Emmanuel Gospel Center, Inc.

Financial Statements

June 30, 2021

Strengthening Christian Leaders
to Serve Urban Communities

Kevin P. Martin & Associates, P.C.

Emmanuel Gospel Center, Inc.

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June 30, 2021

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Kevin P. Martin & Associates, P.C.
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Independent Auditors' Report

To the Board of Directors of
Emmanuel Gospel Center, Inc.

We have audited the accompanying financial statements of Emmanuel Gospel Center, Inc. (a nonprofit organization) (EGC), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of EGC as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, EGC has adopted ASU No. 2014-09, *Revenue from Contracts with Customers* and ASU No. 2018-13, *Fair Value Measurement (Topic 820), Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. Our opinion is not modified with respect to these matters.

Report on Summarized Comparative Information

We have previously audited EGC's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 16, 2020. The prior year summarized comparative information is not intended to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Meuier P. Martin & Chester P.C.

Braintree, Massachusetts
November 15, 2021

EMMANUEL GOSPEL CENTER, INC.

Statement of Financial Position

As of June 30, 2021
With Comparative Totals as of June 30, 2020

	2021	2020
Current Assets		
Cash and cash equivalents	$ 1,263,776	$ 479,456
Promises to give, current	94,158	231,006
Accounts receivable	30,425	-
Prepaid expenses	13,863	9,897
Total current assets	1,402,222	720,359
Fixed Assets		
Leasehold improvements	289,535	285,893
Furniture and fixtures	92,734	86,021
Total fixed assets	382,269	371,914
Less: accumulated depreciation	(80,128)	(30,009)
Total net fixed assets	302,141	341,905
Other Assets		
Promises to give, net of current	-	35,000
Cash and cash equivalents, restricted	132,326	42,053
Investments, net of current	3,887,452	3,285,447
Total other assets	4,019,778	3,362,500
Total Assets	$ 5,724,141	$ 4,424,764
Current Liabilities		
Accounts payable	$ 31,512	$ 24,075
Accrued expenses	164,835	138,611
Paycheck protection program loan	-	247,500
Total current liabilities	196,347	410,186
Total liabilities	196,347	410,186
Net Assets		
Net assets without donor restrictions	4,401,828	3,674,819
Net assets with donor restrictions	1,125,966	339,759
Total net assets	5,527,794	4,014,578
Total Liabilities and Net Assets	$ 5,724,141	$ 4,424,764

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

EMMANUEL GOSPEL CENTER, INC.

Statement of Activities

For the Year Ended June 30, 2021
With Comparative Totals for the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Operating Revenue and Support				
Contributions and grants				
Foundation grants	$ 38,145	$ 1,160,091	$ 1,198,236	$ 269,163
Individual support	656,244	139,925	796,169	668,855
Churches and organization support	127,086	101,435	228,521	243,808
Program service fees	65,113	-	65,113	16,948
In-kind support	43,564	-	43,564	36,698
Rental	-	-	-	270
Released from restrictions	629,772	(629,772)	-	-
Total operating revenue and support	1,559,924	771,679	2,331,603	1,235,742
Operating Expenses				
Program services	1,165,943	-	1,165,943	1,121,833
General and administrative	561,275	-	561,275	540,505
Fundraising	161,164	-	161,164	135,173
Total operating expenses	1,888,382	-	1,888,382	1,797,511
Change in Net Assets From Operations	(328,458)	771,679	443,221	(561,769)
Non-operating Revenue				
Investment return, net of fees	807,967	14,528	822,495	116,928
Gain on extinguishment of debt	247,500	-	247,500	-
Loss on sale of assets	-	-	-	(2,955)
Total non-operating revenue	1,055,467	14,528	1,069,995	113,973
Change in Net Assets	727,009	786,207	1,513,216	(447,796)
Net Assets at Beginning of Year	3,674,819	339,759	4,014,578	4,462,374
Net Assets at End of Year	$ 4,401,828	$ 1,125,966	$ 5,527,794	$ 4,014,578

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

EMMANUEL GOSPEL CENTER, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2021
With Comparative Totals for the Year Ended June 30, 2020

	2021						2020
	Issue Based	Ministry Development	Total Program Services	General and Administrative	Fundraising	Total	Total
Salaries	$ 353,731	$ 371,060	$ 724,791	$ 313,995	$ 104,073	$ 1,142,859	$ 1,076,712
Fringe benefits	68,759	74,243	143,002	32,869	11,285	187,156	221,032
Payroll taxes	23,703	27,556	51,259	24,462	8,296	84,017	78,070
Subtotal	446,193	472,859	919,052	371,326	123,654	1,414,032	1,375,814
Consultants	37,253	99,324	136,577	39,626	11,723	187,926	133,507
Outreach and office supplies	10,543	17,101	27,644	45,116	6,595	79,355	76,065
Depreciation	14,033	17,040	31,073	14,535	4,511	50,119	29,689
In-kind expense	-	-	-	43,564	-	43,564	36,698
Rental	7,779	7,480	15,259	13,482	4,403	33,144	41,098
Ministry grants	5,097	14,669	19,766	9,549	-	29,315	19,895
Special community events	895	1,967	2,862	-	9,691	12,553	13,355
Insurance	-	-	-	10,673	-	10,673	15,816
Utilities	-	-	-	9,297	-	9,297	20,113
Hospitality	693	4,430	5,123	2,790	237	8,150	6,904
Dues and subscriptions	266	3,992	4,258	1,317	290	5,865	4,906
Travel	1,355	2,974	4,329	-	60	4,389	13,470
Repairs and maintenance	-	-	-	-		-	10,181
Total	$ 524,107	$ 641,836	$ 1,165,943	$ 561,275	$ 161,164	$ 1,888,382	$ 1,797,511

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

EMMANUEL GOSPEL CENTER, INC.

Statement of Cash Flows

For the Year Ended June 30, 2021
With Comparative Totals for the Year Ended June 30, 2020

	2021	2020
Cash Flows from Operating Activities		
Change in Net Assets	$ 1,513,216	$ (447,796)
Adjustments to reconcile change in net assets to net cash provided by(used in) operating activities:		
Depreciation	50,119	29,689
Realized (gains) losses on investments	(102,660)	21,730
Unrealized (gains) losses on investments	(681,491)	(93,166)
Interest and dividends reinvested, net of fees	(34,307)	(2,518)
Loss on sale of assets	-	2,955
Gain on extinguishment of debt	(247,500)	-
Decrease (increase) in assets:		
Promises to give	171,848	145,299
Acccounts receivable	(30,425)	-
Prepaid expenses	(3,966)	4,508
Increase (decrease) in liabilities:		
Accounts payable	7,437	8,778
Accrued expenses	26,224	29,396
Net Cash Provided by (Used in) Operating Activities	668,495	(301,125)
Cash Flows from Investing Activities		
Purchase of fixed assets	(10,355)	(355,466)
Sale of investments	591,287	815,257
Purchase of investments	(374,834)	(1,784,165)
Net Cash Provided by (Used in) Investing Activities	206,098	(1,324,374)
Cash Flows from Financing Activities		
Proceeds from paycheck protection program loan	-	247,500
Net Cash Provided by Financing Activities	-	247,500
Net Increase (Decrease) in Cash and Cash Equivalents, Unrestricted and Restricted	874,593	(1,377,999)
Cash and Cash Equivalents, Unrestricted and Restricted - Beginning	521,509	1,899,508
Cash and Cash Equivalents, Unrestricted and Restricted - Ending	$ 1,396,102	$ 521,509
Cash and cash equivalents	$ 1,263,776	$ 479,456
Cash and cash equivalents, restricted	132,326	42,053
Total Cash and Cash Equivalents, Unrestricted and Restricted	$ 1,396,102	$ 521,509
Supplement Data for Noncash Investing and Financing Activities		
See Note 3		
Gain on extinguishment of debt	$ 247,500	$

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

(1) Summary of Significant Accounting Policies

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The significant accounting policies followed by the Emmanuel Gospel Center, Inc. (EGC) are described below to enhance the usefulness of the financial statements to the reader.

(a) Nature of Activities

EGC is a faith-based non-profit organization. EGC's mission is to strengthen Christian leaders to serve urban communities.

EGC believes the Church is God's chosen instrument to bring His life and presence into our communities. Therefore, our work is designed to support what God is doing through His Church in urban Greater Boston. We take time to learn how the city, the Church and their related systems are changing; we connect with the people involved to build strong working relationships; and we equip where it is most strategic, providing teaching, training, tools and resources for effective ministry. As we invest in Christian leaders, we strengthen the Church's ability to leverage healthy change that helps build urban communities that support and care for everyone.

A brief outline of EGC's history, living system ministry approach, and activities is given here. You can find much more on EGC's website, www.egc.org.

Brief History

EGC began in 1938 as a neighborhood mission to address spiritual and physical needs of poor residents in Boston's South End. EGC offered programs for youth, fed people who were hungry, cared for people who struggled with alcoholism or mental illness, advocated for more affordable housing, encouraged racial reconciliation and economic justice, and befriended people who lived in the single-room occupancy tenements that surrounded our building. And for those who were interested, EGC offered Bible studies and worship services.

In the early 1970s, EGC realized local churches, serving their communities, would have a greater impact than what EGC could do on its own. As EGC began to discover growing churches all over the city, EGC changed its strategy to supporting urban churches and their programs. We started helping churches begin or strengthen programs for youth in their neighborhood, or people affected by homelessness, or people in their own ethnic community (such as Brazilians or Haitians) or other target populations we identified. When we discovered many of the Latino pastors were driving to New York City for materials, we started a bookstore to provide resources in many different languages. And EGC started a separate church, the South End Neighborhood Church, to serve the spiritual needs of our South End neighbors.

(1) Summary of Significant Accounting Policies - continued

(a) Nature of Activities - continued

As EGC began focusing on building the capacity of urban churches, the staff became familiar with the emerging field of systems thinking. The more we learned, the more we realized how important it is to look at urban social issues systemically - to see the bigger picture, to discover how the different parts of the system interrelate with each other, to understand that good intentions can be counterproductive if you ignore the interactions within the larger system and to look for leverage points. So almost 40 years ago, EGC began helping pastors and other leaders to understand complex urban issues systemically.

Today, EGC helps leaders understand complex social systems (such as homelessness, urban education, racial equity and intercultural relationships), build fruitful relationships and take responsible action within their community. We strengthen leaders through teaching, training, tools and resources for effective work. EGC also conducts demographic and community-based participatory research that informs and supports long-term positive growth.

EGC helps develop programs that serve urban residents well, build capacity, and operate effectively at the grassroots level, particularly in low-income and immigrant communities. By working with and through churches and community partners, EGC seeks to build a community that supports and cares for everyone throughout the city.

EGC's Living System Ministry Approach

EGC has learned a lot over these decades about how to do urban ministry well, and we have poured what we are learning into an approach to Christian ministry called Living System Ministry. It is this approach that will provide the foundation for EGC's work in the decades to come.

Central to Living System Ministry is the conviction that God is at work in the layers of social systems in which we live our lives. These systems include families, communities, neighborhoods, organizations, churches, networks, the whole city and more. EGC believes our job is not to bring God to these systems, but to discover how God is already active in them, and then to join in and cooperate with this work.

(1) Summary of Significant Accounting Policies - continued

(a) Nature of Activities - continued

EGC's Living System Ministry approach can be simply described using three words: Learn, Connect and Equip.

- Learn: understanding the dynamics of key systems through relationships, ministry experience and intentional applied research.
- Connect: "connecting the dots" of ministry stories, issues, people and systems, and identifying places (leverage points) in those systems where the church (broadly defined) can make a difference.
- Equip: teaching, training and investing in leaders (anyone, whether they have a title or not, who is committed to making a change and leading others in this change) associated with these systems and leverage points.

EGC's Program Activities

EGC invests in Christian leaders through various programs, each of which includes some combination of teaching, training, consulting, connecting and partnering. EGC's programs fall into two broad groups:

- Issue Areas: Programs that work in a particular issue area
  - Boston Education Collaborative (urban education)
  - Intercultural Ministries (intercultural partnerships)
  - Race and Christian Community Initiative (racial equity)
  - Starlight Ministries (homelessness)
- Ministry Development: Programs that develop or strengthen other ministries.
  - Applied Research and Consulting
  - Boston Black Church Vitality Project
  - Greater Boston Church Planting Collaborative
  - Teaching and Training
  - Living System Ministry Development
  - Fiscal Sponsor Programs and Other Ministry Development

(b) Basis of Presentation

The statement of activities reports all changes in net assets, including changes in net assets without donor restrictions from operating and non-operating activities. Operating revenues consist of those monies received and other contributions attributable to EGC's ongoing efforts. Investment income, realized and unrealized gains and losses on investments, net of related management fees are reported as non-operating revenue because such assets are managed for long-term stabilization of EGC's activities. Non-operating revenue also includes gains on extinguishment of debt and sale of assets as these were derived from activities not related to EGC's core operations.

(1) Summary of Significant Accounting Policies - continued

(c) Standards of Accounting and Reporting

EGC's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The statement of financial position presents two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to EGC are presented as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions consist of assets and contributions available for the support of operations. These net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

Net Assets With Donor Restrictions - Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of EGC and/or passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Net assets with donor restrictions also includes the original amounts of gifts and investments required by the donor to be permanently retained. Generally, the donors of these assets permit EGC to use all or part of the income earned on related investments for general or specific purposes.

(d) Cash and Cash Equivalents

EGC considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

EGC maintains its cash balances at two financial institutions located in Massachusetts. The cash balances are secured by the Federal Deposit Insurance Corporation (FDIC). In addition, cash balances at brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) up to $250,000.

Cash and cash equivalent balances maintained with Charles Schwab and Citizens Bank amounted to $645,200 and $762,260, respectively, as of June 30, 2021.

(1) Summary of Significant Accounting Policies - continued

(e) Investments

EGC records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Interest and dividends are recorded when earned. Gains and losses are recognized as incurred or based on fair value changes during the period. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct investment expenses. Investments are exposed to risks such as interest rate, credit and overall market volatility.

(f) Revenue Recognition

EGC earns revenue as follows:

EGC generally measures revenue based on the amounts of consideration it expects to be entitled for the transfers of goods and services to a customer, then recognizes its revenue as performance obligations are satisfied under a contract, except in transactions where GAAP provides other applicable guidance. EGC evaluates its revenue contracts with customers based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

Grants - EGC receives funding from various grantors for direct and indirect program costs associated with specific programs and projects. Various grants are subject to certain barriers as outlined in the agreement. Revenue is recognized as the barrier is met. For unconditional grants, revenue is recognized as contribution revenue that increases net assets with donor restrictions at the time the grant is received or pledged and the funds are released from restriction when the restriction has been met.

Contributions - In accordance with ASC Sub Topic 958-605, *Revenue Recognition*, the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that EGC should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

(1) Summary of Significant Accounting Policies - continued

(f) Revenue Recognition - continued

Contributions - continued

Contributions without donor restrictions are recognized as revenue when received or unconditionally pledged. Contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as services are performed and costs are incurred pro-rata over the period covered by the grant or contribution as time restrictions lapse.

Program Service Fees - Program service fee revenue is earned and recognized by EGC when units or services are provided and the performance obligation has been met.

Substantially all of EGC's operating revenue is derived from its activities in Massachusetts. During the year ended June 30, 2021, EGC derived approximately 97% from contributions and grants and 3% from other sources. All revenue is recorded at the estimated net realizable amounts.

(g) Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. As of June 30, 2021, pledges receivable totaled $94,158 and are expected to be received within one year.

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collections trends that differ from scheduled collections on individual promises. As of June 30, 2021, management has determined any allowance would be immaterial.

(h) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2021, management has determined any allowance would be immaterial.

(1) Summary of Significant Accounting Policies - continued

(h) Accounts Receivable - continued

EGC does not have a policy to accrue interest on receivables or requiring collateral or other security to secure the accounts receivable.

(i) Fixed Assets

Fixed assets are recorded at cost or if donated, fair value on the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

EGC computes depreciation using the straight-line method over the following estimated useful lives:

Furniture and fixtures	3-10 years
Leasehold improvements	10 years

Fixed assets are reviewed for impairment if the use of the asset significantly changes or another indicator or possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value.

(j) Contributed Services and Gifts in Kind

Donated rent is reported as contributions in the financial statements at their estimated fair values at the time of receipt. Donated services are similarly reported when services are performed which would otherwise have been purchased or performed by EGC personnel.

Many individuals volunteer their time and perform a variety of tasks that assist EGC with specific educational programs, administrative, clerical, and maintenance functions as well as various committee assignments. EGC would not have paid for these volunteered services if they had not been donated and therefore, they have not been reflected in the financial statements.

(k) Designation of Net Assets Without Donor Restrictions

It is the policy of the Board of Directors of EGC to review its plans from time to time and to designate appropriate sums of net assets without donor restrictions to assure for a stable source of liquidity and financial support for the mission of EGC and organization requirements (see Note 7).

(1) Summary of Significant Accounting Policies - continued

(l) Fair Value Measurements

GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels used to measure fair value are as follows:

Level 1: Quoted prices for identical instruments traded in active markets.

Level 2: Observable inputs other than quoted prices included in Level 1. Assets and liabilities included in this level are valued using quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant inputs to the valuation model are unobservable.

Recurring Measurements

In accordance with GAAP, certain assets and liabilities are required to be recorded at fair value on a recurring basis. EGC's assets that are adjusted to fair value on a recurring basis are described below. EGC currently has no liabilities that are adjusted to fair value on a recurring basis.

The following section describes the valuation methodologies used to measure assets, financial assets and liabilities at fair value on a recurring basis.

Investments in Debt and Equity Securities: Quoted market prices are used to determine the fair value of investment securities, and they are included in Level 1. Level 1 securities primarily include publicly traded equity and debt securities.

The following tables summarize assets measured at fair value on a recurring basis as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Investments	$ 3,887,452	$ -	$ -	$ 3,887,452
	$ 3,887,452	$ -	$ -	$ 3,887,452

EGC's policy is to recognize transfers in and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers during the year ended June 30, 2021.

(1) Summary of Significant Accounting Policies - continued

(l) Fair Value Measurements - continued

Nonrecurring Measurements
In addition to assets and liabilities that are recorded at fair value on a recurring basis, EGC records assets and liabilities at fair value on a nonrecurring basis as required by GAAP. EGC had no assets or liabilities that are adjusted to fair value on a nonrecurring basis.

(m) Fundraising

Fundraising relates to the activities of raising general and specific contributions to EGC. Fundraising expenses as a percentage of total contribution was 7% for the year ended June 30, 2021. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

(n) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of EGC.

Payroll and associated costs are allocated to functions based upon time studies. Occupancy costs are allocated based upon percentage of salary.

(o) Use of Estimates

In preparing EGC's financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(p) Income Taxes

EGC qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally not subject to income tax. However, income from certain activities not directly related to EGC's tax-exempt purpose is subject to taxation as unrelated business income. In addition, EGC qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and is not a private foundation under Section 509(a)(1) of the IRC.

(1) Summary of Significant Accounting Policies - continued

(p) Income Taxes - continued

GAAP prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Generally, EGC's information/tax returns remain open for possible federal income tax examination for three years after the filing date. EGC is not currently under examination by any taxing jurisdiction.

(q) Summarized Financial Information for 2020

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the financial statements do not include a full presentation of the statement of functional expenses, as certain prior year summarized comparative information is presented in total but not by functional classification. In addition, the financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with EGC's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

(r) Recent Accounting Standard Adopted

On July 1, 2020, EGC adopted ASU 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, ASC 606). ASC 606 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and requires the reporting entity to recognize revenues when control of promised goods or services is transferred to customers and at an amount that reflects the consideration to which EGC expects to be entitled in exchange for those goods or services. On July 1 2020, EGC adopted ASC 606 using the modified retrospective method applied to those contracts which were not competed as of July 1, 2020 (the practical expedient elected). Results for reporting periods beginning after July 1, 2020, are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported in accordance with EGC's historic accounting under ASC 605.

There were no material changes in the timing of recognition of revenue and, therefore, there were no adjustments to the opening balance of net assets without donor restrictions. EGC does not expect the adoption of the new revenue standard to have a significant impact on its changes in net assets on an ongoing basis.

On July 1, 2020, EGC adopted ASU 2018-13, *Fair Value Measurement (Topic 820), Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this update removed the following disclosure requirements from Topic 820:

(1) Summary of Significant Accounting Policies - continued

(r) Recent Accounting Standard Adopted - continued

The amendments in this update removed the following disclosure requirements from Topic 820: (1) the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, (2) the policy for timing of transfers between levels, (3) the valuation processes for Level 3 fair value measurements and (4) the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the reporting period. The following disclosure requirements were modified in Topic 820: (1) in lieu of a roll forward for Level 3 fair value measurements, a nonpublic entity is required to disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities, (2) for investments in certain entities that calculate net asset value, an entity is required to disclose the timing of liquidation of an investee's assets and the date when restrictions from redemption might lapse only if the investee has communicated the timing to the entity or announced the timing publicly and (3) the amendments clarity that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date. The amendments in the update did not affect disclosures to the financial statements for the year ended June 30, 2021.

(s) Recent Accounting Standards

In June 2020, FASB issued ASU 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842). ASU 2020-05 deferred the implementation date of ASU 2016-02 and ASU 2014-09 by one year. ECG had already adopted ASU 2014-09. ASU 2016-02 is described below.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)* which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today.

The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU was set to be effective on January 1, 2021, with early adoption permitted. The effective date was extended to fiscal years beginning after December 15, 2021. EGC is currently evaluating the impact the adoption of this new standard will have on its financial statements.

In July 2018, FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases* and *ASU 2018-11, Leases (Topic 842), Targeted Improvements*. In December 2018, FASB issued ASU 2018-20, *Leases (Topic 842), Narrow-Scope Improvements for Lessors*. Adoption of these ASUs will run concurrent with EGC's adoption of ASU 2016-02.

(2) Investments

The Board of Directors designated funds to be set aside for a stable source of liquidity and financial support for the mission of EGC and organization requirements. As of June 30, 2021, all investments are classified as long-term, as either the Leta and Stewart Gray Trust or Board of Directors designated assets.

Investments are held at a SIPC member brokerage firm. SIPC protects against the loss of cash and securities with limit of $500,000 for securities, which includes a $250,000 limit for cash. SIPC does not protect against the decline in value of these securities. As of June 30, 2021, all investments related to the endowment (see Note 7) are classified as long-term.

Investments are valued at fair value using level 1 input, unadjusted quoted prices in active markets, and are comprised of the following as of June 30, 2021:

	Fair Value
Debt securities:	
Domestic	$ 1,220,435
Equity securities:	
Domestic	1,947,492
International	102,556
Exchange traded funds:	
Domestic	134,096
International	482,873
Total	$ 3,887,452

The marketable equity securities and corporate fixed income debt securities primarily consist of common stock and bonds, respectively, of companies traded on the New York Stock Exchange.

(3) Paycheck Protection Program Loan

During the year ended June 30, 2020, the Small Business Administration (SBA) established the Paycheck Protection Program (PPP) under the CARES Act to provide relief to EGC during the COVID-19 pandemic in the amount of $247,500. The loan bore interest at a rate of 1.00%, which was deferred for the first 6 months. The U.S. Small Business Administration (SBA) has disclosed criteria for forgiveness which includes but not limited to maintaining the full-time equivalent number of employees over certain time period and expending the funds on eligible expenses over the covered period. During the year ended June 30, 2021, EGC applied for the loan forgiveness as permitted by the SBA. In June 2021, the entire PPP loan balance was fully forgiven by the lender resulted in a noncash gain of $247,500. The noncash gain on the PPP loan forgiveness has been included in non-operating revenue in the accompanying statement of activities.

(4) Operating Lease Commitment

EGC entered into an operating lease agreement for office space in Dorchester, Massachusetts effective November 1, 2018 through October 31, 2028 for $2,000 a month, increasing to $2,500 a month on November 1, 2023.

The minimum annual operating non-cancelable lease commitments on the new office space for EGC are as follows:

Fiscal Year Ending:	
2022	$ 24,000
2023	24,000
2024	28,000
2025	30,000
2026	30,000

Total rent expense for the year ended June 30, 2021 amounted to $33,144.

(5) Commitments and Contingencies

(a) Gain Contingency

During the year ended June 30, 2019, EGC sold their land and building to a third party (Successor) who intends to develop forty residential units on the premises. In the event the Successor secures all required permits and zoning approval from applicable governmental authorities to develop more than forty residential units at the premises and closes on construction financing, if needed, EGC is entitled to an additional payment of $50,000 per unit that the Successor is permitted to develop in excess of forty units but not to exceed seventy units. EGC shall receive the payment at the time of such construction financing closing. The foregoing provision expires on October 1, 2023.

(b) Leasehold Improvements

In connection with the operating lease for office space (see Note 4) in Dorchester, MA entered into during the year ended June 30, 2019, EGC agreed to spend $400,000 in facility improvements by December 31, 2019. Per the lease agreement, these improvements are expected to improve the conditions of the leased space such as HVAC improvements, a handicap lift installation, bathroom renovations, etc. As of June 30, 2021, approximately $289,535 of costs related to these improvements had been incurred and are included with leasehold improvements on the accompanying statement of financial position.

(6) Net Assets

(a) Net Assets With Donor Restrictions

Net assets with donor restrictions consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of June 30, 2021, net assets with donor restrictions are restricted for the following purposes or periods:

Lily grant (purpose)	$ 960,806
Promises to give (timing)	94,158
Leta and Stewart Gray Trust	71,002
Total	$ 1,125,966

Leta and Stewart Gray Trust

EGC's interest in the original principal of the Leta and Stewart Gray Trust (the Trust) is donor restricted. EGC is the sole income beneficiary of the Trust. The principal of the Trust, $71,002, shall remain intact and all income of the Trust shall be paid to EGC. The sole purpose of the Trust is to provide financial assistance to EGC and its employees in carrying out its mission with stipulations that they be invested to provide a permanent source of income to defray costs. The donor restricted assets are permanently held in investments consisting of marketable securities and have been classified as long-term investments on the accompanying statement of financial position. Consistent with donor restrictions, return on these investments follow the treatment of investment income. Accordingly, any excess investment returns over corpus are reported in the statement of activities as increases and releases in net assets with donor restrictions.

Investment return on the Trust's principal totaled $14,528 for the year ended June 30, 2021 and has been released as of June 30, 2021.

(b) Net Assets Without Donor Restrictions

EGC's net assets without donor restrictions is comprised of undesignated and Board designated amounts. The board designated amounts are for a quasi-endowment for the purpose of a stable source of liquidity and financial support for the mission of EGC and organization requirements.

Undesignated	$ 382,050
Board designated for quasi-endowment (the Fund)	4,019,778
Total	$ 4,401,828

(7) Endowment (the Trust) and Quasi-Endowment (the Fund)

EGC accepted the Trust interest under the stipulation that the funds are invested in perpetuity. Unless otherwise restricted by the donor, the investment income is to be used in accordance with EGC's spending policy. The goals of the fund are to enhance existing programs, create new programs, make additional funding opportunities for donors and support capital improvements. EGC's Executive Board (the Board) oversees the establishment and revision of goals, spending plans, and asset allocations for the fund.

The Board has designated the proceeds from the sale of property and other funds as a quasi-endowment. The Fund's purpose is to provide for a stable source of liquidity and financial support for the mission of EGC and organization requirements. EGC's Finance Committee (a sub-committee of the Board) oversees the establishment and revision of goals, spending plans, and asset allocations for the fund.

(a) Uniform Prudent Management of Institutional Funds Act

EGC's management and investment of funds with donor restrictions are subject to the provisions of the Uniform Management of Institutional Funds Act (UMIFA). In 2006, the Uniform Law Commission approved the model act, Uniform Prudent Management of Institutional Funds Act (UPMIFA), which serves as a guideline to states to use enacting legislation. UPMIFA was adopted by the Commonwealth of Massachusetts effective June 30, 2009. Among UPMIFA's most significant changes is the elimination of UMIFA's important concept of historic dollar value threshold, the amount below which an organization could not spend from the fund, in favor of a more robust set of guidelines about what constitutes prudent spending.

The Board has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted funds absent explicit donor stipulations to the contrary. Further, per the interpretation, the UPMIFA classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent fund, (b) the original value of subsequent gifts to the permanent fund, and (c) accumulations to the permanent fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

(7) Endowment (the Trust) and Quasi-Endowment (the Fund) - continued

(a) Uniform Prudent Management of Institutional Funds Act - continued

The remaining portion of the donor-restricted endowment fund that is not classified in the permanent portion of net assets with donor restrictions is classified in the temporary portion of net assets with donor restrictions until those amounts are appropriated for expenditure by EGC in a manner consistent with the standard of prudence prescribed by UPMIFA.

(b) Appropriation of Restricted Assets for Expenditure

EGC considers the following factors in making a determination to appropriate funds for expenditure:

(1) The purposes of EGC and the donor-restricted endowment fund
(2) The duration and preservation of the fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of EGC

(c) Strategies Employed for Achieving Investment Objectives

To satisfy its objectives, EGC 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). Guidelines have been set forth in the policy for prudent investment options.

EGC targets a diversified asset allocation by investing a prudently determinable portion (currently 45% for the Trust and 65% for the Fund) of the funds in equity investments (to produce long-term appreciation) and a portion (currently 55% for the Trust and 33% for the Fund) to fixed income investments (to produce a consistent level of income and reduce overall volatility).

(d) Return Objectives and Risk Parameters

EGC has adopted investment and spending policies for endowment assets that invest in a thoughtful and prudent manner to preserve and/or enhance EGC's ability to help enhance EGC's mission. The oversight of the endowment funds is the responsibility of the Board's Finance Committee. The Trust assets include those assets of donor-restricted funds that EGC must hold in perpetuity. The Fund assets are those assets restricted by the board and subject to the Investment Policy. Under this policy, the fund assets are invested in a manner that is intended to preserve the funds' principal, considering inflation and to regulate the long-term ability and short term needs to distribute income.

(7) Endowment (the Trust) and Quasi-Endowment (the Fund) - continued

(e) Spending Policy and Investment Objectives

The Trust - EGC records 100% of the annual investment return as net assets with donor restrictions and is included in the endowment fund. EGC has a policy of appropriating for distribution from the net assets with donor restrictions, in the endowment fund, an amount not to exceed 7% of a rolling three-years average of funds fair market value.

The Fund - EGC records 100% of the annual investment return as net assets without donor restrictions in non-operating and is included in the endowment fund. The Finance Committee has the authority to approve appropriations from the Fund of up to 4% each fiscal year. The amount available shall be calculated by applying the policy spending rate to the average of the previous three fiscal years' beginning-period fund values. Any special appropriation beyond the 4% distribution rate must be approved in advance by the Board.

In establishing this policy, EGC considered the long-term expected return on its endowment. Accordingly, over the long term, EGC expects the current spending policy to allow its endowment to grow. This is consistent with EGC's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term by the Board.

(f) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted funds may fall below the level that the donor requires EGC to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets without donor restrictions. These deficiencies may result from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions. Subsequent gains that restore the fair value of the assets of the fund to the required level will be classified as an increase in net assets without donor restrictions. There were no such deficiencies as of June 30, 2021.

(g) Composition and Reconciliation of Endowment Funds

The Trust is solely comprised of donor-restricted contributions (See Note 6(a)) and the Fund is solely comprised of board-designated quasi-endowment funds (see Note 6(b)). A reconciliation of EGC's endowment by net asset class is presented on the statement of activities.

(8) Employee Benefits

(a) Defined Contribution Plan

EGC has a defined contribution pension plan that qualifies as a tax-sheltered account under Section 403(b) (7) of the IRC for the benefit of eligible employees. Employees with 1,000 hours or more of service during any consecutive 12-month period commencing with date of employment, or anniversary date, are eligible to participate in this plan. Under the plan, benefit eligible employees can invest pre-tax dollars. The employees are not taxed on contributions or earnings until they receive distributions from the account. EGC's contributions under this plan amounted to $45,644 for the year ended June 30, 2021.

(b) Section 125 Plan

EGC has a plan that qualifies as "Cafeteria Plans" under Section 125 of the IRC. The plan allows EGC's employees to pay for medical and dental insurance and daycare on a pre-tax basis. All employees whose customary employment is at least 40 hours per week are eligible to participate in the plans.

(9) Liquidity and Availability of Resources

The following reflects EGC's financial assets as of June 30, 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year from the statement of financial position date:

Financial assets at year end:	
Cash and cash equivalents	$ 1,263,776
Promises to give	94,158
Accounts receivable	30,425
Total	1,388,359
Less amounts unavailable for general expenditures Within one year, due to:	
Restricted due to timing	94,158
Restricted due to purpose	1,031,808
Total	1,125,966
Financial assets available to meet cash needs for general expenditures within one year	$ 262,393

(9) Liquidity and Availability of Resources - continued

EGC is supported by certain restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, EGC must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of EGC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, EGC may invest cash in excess of daily requirements in short-term investments.

(10) In-Kind Support

During the year ended June 30, 2021, an attorney provided in-kind legal services to EGC related to certain claims and litigation matters that arose in the normal course of business. Total in-kind legal services received for the year ended June 30, 2021 were $43,564 and are reported as in-kind support in the accompanying statement of activities.

(11) Legal

EGC is involved with certain claims and other routine litigation matters that arose in the normal course of business. In the opinion of management, after consultation with legal counsel, the outcome of these matters is not expected to have a material effect on EGC's financial position or results of operations.

(12) COVID-19 Risks and Uncertainties

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of revenues and other material adverse effects to EGC's financial position, results of operations, and cash flows. As described in Note 3, EGC was approved for PPP forgiveness. Further, EGC's liquidity as of June 30, 2021 is documented at Note 9. EGC is not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on EGC's operations continue for an extended period of time EGC may have to seek alternative measures to finance its operations. EGC does not believe that the impact of COVID-19 would have a material adverse effect on its financial condition or liquidity.

(13) Subsequent Events

EGC has performed an evaluation of subsequent events through November 15, 2021, which is the date EGC's financial statements were available to be issued. No material subsequent events have occurred since June 30, 2021 that required recognition or disclosure in these financial statements.