(3,703)	-	-	(3,703)
Net assets released from capital restrictions	-	801,295	801,295	(801,295)	-	-	-	-
Total non-operating revenues (expenses)	-	2,324,585	2,324,585	(472,160)	1,852,425	-	-	1,852,425
Changes in net assets	1,853,721	856,956	2,710,677	(406,934)	2,303,743	(213,672)	(300,000)	1,790,071
Net Assets, beginning of year	1,378,305	20,431,931	21,810,236	5,928,627	27,738,863	1,008,957	(200,000)	28,547,820
Operational transfers	(948,107)	948,107	-	-	-	-	-	-
Net Assets, end of year	\$ 2,283,919	\$ 22,236,994	\$ 24,520,913	\$ 5,521,693	\$ 30,042,606	\$ 795,285	\$ (500,000)	\$ 30,337,891

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

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Combining Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	2019				2018			
	The Foundation	The Support Corp	Eliminations	Total	The Foundation	The Support Corp	Eliminations	Total
Cash Flows from Operating Activities:								
Changes in net assets	\$ 2,323,727	\$ (338,067)	\$ -	\$ 1,985,660	\$ 2,303,743	\$ (213,672)	\$ (300,000)	\$ 1,790,071
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:								
Depreciation	1,368,370	295,148	-	1,663,518	1,467,629	151,121	-	1,618,750
Interest - amortization of debt issuance costs	21,722	-	-	21,722	21,722	-	-	21,722
Net realized and unrealized gains on investments	(92,394)	-	-	(92,394)	(279,134)	-	-	(279,134)
Bad debt	1,565,435	-	-	1,565,435	1,412,670	-	-	1,412,670
Capital grants	(70,864)	-	-	(70,864)	(1,573,621)	-	-	(1,573,621)
Changes in operating assets and liabilities:								
Patient accounts receivable	(1,629,787)	-	-	(1,629,787)	(1,447,728)	-	-	(1,447,728)
Grants and contracts receivable	(227,974)	-	-	(227,974)	(64,382)	-	-	(64,382)
Inventory	158,408	-	-	158,408	4,235	-	-	4,235
Prepaid expenses and other	108,719	-	-	108,719	(64,950)	-	-	(64,950)
Accounts payable	198,013	-	-	198,013	(141,147)	-	-	(141,147)
Accrued expenses	353,597	-	-	353,597	582,701	-	-	582,701
Net cash provided by (used in) operating activities	<u>4,076,972</u>	<u>(42,919)</u>	<u>-</u>	<u>4,034,053</u>	<u>2,221,738</u>	<u>(62,551)</u>	<u>(300,000)</u>	<u>1,859,187</u>
Cash Flows from Investing Activities:								
Additions to and interest earned on restricted deposits	(37,175)	-	-	(37,175)	-	-	-	-
Withdrawals from restricted deposits	-	761,422	-	761,422	1,126,910	6,291,212	-	7,418,122
Purchases of investments	(330,603)	-	-	(330,603)	(440,096)	-	-	(440,096)
Proceeds from sale of investments	279,469	-	-	279,469	408,532	-	-	408,532
Purchase of property and equipment	(1,248,721)	(688,803)	-	(1,937,524)	(1,139,028)	(6,233,846)	300,000	(7,072,874)
Net cash provided by (used in) investing activities	<u>(1,337,030)</u>	<u>72,619</u>	<u>-</u>	<u>(1,264,411)</u>	<u>(43,682)</u>	<u>57,366</u>	<u>300,000</u>	<u>313,684</u>
Cash Flows from Financing Activities:								
Capital grants	70,864	-	-	70,864	1,573,621	-	-	1,573,621
Principal payments on long-term debt	(878,363)	-	-	(878,363)	(2,154,348)	-	-	(2,154,348)
Net cash used in financing activities	<u>(807,499)</u>	<u>-</u>	<u>-</u>	<u>(807,499)</u>	<u>(580,727)</u>	<u>-</u>	<u>-</u>	<u>(580,727)</u>
Net Change in Cash and Cash Equivalents	<u>1,932,443</u>	<u>29,700</u>	<u>-</u>	<u>1,962,143</u>	<u>1,597,329</u>	<u>(5,185)</u>	<u>-</u>	<u>1,592,144</u>
Cash and Cash Equivalents:								
Beginning of year	<u>4,779,420</u>	<u>17,623</u>	<u>-</u>	<u>4,797,043</u>	<u>3,182,091</u>	<u>22,808</u>	<u>-</u>	<u>3,204,899</u>
End of year	<u>\$ 6,711,863</u>	<u>\$ 47,323</u>	<u>\$ -</u>	<u>\$ 6,759,186</u>	<u>\$ 4,779,420</u>	<u>\$ 17,623</u>	<u>\$ -</u>	<u>\$ 4,797,043</u>
Supplemental Disclosure of Cash Flow Information:								
Cash paid for interest	<u>\$ 612,350</u>	<u>\$ 142,800</u>	<u>\$ -</u>	<u>\$ 755,150</u>	<u>\$ 704,312</u>	<u>\$ 71,400</u>	<u>\$ -</u>	<u>\$ 775,712</u>
Non-Cash Activity:								
Unrealized gains on investments	<u>\$ 90,978</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,978</u>	<u>\$ 170,235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,235</u>
Property and equipment included in accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 634,900</u>	<u>\$ -</u>	<u>\$ 634,900</u>
Construction in progress transferred	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 373,555</u>	<u>\$ 8,658,089</u>	<u>\$ -</u>	<u>\$ 9,031,644</u>

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

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Combining Statement of Functional Expenses
For the Year Ended June 30, 2019

The Foundation

	Program Services				Supporting Services				Total Foundation	The Support Corp	Eliminations	Total	
	Health Services	Behavioral Health	Child and Family Development	Career Development Services	Total Program Services	Fundraising	General and Administrative	Facilities					Total Supporting Services
Operating Expenses:													
Personnel and related costs:													
Salaries	\$ 8,621,914	\$ 7,044,021	\$ 4,335,379	\$ 34,451	\$ 20,035,765	\$ 346,966	\$ 2,483,066	\$ 289,040	\$ 3,119,072	\$ 23,154,837	\$ -	\$ -	\$ 23,154,837
Fringe benefits and payroll taxes	1,541,274	1,259,206	775,003	6,159	3,581,642	62,024	443,879	51,669	557,572	4,139,214	-	-	4,139,214
Temporary services	5,506	2,553	-	-	8,059	525	33,945	-	34,470	42,529	-	-	42,529
Total personnel and related costs	10,168,694	8,305,780	5,110,382	40,610	23,625,466	409,515	2,960,890	340,709	3,711,114	27,336,580	-	-	27,336,580
Occupancy:													
Depreciation	232,545	322,975	333,629	49,067	938,216	17,484	149,624	263,046	430,154	1,368,370	295,148	-	1,663,518
Occupancy	19,158	271,778	47,466	-	338,402	980	100,427	812,853	914,260	1,252,662	-	(100,000)	1,152,662
Interest	-	59,666	197,453	24,134	281,253	-	106,686	224,411	331,097	612,350	142,800	-	755,150
Total occupancy	251,703	654,419	578,548	73,201	1,557,871	18,464	356,737	1,300,310	1,675,511	3,233,382	437,948	(100,000)	3,571,330
Other operating expenses:													
Direct program expense	4,418,304	1,084,150	552,825	31,315	6,086,594	115,460	339,402	1,100,963	1,555,825	7,642,419	119	-	7,642,538
Supplies and related	706,269	733,395	126,216	307	1,566,187	699,926	812,053	137,319	1,649,298	3,215,485	-	-	3,215,485
Bad debt	1,131,466	416,873	17,096	-	1,565,435	-	-	-	-	1,565,435	-	-	1,565,435
Consultants	692,283	25,340	175,267	-	892,890	14,800	251,018	-	265,818	1,158,708	-	-	1,158,708
In-kind goods and services	-	-	1,066,831	-	1,066,831	-	-	-	-	1,066,831	-	-	1,066,831
Subcontractors	363,175	-	-	-	363,175	-	-	-	-	363,175	-	-	363,175
Insurance	-	64,374	-	-	64,374	-	240,621	16,757	257,378	321,752	-	-	321,752
Interest - amortization	-	-	-	-	-	-	21,722	-	21,722	21,722	-	-	21,722
Total other operating expenses	7,311,497	2,324,132	1,938,235	31,622	11,605,486	830,186	1,664,816	1,255,039	3,750,041	15,355,527	119	-	15,355,646
Total operating expenses before facilities and general and administrative allocations	17,731,894	11,284,331	7,627,165	145,433	36,788,823	1,258,165	4,982,443	2,896,058	9,136,666	45,925,489	438,067	(100,000)	46,263,556
Facilities allocation	561,532	788,044	507,786	113,814	1,971,176	43,306	881,576	(2,896,058)	(1,971,176)	-	-	-	-
Total operating expenses before general and administrative allocation	18,293,426	12,072,375	8,134,951	259,247	38,759,999	1,301,471	5,864,019	-	7,165,490	45,925,489	438,067	(100,000)	46,263,556
General and administrative allocation	2,677,710	1,767,100	1,190,758	37,947	5,673,515	190,504	(5,864,019)	-	(5,673,515)	-	-	-	-
Total operating expenses	\$ 20,971,136	\$ 13,839,475	\$ 9,325,709	\$ 297,194	\$ 44,433,514	\$ 1,491,975	\$ -	\$ -	\$ 1,491,975	\$ 45,925,489	\$ 438,067	\$ (100,000)	\$ 46,263,556

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Combining Statement of Functional Expenses
For the Year Ended June 30, 2018

	The Foundation												
	Program Services					Supporting Services					The Support Corp	Eliminations	Total
	Health Services	Behavioral Health	Child and Family Development	Career Development Services	Total Program Services	Fundraising	General and Administrative	Facilities	Total Supporting Services	Total Foundation			
Operating Expenses:													
Personnel and related costs:													
Salaries	\$ 7,862,815	\$ 6,099,206	\$ 4,242,803	\$ 170,130	\$ 18,374,954	\$ 319,214	\$ 2,183,546	\$ 280,498	\$ 2,783,258	\$ 21,158,212	\$ -	\$ -	\$ 21,158,212
Fringe benefits and payroll taxes	1,432,545	1,111,229	773,006	30,997	3,347,777	58,159	397,826	51,104	507,089	3,854,866	-	-	3,854,866
Temporary services	2,025	6,120	-	-	8,145	-	6,898	-	6,898	15,043	-	-	15,043
Total personnel and related costs	9,297,385	7,216,555	5,015,809	201,127	21,730,876	377,373	2,588,270	331,602	3,297,245	25,028,121	-	-	25,028,121
Occupancy:													
Depreciation	226,287	314,283	324,651	47,747	912,968	17,013	281,681	255,967	554,661	1,467,629	151,121	-	1,618,750
Occupancy	12,769	246,060	34,400	-	293,229	-	309	734,848	735,157	1,028,386	-	-	1,028,386
Interest	-	62,078	202,757	24,705	289,540	-	182,870	231,902	414,772	704,312	71,400	-	775,712
Total occupancy	239,056	622,421	561,808	72,452	1,495,737	17,013	464,860	1,222,717	1,704,590	3,200,327	222,521	-	3,422,848
Other operating expenses:													
Direct program expense	3,707,524	1,011,144	517,883	3,318	5,239,869	88,730	415,818	1,036,689	1,541,237	6,781,106	-	-	6,781,106
Supplies and related	563,824	611,640	93,108	-	1,268,572	620,484	773,984	237,894	1,632,362	2,900,934	-	-	2,900,934
Bad debt	1,069,936	300,419	42,315	-	1,412,670	-	-	-	-	1,412,670	-	-	1,412,670
Consultants	617,175	40,414	224,227	-	881,816	51,462	247,851	2,144	301,457	1,183,273	-	-	1,183,273
In-kind goods and services	-	-	1,036,882	-	1,036,882	-	-	-	-	1,036,882	-	-	1,036,882
Subcontractors	346,231	1,019	-	-	347,250	-	-	-	-	347,250	-	-	347,250
Insurance	-	63,227	-	-	63,227	-	211,343	37,214	248,557	311,784	-	-	311,784
Interest - amortization	-	-	-	-	-	-	21,722	-	21,722	21,722	-	-	21,722
Total other operating expenses	6,304,690	2,027,863	1,914,415	3,318	10,250,286	760,676	1,670,718	1,313,941	3,745,335	13,995,621	-	-	13,995,621
Total operating expenses before facilities and general and administrative allocations	15,841,131	9,866,839	7,492,032	276,897	33,476,899	1,155,062	4,723,848	2,868,260	8,747,170	42,224,069	222,521	-	42,446,590
Facilities allocation	556,142	780,480	502,912	112,721	1,952,255	42,890	873,115	(2,868,260)	(1,952,255)	-	-	-	-
Total operating expenses before general and administrative allocation	16,397,273	10,647,319	7,994,944	389,618	35,429,154	1,197,952	5,596,963	-	6,794,915	42,224,069	222,521	-	42,446,590
General and administrative allocation	2,505,656	1,627,010	1,221,702	59,537	5,413,905	183,058	(5,596,963)	-	(5,413,905)	-	-	-	-
Total operating expenses	\$ 18,902,929	\$ 12,274,329	\$ 9,216,646	\$ 449,155	\$ 40,843,059	\$ 1,381,010	\$ -	\$ -	\$ 1,381,010	\$ 42,224,069	\$ 222,521	\$ -	\$ 42,446,590

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Notes to Combining Financial Statements
June 30, 2019 and 2018

1. OPERATIONS AND NONPROFIT STATUS

Dimock Community Foundation, Inc. and Affiliates (collectively, the Agency) operate various health service, substance abuse, HIV service, child and family development, and career development programs for residents of Roxbury, Massachusetts and surrounding communities.

Dimock Community Foundation, Inc. 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). Dimock Community Foundation, Inc. is also exempt from state income taxes. Dimock Community Health Center, Inc. (the Health Center), Dimock Community Services Corporation (the Services Corp), Dimock Community Realty Corporation (the Realty Corp), and Dimock Support Corporation (the Support Corp) (collectively, the Affiliates) (see below) are exempt from Federal income taxes as organizations (not private foundations) formed for charitable purposes under Section 501(c)(3) of the IRC. The Affiliates are also exempt from state income taxes. The Health Center, Services Corp and the Realty Corp file a group return under Dimock Community Health Center, Inc. Donors may deduct contributions made to the Agency within the IRC regulations.

2. SIGNIFICANT ACCOUNTING POLICIES

The Agency prepares its combining 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).

Recently Adopted Accounting Pronouncement

In fiscal year 2019, the Agency adopted FASB's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Agency has adjusted the presentation of these combining financial statements accordingly. The adoption of this ASU did not impact the Agency's net asset classes, results of operations, or cash flows for the year ended June 30, 2018. This ASU has been applied retrospectively to all periods presented. This ASU provides an option to omit disclosures about liquidity and availability of resources for the fiscal year 2018 combining financial statements.

Principles of Combination

The combining financial statements include the accounts of Dimock Community Foundation, Inc., Dimock Community Health Center, Inc., Dimock Community Services Corporation, Dimock Community Realty Corporation (collectively, the Foundation) and Dimock Support Corporation (the Support Corp).

Certain members of the Boards of Directors of the Services Corp, the Realty Corp and the Support Corp are appointed by the Board of Directors of Dimock Community Foundation, Inc. These entities also share the officers and management of Dimock Community Foundation, Inc. Dimock Community Health Center, Inc.'s Board of Directors is separate from the Board of Directors of Dimock Community Foundation, Inc. These entities share the management of Dimock Community Foundation, Inc. All material intercompany accounts and transactions have been eliminated in combination for the Foundation and on the accompanying combining financial statements in relation to the Support Corp.

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Notes to Combining Financial Statements
June 30, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for the fiscal year ending June 30, 2020. The Agency is currently in the process of evaluating the impact of adoption of this ASU on the combining financial statements.

Cash and Cash Equivalents

For the purpose of the combining statements of cash flows, the Agency considers cash and cash equivalents to be cash in banks, money market accounts, petty cash on hand, and debt securities with a maturity of three months or less, except for money market funds included in investments (see Note 4).

Accounts Receivable and Allowance for Doubtful Accounts

Allowance for doubtful accounts is recorded based on management's analysis of specific accounts and their estimate of amounts that may become uncollectible. Amounts are written off as they are determined to be uncollectible.

Patient accounts receivable are stated as unpaid balances, less allowances for doubtful accounts and unposted contractual allowances. The Foundation provides for losses on patient accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances which may affect the ability of patients to meet their obligations. Receivables are considered impaired if full payments are not expected in accordance with the contractual terms. It is the Foundation's policy to charge-off uncollectible accounts receivable when management determines the receivable will not be collected.

Grants and contracts receivable are stated at the amount management expects to collect from outstanding balances. Management has determined an allowance for doubtful accounts is deemed necessary at June 30, 2019 and 2018. Grants and contracts receivable are expected to be collected within the following year.

Inventory

Inventory consists of pharmaceuticals, office supplies, medical supplies, and eye glasses and is recorded at the lower of cost (as determined by the first-in, first-out (FIFO) method) or net realizable value.

Notes Receivable

Notes receivable are carried at unpaid principal balances. Interest on notes receivable is recognized over the term of the loan and is calculated on principal amounts outstanding. Notes receivable are expected to be collected in 2051 (see Note 3). An allowance for loan losses is an estimate of expected loan losses based on management's risk rating system. No allowance was deemed necessary by management at June 30, 2019 and 2018.

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Notes to Combining Financial Statements
June 30, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Foundation. 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.

Cash Equivalents

Cash equivalents include U.S. Treasury notes, commercial paper, and corporate notes with original maturities of three months or less, except that such instruments purchased with endowment assets are classified as investments. Cash equivalents are considered Level 1 in the fair value hierarchy.

Investments

Investments are recorded at fair market value using Levels 1 and 2 inputs. Investment income on the investment portfolio consists of interest and dividends. Interest income is recorded as earned. Dividend income is recorded on the ex-dividend date. Realized gains and losses on investment transactions are recorded on the basis of specific shares' historical cost. Unrealized gains and losses are recognized based on market value changes during the period (see Note 4).

All Other Assets and Liabilities

The carrying value of all other qualifying assets and liabilities does not differ materially from their estimated fair value and are considered Level 1 in the fair value hierarchy.

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Notes to Combining Financial Statements
June 30, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment and Depreciation

Property and equipment are recorded at cost when purchased or at fair market value at the date of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as incurred. Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	10 - 50 years
Furniture and equipment	3 - 5 years

At June 30, 2019 and 2018, the net book value of assets purchased with the Commonwealth of Massachusetts and Federal funds was approximately \$7,440,000 and \$7,809,000, respectively. The Commonwealth of Massachusetts and the Federal government retains a reversionary interest in these assets. The net book value of these assets is reflected as custodial property net assets without donor restrictions.

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which approximates the effective interest method.

Estimates

The preparation of combining 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 combining financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Agency. The Agency has grouped its net assets without donor restrictions into the following categories:

Operating - consist of amounts that are available for use in the Agency's operating activities.

Property and equipment - consist of the net book value of property and equipment without donor restrictions and resources available and amounts expended for property and equipment, net of related debt.

Custodial property - consist of the net book value of property and equipment purchased with the Commonwealth of Massachusetts and Federal funds (see above).

Board designated endowment - consist of funds earmarked by the Board of Directors for endowment.

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Notes to Combining Financial Statements
June 30, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net Assets With Donor Restrictions

The Foundation receives contributions and grants which are designated by donors for specific purposes, including funds to be held in perpetuity with only the investment and appreciation available to be spent (see Note 5). These contributions are recorded as net assets with donor restrictions until they are expended for their designated purposes. Net assets with donor restrictions consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Funds held in perpetuity	\$ 2,317,190	\$ 2,317,190
Purpose restricted	2,302,977	1,861,669
Appreciation on funds held in perpetuity	1,058,574	966,180
Capital	<u>351,779</u>	<u>376,654</u>
	<u>\$ 6,030,520</u>	<u>\$ 5,521,693</u>

Combining 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 revenues and expenses in the accompanying combining statements of activities and changes in net assets. Non-operating revenues (expenses) include all other activity.

Revenue Recognition and Expense Allocation

Contract revenue is recorded over the contract period as services are provided. Grants and contributions without donor restrictions are recorded as revenue when received or unconditionally pledged. Restricted grants and contributions are recorded as donor restricted revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as costs are incurred or time restrictions or program restrictions have lapsed. Donor restricted grants received and satisfied in the same period are included in net assets without donor restrictions.

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

The combining financial statements contain certain categories of expenses that are attributable to programs and supporting functions and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and fringe benefits and payroll taxes, which are allocated based on the time and level of effort by function, and occupancy, interest and depreciation, which are allocated based on facility square footage.

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Notes to Combining Financial Statements
June 30, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition and Expense Allocation (Continued)

Patient service revenue is recorded as services are provided. The Foundation establishes fees for services to patients based on the patient's ability to pay for these services. Net patient service revenue reflects the amounts to be collected after provision for contractual allowances and free care. Contractual allowances are accrued on an estimated basis in the period the related services are rendered. Net patient service revenue is adjusted as required based on agreed upon rates and final settlements. In general, the Foundation is reimbursed from third-party payors based on negotiated rates, procedural fee schedules, and discounted charges. Contractual allowances for the years ended June 30, 2019 and 2018, were approximately \$7,027,000 and \$6,343,000, respectively.

Measuring Charity Care

The Foundation has a policy of providing free care services to patients who are unable to pay. Such patients are identified based on financial information obtained from the patient prior to the services being rendered. Since the Foundation does not expect payment, estimated charges for free care are not included in net patient services revenue. The approximate amount of free care services provided for the years ended June 30, 2019 and 2018, was \$1,060,000 and \$990,000, respectively. The cost of providing these services was approximately \$1,040,000 and \$943,000 for the years ended June 30, 2019 and 2018, respectively. The cost of providing free care was calculated by multiplying the percentage of gross free care charges to gross patient charges by the total cost of providing patient services. Massachusetts law provides coverage for healthcare services via Health Safety Net (HSN). The Foundation billed HSN, or Free Care, approximately \$1,628,000 and \$1,521,000 during the years ended June 30, 2019 and 2018, respectively, for free care services to eligible patients.

Event revenue consists of grants and contributions from the Foundation's annual fundraising event. All other revenues are recognized as earned.

In-Kind Goods and Services

Organizations contribute goods and services to the Foundation in support of various aspects of its programs. These goods and services are reflected in the accompanying combining financial statements based upon the estimated value assigned to them by the donating organizations or by management. The value of these goods and services was approximately \$1,067,000 and \$1,037,000 for the years ended June 30, 2019 and 2018, respectively, and is reflected as in-kind goods and services in the accompanying combining statements of activities and changes in net assets and functional expenses.

Rental Income

The Foundation rents portions of its facilities under various tenant-at-will arrangements. As of June 30, 2019 and 2018, monthly rental income was approximately \$52,000 and \$49,000, respectively.

The Support Corp entered into a Master Lease and sublease agreement (see Note 3).

Advertising Costs

The Foundation expenses advertising costs as they are incurred. Advertising expense for the years ended June 30, 2019 and 2018, was approximately \$36,000 and \$10,000, respectively, and is included in direct program expense in the accompanying combining statements of functional expenses.

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Notes to Combining Financial Statements
June 30, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Positions

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 combining 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 combining financial statements at June 30, 2019 and 2018. The Agency's information returns are subject to examination by the Federal and state jurisdictions.

Subsequent Events

Subsequent events have been evaluated through November 19, 2019, which is the date the combining financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the combining financial statements.

3. NEW MARKETS TAX CREDITS TRANSACTION AND CAPITAL PROJECT

During December 2014, the Foundation was awarded a grant from the Commonwealth of Massachusetts Drug Control Program restricted for the renovation of existing space and expansion of the Detox Building (the Capital Project). The Capital Project is an acute treatment facility located in Roxbury, Massachusetts.

The Foundation contributed the Capital Project, consisting of land, a building and construction in progress to the Support Corp. The Support Corp renovated, constructed and now holds the Capital Project and rents it to the Foundation (see pages 16 and 17).

The Capital Project was funded with a New Market Tax Credits (NMTC) equity from Capital One. The tax credit equity was combined with a leverage loan from the Foundation totaling \$4,270,000 (see Note 6) which funded two leverage loans to COCRF Investor 64, LLC (COCRF) totaling \$9,743,000. COCRF, using equity proceeds from Capital One and loans from the Foundation, made QEIs into Mass Development New Markets CDE #21, LLC (MassDev CDE) and COCRF SubCDE44, LLC (COCRF CDE) (collectively, the CDEs) for a 99.99% membership interest in the CDEs. The CDEs used the proceeds of the QEIs to provide four loans totaling \$14,280,000 to the Support Corp (see Note 6).

The Capital Project also qualified for State Historic Tax Credits (SHTC). The SHTC were sold to an outside independent third party for \$1,292,500 during fiscal year 2019. These SHTCs are shown as sale of historic tax credits in the accompanying fiscal year 2019 combining statement of activities and changes in net assets.

The NMTC program offers credits against Federal income taxes over a seven-year period (the Compliance Period) for Qualified Equity Investments (QEIs) in designated Community Development Entities (CDEs) pursuant to Section 45D of the IRC in order to assist eligible businesses in making investments in certain low-income communities. The Support Corp is a Qualified Active Low-Income Community Business (QALICB) and operates the Capital Project in a manner intended to enable the Support Corp to continue to qualify as a QALICB for the purposes of the NMTC within the meaning of Section 45D(d)(2) of the IRC.

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Notes to Combining Financial Statements
June 30, 2019 and 2018

3. NEW MARKETS TAX CREDITS TRANSACTION AND CAPITAL PROJECT (Continued)

Notes Receivable

As part of funding the Capital Project, the Foundation entered into two note receivable agreements with COCFR using proceeds from a note with a bank (see Note 6). The Foundation's notes receivable are as follows as of June 30, 2019 and 2018:

<u>Borrower</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Maturity Date</u>
COCRF Investor 64, LLC	0.766%	\$ 5,473,600	March 31, 2051
COCRF Investor 64, LLC	0.766%	<u>4,270,000</u>	March 31, 2051
		<u>\$ 9,743,600</u>	

Beginning on September 15, 2016, accrued interest on the outstanding principal balance is due quarterly through 2024. Commencing on March 15, 2024, principal and interest will be due quarterly over the remaining term. Any remaining balance of principal and interest shall be due on March 31, 2051. The notes are secured by a first priority interest in the ownership percentage in the CDEs. Interest income of \$74,636 was earned for the years ended June 30, 2019 and 2018, and is included in investment income in the accompanying combining statements of activities and changes in net assets.

Notes Payable

COCFR used the two notes receivable and combined them with NMTC equity to make the following loans to the Support Corp (see Note 6):

<u>Lender</u>	<u>Interest Rate</u>	<u>Amount</u>
MassDev CDE #21 - Loan A-2	1%	\$ 7,444,800
MassDev CDE #21 - Loan B-2	1%	3,335,200
COCFR CDE - Loan A-1	1%	2,298,800
COCFR CDE - Loan B-1	1%	<u>1,201,200</u>
		<u>\$ 14,280,000</u>

The Agency entered into the following agreements related to the Capital Project:

Master Lease

The Support Corp entered into a ninety-nine year master lease agreement with the Realty Corp for the Capital Project. Base rent of \$500,000 was payable in advance in full as defined in the lease agreement, provided the parties acknowledge that the Realty Corp made a contribution of \$499,000 to the Support Corp in lieu of cash paid by the Support Corp. This is included in deferred revenue in the accompanying combining statements of activities and changes in net assets for the years ended June 30, 2019 and 2018.

The Support Corp may also become liable for any additional rents, as defined in the lease agreement. Under the terms of the agreement, the additional rent for the Support Corp includes the Capital Project's operating expenses and taxes, as defined in the agreement. There are no renewal options on the lease, as defined in the lease agreement.

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Notes to Combining Financial Statements
June 30, 2019 and 2018

3. NEW MARKETS TAX CREDITS TRANSACTION AND CAPITAL PROJECT (Continued)

Sublease Agreement

The Services Corp entered into a sublease agreement with the Support Corp expiring twenty-five years from July 1, 2018 (Commencement Date). Base rents under these agreements are due monthly starting on the Commencement Date. Under the terms of these agreements, the tenants are responsible for additional rents resulting from long-term furniture, fixtures and equipment, at \$4,000 per year for seven years from the Commencement Date, as defined in the agreements. The additional rent also includes the Capital Project's operating expenses and taxes, as defined in the agreement. There are no renewal options on the lease, as defined in the lease agreement. There was \$100,000 of rental income and expense recorded during fiscal year 2019, which is eliminated in the fiscal year 2019 combining statement of activities and changes in net assets.

Future minimum base rent payments under these agreements are as follows:

2020	\$ 99,000
2021	99,000
2022	99,000
2023	99,000
2024	435,000
Thereafter	<u>10,334,000</u>
Total	<u>\$ 11,165,000</u>

Put and Call Option

The Foundation has granted a bank the option (the Put Option) for the bank to sell its entire membership interest in COCRF to the Foundation for certain amounts defined in the agreements. The Put Option may be exercised by the bank at any time during the period commencing on the last day of the Compliance Period (the Put Exercise Date) and ending one hundred eighty days after the Put Exercise Date (the Put Option Period).

In the event that the bank does not exercise the Put Option during the Put Option Period, the Foundation has the right and option (the Call Option) to purchase the entire interest in the COCRF for certain amounts, as defined in the agreements, within one hundred eighty days commencing on the last day of the Put Option Period.

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATESNotes to Combining Financial Statements
June 30, 2019 and 2018**4. INVESTMENTS**

Investments are presented in the accompanying combining financial statements at fair value. The following table presents the fair value measurements and market values of the Foundation's investments by level within the valuation framework as of June 30:

<u>2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market fund	\$ 335,376	\$ -	\$ -	\$ 335,376
Mutual funds:				
Domestic funds	469,680	-	-	469,680
Foreign funds	355,716	-	-	355,716
Equities:				
U.S. Corporate stock	1,709,918	-	-	1,709,918
Foreign stock	39,186	-	-	39,186
Corporate bonds	-	605,141	-	605,141
Government and agency bonds	-	103,029	-	103,029
Municipal bonds	-	<u>67,520</u>	-	<u>67,520</u>
Total investments	<u>\$ 2,909,876</u>	<u>\$ 775,690</u>	<u>\$ -</u>	<u>\$ 3,685,566</u>
<u>2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market fund	\$ 270,762	\$ -	\$ -	\$ 270,762
Mutual funds:				
Domestic funds	500,760	-	-	500,760
Foreign funds	362,536	-	-	362,536
Equities:				
U.S. Corporate stock	1,590,519	-	-	1,590,519
Foreign stock	64,109	-	-	64,109
Corporate bonds	-	688,145	-	688,145
Municipal bonds	-	<u>65,207</u>	-	<u>65,207</u>
Total investments	<u>\$ 2,788,686</u>	<u>\$ 753,352</u>	<u>\$ -</u>	<u>\$ 3,542,038</u>

Investments are classified as long-term due to management's intent to hold these investments for long-term purposes. Investments are not insured and are subject to ongoing market fluctuations.

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Notes to Combining Financial Statements
June 30, 2019 and 2018

5. ENDOWMENT

The Foundation's endowment consists of donor restricted funds to be held in perpetuity and appreciation on funds held in perpetuity, and a Board designated endowment fund (see page 13) established for a variety of purposes.

Reconciliations of endowment investment activities for fiscal years 2019 and 2018 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment</u>
Endowment net assets, June 30, 2017	\$ 100,000	\$ 3,004,236	\$ 3,104,236
Investment return	<u>-</u>	<u>279,134</u>	<u>279,134</u>
Endowment net assets, June 30, 2018	100,000	3,283,370	3,383,370
Investment return	<u>-</u>	<u>92,394</u>	<u>92,394</u>
Endowment net assets, June 30, 2019	<u>\$ 100,000</u>	<u>\$ 3,375,764</u>	<u>\$ 3,475,764</u>

The Foundation follows the Massachusetts version of the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA). Subject to the intent of a donor, the Foundation may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. The assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the Foundation.

The Board of Directors has voted to allow for the use of a portion of total investment return for operations each year. The Foundation will annually distribute from its investment portfolios an amount not to exceed 5% of the average values for each portfolio over the prior three years determined at least quarterly.

The Foundation has an investment policy which, combining with the spending rate, attempts to provide a predictable stream of returns combining with asset protection. Endowment assets include those assets restricted by donors that the Foundation must hold in perpetuity. Under the Foundation's investment policy and spending rate, both approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce an inflation-adjusted return in excess of the spending rate over a long period of time. Actual returns in any given year may vary.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Finance Committee, advised by a third-party investment advisor, is responsible for selecting the investment managers of the Foundation's portfolio. The Investment Committee's strategy is to include an array of strategies and investment managers for the portfolio in order to maximize risk adjusted returns.

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Notes to Combining Financial Statements
June 30, 2019 and 2018

6. LONG-TERM DEBT

Long-term debt consists of the following at June 30:

	2019		2018	
	Principal	Unamortized Debt Issuance Costs	Principal	Unamortized Debt Issuance Costs
<i>The Foundation</i>				
2012 MDFA revenue bonds, interest due monthly at 4.5% on the first of each month (see page 23 for further disclosure). This note is secured by a shared first mortgage on all assets of the Foundation.	\$ 8,088,978	\$ 213,426	\$ 8,287,790	\$ 222,818
5.6% note payable to a bank, due in monthly installments of \$20,876, with principal and interest through April 2042. This note is secured by a shared first mortgage on all assets of the Foundation.	3,189,744	31,334	3,257,060	42,728
Note payable to a bank, interest only is due monthly at the <i>Wall Street Journal's</i> prime rate (5.5% and 5% as of June 30, 2019 and 2018, respectively) on the first of each month starting in September 2016. Principal and interest payments began in August 2018 (Conversion Date) at a rate announced by the Federal Home Loan Bank, plus 2% (5.14%). This note is secured by collateral in the bank's possession. This note may be prepaid at any time, subject to a prepayment penalty fee, as described in the note payable agreement.	298,127	-	769,303	-
2013 MDFA revenue bonds, interest due monthly at 4% on the first of each month (see page 23 for further disclosure). This note is secured by a shared first mortgage on all assets of the Foundation.	558,333	21,534	678,919	22,470

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Notes to Combining Financial Statements
June 30, 2019 and 2018

6. LONG-TERM DEBT (Continued)

<i>The Foundation</i> (Continued)	2019		2018	
	Principal	Unamortized Debt Issuance Costs	Principal	Unamortized Debt Issuance Costs
3% note payable to a municipality, due in monthly installments of \$1,418, with principal and interest through December 2005, based on a twenty-year amortization schedule. At that time, the balance of principal of \$185,377 was due. The note is secured by a third mortgage on a building. During 2005, the payments on the loan were deferred and the term of the loan was extended through May 2012, at which time the balance was due. The Foundation is currently in negotiations with the municipality for forgiveness.	46,004	-	66,477	-
3% balloon note payable to a municipality, due in monthly installments of principal and interest of approximately \$420 through June 2005, secured by a shared second mortgage on a building. During 2005, the term of the loan was extended through May 2012. The Foundation is currently in negotiations with the municipality for forgiveness.	63,216	-	63,216	-
Other notes payable	<u>17,500</u>	<u>-</u>	<u>17,500</u>	<u>-</u>
	<u>12,261,902</u>	<u>266,294</u>	<u>13,140,265</u>	<u>288,016</u>
Less - current portion	<u>570,950</u>	<u>-</u>	<u>564,233</u>	<u>-</u>
	<u>\$ 11,690,952</u>	<u>\$ 266,294</u>	<u>\$ 12,576,032</u>	<u>\$ 288,016</u>

The Agency incurred a total of \$509,314 related to financing and legal costs related to the long-term debt borrowing. Amortization expense was \$21,722 for the years ended June 30, 2019 and 2018, and is expected to be the same for the remainder of the term of the note payable agreements. The debt obligations contain various covenants that the Foundation must comply with. The Foundation was in compliance with those covenants as of June 30, 2019 and 2018.

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Notes to Combining Financial Statements
June 30, 2019 and 2018

6. LONG-TERM DEBT (Continued)

The Support Corp

Note payable to MassDev CDE, bearing interest at 1% (Loan A-2). Interest only is due on the first of each quarter starting in September 2016 through December 2023. Commencing in January 2024, the balance of principal and all accrued interest thereon shall amortize, with the first quarterly principal and interest payment due in March 2024. This note is secured by a mortgage on a building. This note may not be prepaid during the first seven years, as described in the note payable agreement. \$ 7,444,800

Note payable to MassDev CDE, bearing interest at 1% (Loan B-2). Interest only is due on the first of each quarter starting in September 2016 through December 2023. Commencing in January 2024, the balance of principal and all accrued interest thereon shall amortize, with the first quarterly principal and interest payment due in March 2024. This note is secured by a mortgage on a building. This note may not be prepaid during the first seven years, as described in the note payable agreement. 3,335,200

Note payable to COCRF CDE, bearing interest at 1% (Loan A-1). Interest only is due on the first of each quarter starting in September 2016 through December 2023. Commencing in January 2024, the balance of principal and all accrued interest thereon shall amortize, with the first quarterly principal and interest payment due in March 2024. This note is secured by a mortgage on a building. This note may not be prepaid during the first seven years, as described in the note payable agreement. 2,298,800

Note payable to COCRF CDE, bearing interest at 1% (Loan B-1). Interest only is due on the first of each quarter starting in September 2016 through December 2023. Commencing in January 2024, the balance of principal and all accrued interest thereon shall amortize, with the first quarterly principal and interest payment due in March 2024. This note is secured by a mortgage on a building. This note may not be prepaid during the first seven years, as described in the note payable agreement. 1,201,200

\$ 14,280,000

The debt obligations contain certain covenants that the Foundation must comply with. The Support Corp was in compliance with the covenants as of June 30, 2019 and 2018.

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Notes to Combining Financial Statements
June 30, 2019 and 2018

6. LONG-TERM DEBT (Continued)

MDFA Bonds

On March 30, 2012, Century Bank issued 2012 MDFA Bonds of \$9,347,670 maturing in April 2042. The bonds bear interest at an initial fixed rate of 4.5% for the first ten years (initial rate period), through March 31, 2022. After the initial rate period (the subsequent rate period), the interest rate will adjust to .67 multiplied by the sum of the Federal Home Loan Bank (FHLB) Rate plus 250 basis points, with a floor of 4.5%. During the initial rate period, principal and interest are due in monthly installments of \$47,740. The subsequent rate period, principal and interest will be payable with the adjusted interest rate and amortized over the remaining life of the bonds. If the bonds are prepaid prior to the maturity date, the Foundation is subject to a prepayment penalty, as defined in the agreement.

On September 19, 2013, Century bank issued 2013 MDFA Bonds of \$1,200,000. The bonds bear interest at a rate of 4%. Principal and interest are payable in monthly installments of \$12,158 until the bonds mature in September 2023. If the bonds are prepaid prior to the maturity date, the Foundation is subject to a prepayment penalty, as defined in the agreement.

The loan agreement requires the Foundation to maintain a debt service reserve with a minimum balance, which was funded with the proceeds of the MDFA bonds. Withdrawals may be made from the MDFA bond reserve for renewal, renovation, or replacement of property and is included in restricted deposits in the accompanying combining statements of financial position (see Note 9). The bonds are secured by mortgages on certain real estate, as well as substantially all of the Foundation's assets. The Foundation was in compliance with the debt service requirement as of June 30, 2019 and 2018.

Aggregate maturities of long-term debt over the next five years are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2020	\$ 570,950
2021	\$ 464,527
2022	\$ 484,289
2023	\$ 504,991
2024	\$ 413,203

7. NOTE PAYABLE TO A BANK

The Foundation had a line of credit with a bank for a maximum borrowing of \$1,500,000, due on demand, which expired on December 15, 2018. Interest was payable monthly on outstanding borrowings at the *Wall Street Journal's* prime rate (5.50% and 5.00% at June 30, 2019 and 2018, respectively). The line of credit was secured by certain business assets. The agreement required the balance of the line of credit to be zero for a minimum of thirty days during each fiscal year. The Foundation was in compliance with the covenant as of June 30, 2018. There was no balance outstanding as of June 30, 2019 or 2018. The Foundation is in the process of renewing the line of credit.

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Notes to Combining Financial Statements
June 30, 2019 and 2018

8. EMPLOYEE BENEFIT PLANS

The Foundation has a defined contribution retirement plan that is qualified under Section 403(b) of the IRC. All employees who are age 21 and over and have worked at least 1,000 hours prior to the plan year are eligible to participate in the plan. The Foundation's management, at its discretion, annually decides whether to make an optional contribution to the plan. This contribution is split among all participants based on eligible pay. The Foundation's contributions are vested based on the years of service of each participant. All contributions are 100% vested after two years of employment. The Foundation made contributions of \$71,216 and \$104,696 during fiscal years 2019 and 2018, respectively, which is included in fringe benefits and payroll taxes in the accompanying combining statements of functional expenses.

The Foundation has a split-dollar life insurance program as a benefit for the Foundation's senior management. The employees are entitled to full ownership of their respective policies when they leave the Foundation's employment.

The Foundation has an unfunded plan that qualifies under Section 457 of the IRC. This plan became effective July 1, 2014, and provides deferred compensation to a select group of management and highly compensated employees as designated by the Foundation's Board. The Foundation can make discretionary contributions to the plan on an annual basis. The Foundation can make annual contributions up to fifteen percent (15%) of participant's compensation, reduced by the amount contributed by the participant to the 403(b) plan, up to the maximum of the lesser of \$17,500 or 100% of participant includible compensation. Participants shall be fully vested upon the occurrence of one of the following factors; the participant's attainment of normal retirement age, involuntary termination of employment, death or permanent disability.

9. RESTRICTED DEPOSITS

Restricted deposits for the Foundation consist of debt service and other reserves for the MDFA bonds (see Note 6), and an escrow for potential liability associated with the Accountable Care Organization (see Note 17). As of June 30, 2019 and 2018, the balance of these deposits was:

<i>The Foundation</i>	<u>2019</u>	<u>2018</u>
MDFA Bond Reserve	\$ 243,085	\$ 240,674
Escrow	<u>34,764</u>	<u>-</u>
	<u>\$ 277,849</u>	<u>\$ 240,674</u>

In accordance with the New Markets Tax Credit long-term debt agreements (see Notes 3 and 6), the Support Corp received proceeds establishing two new restricted cash accounts. The Fee Reserve was established to guarantee interest payments and the Disbursement Account was established to pay renovation and construction costs of the Capital Project. As of June 30, 2019 and 2018, the balance of the undisbursed construction proceeds was:

<i>The Support Corp</i>	<u>2019</u>	<u>2018</u>
Fee Reserve	\$ 224,125	\$ 279,125
Disbursement Account	<u>30</u>	<u>706,452</u>
	<u>\$ 224,155</u>	<u>\$ 985,577</u>

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Notes to Combining Financial Statements
June 30, 2019 and 2018

10. LEASE COMMITMENT

In addition to the leases described in Notes 3 and 12, the Foundation leases various facilities for its programs as a tenant-at-will. Monthly payments under the operating lease agreements range from approximately \$863 to \$4,095 per month during the lease period. There are no future minimum lease payments.

Rent expense under these lease agreements was \$171,393 and \$179,636 for the years ended June 30, 2019 and 2018, respectively, and is included in occupancy in the accompanying combining statements of functional expenses.

11. CONCENTRATIONS

The Foundation maintains its cash balances in three Massachusetts banks. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on its operating cash balance.

For the year ended June 30, 2019, approximately 44% and 47% of the Foundation's operating revenues were from contracts with the Commonwealth of Massachusetts and the U.S. Department of Health and Human Services, respectively. For the year ended June 30, 2018, approximately 48% and 44% of the Foundation's operating revenues were from contracts with the Commonwealth of Massachusetts and the U.S. Department of Health and Human Services, respectively.

As of June 30, 2019, approximately 24% of the Foundation's grants and contracts receivable was due from the Commonwealth of Massachusetts and 65% was due from the U.S. Department of Health and Human Services. As of June 30, 2018, 29% of the Foundation's grants and contracts receivable was due from the Commonwealth of Massachusetts and 48% was due from the U.S. Department of Health and Human Services.

Net Patient Accounts Receivable and Patient Service Revenue

The Foundation had the following concentrations of payers within patient accounts receivable and net patient service revenue as of and for the years ended June 30:

	<u>2019</u>		<u>2018</u>	
	<u>Net Patient Accounts Receivable</u>	<u>Net Patient Service Revenue</u>	<u>Net Patient Accounts Receivable</u>	<u>Net Patient Service Revenue</u>
Mass Health	69%	75%	67%	70%

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Notes to Combining Financial Statements
June 30, 2019 and 2018

12. RELATED PARTY TRANSACTIONS

The Chief Executive Officer (CEO) of the Agency serves on the Board of two organizations that the Agency receives funding from.

Members of the Boards of Directors hold management positions at companies that provide services to the Foundation. The type of services and the approximate dollar values are as follows for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Group health insurance policies placed	\$ 1,230,000	\$ 1,359,000
Net patient service revenue	\$ 899,000	\$ 1,427,000
Contract services	\$ 109,000	\$ 111,000

The above mentioned Board members abstain from discussions and voting on matters related to their respective employers.

Through the New Markets Tax transaction, the Realty Corp leases the Capital Project to the Support Corp which is subleased back to the Services Corp (see Note 3).

13. COMMITMENTS AND CONTINGENCIES

The Agency, from time-to-time, is the defendant in lawsuits. It is management's belief that the Agency will prevail in these lawsuits. Accordingly, no amounts have been reflected in the accompanying combining financial statements for any potential liability resulting from these lawsuits.

The Foundation received five grants totaling \$1,399,000 to fund the development costs of the Cary Cottage Building and the Transitional Housing Project (the Project), which were completed in fiscal year 2006. These grants place certain affordable housing restrictions on the operations of the Project through May 2056, as defined in a joint affordable housing restriction agreement (the Restriction Agreement). The entire indebtedness may become immediately due and payable at the option of the Mortgagee, if any of the restrictions are not met as defined by the Restriction Agreement. Under the Restriction Agreement, the Commonwealth of Massachusetts, Department of Housing and Community Development (DHCD), one of the grantors, has an option to purchase the Foundation's interest in the Project within 120 days after May 2056.

In fiscal year 1993, the Foundation exchanged three residential properties it had received from the City of Boston for a 7.3% note receivable for \$497,298 from a real estate limited partnership (the Partnership). Interest accrued annually on the note and was added to the note's principal. Beginning in fiscal year 2006, the Foundation stopped accruing interest on the note as the collection of any additional accrued interest has been determined by management to be uncertain. The entire balance was due in October 2010. During fiscal year 2015, the note was amended to be non-interest bearing and to have annual payments of \$1,500 due by January 31st of each year. During fiscal years 2019 and 2018, the annual payment of \$1,500 was received. The maturity date of the note is March 31, 2066, at which time all interest and principal are due. The note is secured by a third priority mortgage on the properties as well as an assignment of leases and rents.

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Notes to Combining Financial Statements
June 30, 2019 and 2018

14. CONDITIONAL LIABILITIES

In connection with the Project (see Note 13), the Foundation entered into a loan agreement with Community Economic Development Assistance Corporation (CEDAC) in the amount of \$500,000. Simple interest accrues at 5% per year through June 2025. Thereafter, no additional interest shall accrue until June 2035, the maturity date of the loan. Principal and interest payments are due based on certain levels of cash flow being attained, as defined in the agreement, or in full at June 6, 2035. Required cash flow levels were not achieved in fiscal years 2019 or 2018. This note is secured by a shared second mortgage on the Project and an assignment of leases and rents. As of June 30, 2019 and 2018, there was \$500,000 of borrowings under this agreement. These borrowings are included in conditional liabilities in the accompanying combining statements of financial position.

The Foundation entered into a non-interest bearing loan agreement with the Department of Neighborhood Development in the amount of \$315,541 on August 14, 2013, for costs incurred during the repairs and modifications on certain property. This property must be used and occupied by thirteen very low-income homeless women living with HIV/AIDS, substance abuse, and mental illness. This loan matures in August 2043. Principal and interest payments are due based on certain levels of cash flow being attained, as defined in the agreement. Required cash flow levels were not achieved in fiscal year 2019 or 2018. As of June 30, 2019 and 2018, there was \$315,541 of borrowings under this agreement. These borrowings are included in conditional liabilities in the accompanying combining statements of financial position.

15. MEDICAL MALPRACTICE INSURANCE

The healthcare industry is subject to voluminous and complex laws and regulations of Federal, state and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement laws and regulations, anti-kickback and anti-referral laws, and false claims prohibitions.

The Foundation is insured for professional liability coverage through the Federal Bureau of Primary Health Care, known as the Federal Tort Claims Act (FTCA), in accordance with the Public Health Services Act. This coverage is provided to the Health Center through its Section 330 Community Health Center grant administered by HRSA. The coverage afforded the Foundation is comparable to an occurrence-based policy without a monetary cap. The coverage is applicable to the Foundation, its officers, Board members, employees, and contractors who are physicians or other licensed or certified health care practitioners.

16. FUNDING

The Foundation receives funding from several agencies to assist in its programs and operating costs. The Foundation charges patients and third parties for services provided.

During fiscal years 2019 and 2018, grants and contracts were received and expended according to their specified terms and conditions. Any cash received in excess of revenue recognized is recorded as deferred revenue. Most grants and contracts are subject to possible final audit determination by certain governmental agencies. In the opinion of management, the effect of such audit determinations will not have a material effect on the combining financial position or results of operations of the Foundation for the years ended June 30, 2019 and 2018.

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Notes to Combining Financial Statements
June 30, 2019 and 2018

16. FUNDING (Continued)

Charges made to most third-party payers for patient services are periodically reviewed and adjusted based upon the submission of cost reports and possible subsequent audits. In the opinion of management, the effects of such determinations or adjustments, if any, will not have a material effect on the combining financial position of the Foundation as of June 30, 2019 and 2018, or on the changes in its net assets for the years then ended.

17. ACCOUNTABLE CARE ORGANIZATION

The Foundation joined Community Care Cooperative (C3), a pilot Accountable Care Organization (ACO). C3 is a newly formed health care corporation organized to take responsibility for managing the cost and quality of health care for its members. The Agency could be subject to settlements due back to C3 if actual spending is more than the targeted spending based upon certain criteria as defined in the C3 contract. During fiscal year 2019, C3 had the Agency set aside approximately \$35,000 in escrow for potential liability owed to the Agency (see Note 9).

18. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for use by the Agency within one year from the combining statement of financial position date are as follows as of June 30, 2019:

Cash and cash equivalents - operating	\$ 4,104,430
Grants and contracts receivable, net of allowance	1,982,910
Patient accounts receivable, net of allowances	<u>830,379</u>
Total	<u>\$ 6,917,719</u>

The Agency has a policy to structure its financial assets to be available and liquid as its obligations become due. As of June 30, 2019, the Agency has financial assets equal to approximately two months of operating expenses. In addition, the Agency has a line of credit agreement (see Note 7) which allows for additional available borrowings up to \$1,500,000 as of June 30, 2019.

19. RECLASSIFICATIONS

Certain amounts in the June 30, 2018 combining financial statements have been reclassified to conform with the June 30, 2019 presentation in relation to the adoption of ASU 2016-14.

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Passed-through Commonwealth of Massachusetts, Department of Education:			
Child and Adult Care Food Program	10.558	SCDOE19758C70532117A SCDOE19758V70532117A SCDOE19758X70532117A	\$ 10,469
Child Nutrition Cluster:			
National School Lunch Program	10.555	SCDOE19758A70532112B SCDOE19758C70532112B SCDOE19758T70532112B	254,419
U.S. Department of Education:			
Passed-through Commonwealth of Massachusetts, Department of Public Health:			
Special Education – Grants for Infants and Families	84.181	INTF3601MM3500624212	21,671
U.S. Department of Health and Human Services:			
Direct Programs:			
Health Center Program Cluster:			
Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program	93.527	N/A	2,093,420
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless and Public Housing Primary Care)	93.224	N/A	1,021,445
Total Health Center Program Cluster			3,114,865
Coordinated Services and Access to Research for Women, Infants, Children and Youth	93.153	N/A	727,470
Head Start	93.600	N/A	4,341,864
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	N/A	479,142
Passed-through Commonwealth of Massachusetts, Department of Public Health:			
HIV Prevention Activities Health Department Based	93.940	INTF4944MM3181926017	72,717
Block Grants for Prevention and Treatment of Substance Abuse	93.959	INTF2301MM3160524176 INTF2303MM3182026080 INTF2304M03171125291 INTF2333M03173125040 INTF2350M03184319044 INTF2351M03183626038	77,547

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services: (Continued)			
Passed-through Commonwealth of Massachusetts, Department of Early Education and Care:			
Temporary Assistance for Needy Families (TANF Cluster)	93.558	600010DIMOCKCOMM40IE 2019FLEXPOOLINCOMEEL	145,946
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	600010DIMOCKCOMM40IE 2019FLEXPOOLINCOMEEL	19,837
Child Care and Development Block Grant	93.575	600010DIMOCKCOMM40IE 2019FLEXPOOLINCOMEEL	9,243
Total CCDF Cluster			29,080
Passed-through Boston Public Health Commission:			
HIV Emergency Relief Project Grants	93.914	PO201801722/01723/01724 PO201801754/01756	497,730
Total U.S. Department of Health and Human Services			9,486,361
U.S. Department of Housing and Urban Development:			
Passed-through Commonwealth of Massachusetts, Department of Neighborhood Development:			
Housing Opportunities for Persons with AIDS	14.241	A0207610	300,541
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants	14.218	DNDC06001	15,000
Total Expenditures of Federal Awards			\$ 10,088,461

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the Federal assistance activity of the Agency and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Note 2. Loans Outstanding

The Schedule of Expenditures of Federal Awards includes the following loan balances as of June 30, 2019:

Housing Opportunities for Persons with AIDS	14.241	\$ 300,541
CDBG - Entitlement Grants Cluster:		
Community Development Block Grants/Entitlement Grants	14.218	\$ 15,000

Note 3. Indirect Cost Rate

The Agency has elected not to use the 10% de minimis cost rate for its Federal programs.

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Combining Financial Statements
Performed in Accordance With Government Auditing Standards**

Independent Auditor's Report

To the Boards of Directors of
Dimock Community Foundation, Inc. and Affiliates:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combining financial statements of Dimock Community Foundation, Inc. and Affiliates (collectively, the Agency), which comprise the combining statement of financial position as of June 30, 2019, and the related combining statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the combining financial statements, and have issued our report thereon dated November 19, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the combining financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combining financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's combining financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's combining financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of combining financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Alexander, Brown, Fenning & Co., P.C.".

Boston, Massachusetts
November 19, 2019



**Report on Compliance for Each Major Federal Program and Report on Internal
Control Over Compliance Required by the Uniform Guidance**

Independent Auditor's Report

To the Boards of Directors of
Dimock Community Foundation, Inc. and Affiliates:

Report on Compliance for Each Major Federal Program

We have audited Dimock Community Foundation, Inc. and Affiliates' (collectively, the Agency) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major Federal programs for the year ended June 30, 2019. The Agency's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on page 33. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Boston, Massachusetts
November 19, 2019

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Schedule of Findings and Questioned Costs
June 30, 2019

1. SUMMARY OF AUDITOR'S RESULTS

Combining Financial Statements

Type of auditor's report issued on whether the combining financial statements audited were prepared in accordance with GAAP: Unmodified

Is a "going concern" emphasis-of-matter paragraph included in the auditor's report? Yes No

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to combining financial statements noted? Yes No

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major Federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major Federal programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Health Center Cluster	93.224
Head Start	93.600

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

Auditee qualified as low-risk auditee? Yes No

DIMOCK COMMUNITY FOUNDATION, INC. AND AFFILIATES

Schedule of Findings and Questioned Costs
June 30, 2019

2. COMBINING FINANCIAL STATEMENT FINDINGS

None

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None