



NEW ENGLAND CENTER
AND HOME FOR VETERANS

EDUCATION | SUPPORT | EMPLOYMENT | HOUSING

VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES

**COMBINING FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

**VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS**

Contents
June 30, 2020 and 2019

	<u>Pages</u>
Independent Auditor's Report	1 - 1A
Combining Financial Statements:	
Combining Statements of Financial Position	2 - 3
Combining Statements of Activities	4 - 5
Combining Statements of Changes in Net Assets	6
Combining Statements of Cash Flows	7
Combining Statements of Functional Expenses	8 - 9
Notes to Combining Financial Statements	10 - 28



50 Washington Street
Westborough, MA 01581
508.366.9100
aafcpcpa.com

Independent Auditor's Report

To the Board of Directors of
Vietnam Veterans Workshop, Inc.
d/b/a New England Center and Home for Veterans and Affiliates:

Report on the Combining Financial Statements

We have audited the accompanying combining financial statements of Vietnam Veterans Workshop, Inc. d/b/a New England Center and Home for Veterans (a Massachusetts corporation, not for profit) and Affiliates (collectively, the Organization), which comprise the combining statements of financial position as of June 30, 2020 and 2019, and the related combining statements of activities, 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 the 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. 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 Vietnam Veterans Workshop, Inc. d/b/a New England Center and Home for Veterans and Affiliates as of June 30, 2020 and 2019, 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.

AAFCPA, Inc.

Boston, Massachusetts
January 7, 2021

VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS

Combining Statement of Financial Position

June 30, 2020

(With Summarized Comparative Totals as of June 30, 2019)

Assets	2020						2019
	New England Center and Home for Veterans and Subsidiary			Court Street Veterans Housing, LLC	Eliminations	Total	Total
	Without Donor Restrictions	With Donor Restrictions	Total				
Current Assets:							
Cash and cash equivalents	\$ 1,297,924	\$ 414,992	\$ 1,712,916	\$ 8,922	\$ -	\$ 1,721,838	\$ 678,083
Grants and contracts receivable	943,134	-	943,134	-	-	943,134	645,489
Current portion of restricted cash	258,462	-	258,462	104,476	-	362,938	91,767
Current portion of due from affiliate	3,152,355	-	3,152,355	3,491,833	(6,644,188)	-	-
Current portion of prepaid land lease	-	-	-	49,484	(49,484)	-	-
Prepaid expenses and other	174,936	-	174,936	18,079	-	193,015	132,713
Total current assets	5,826,811	414,992	6,241,803	3,672,794	(6,693,672)	3,220,925	1,548,052
Other Assets:							
Restricted cash, net of current portion	-	250,000	250,000	536,271	-	786,271	785,924
Notes and interest receivable - affiliate	21,674,123	-	21,674,123	-	(21,674,123)	-	-
Due from affiliate, net of current portion	189,000	-	189,000	-	(189,000)	-	-
Prepaid land lease, net of current portion	-	-	-	4,601,986	(4,601,986)	-	-
Total other assets	21,863,123	250,000	22,113,123	5,138,257	(26,465,109)	786,271	785,924
Property and Equipment, net	2,945,646	-	2,945,646	37,733,140	633,047	41,311,833	42,166,474
Total assets	\$ 30,635,580	\$ 664,992	\$ 31,300,572	\$ 46,544,191	\$ (32,525,734)	\$ 45,319,029	\$ 44,500,450
Liabilities and Net Assets							
Current Liabilities:							
Accounts payable and accrued expenses	\$ 1,039,634	\$ -	\$ 1,039,634	\$ 157,713	\$ -	\$ 1,197,347	\$ 1,254,832
Current portion of due to affiliate	3,491,833	-	3,491,833	3,152,355	(6,644,188)	-	-
Current portion of deferred land lease	49,484	-	49,484	-	(49,484)	-	-
Deferred revenue	90,610	-	90,610	-	-	90,610	85,044
Total current liabilities	4,671,561	-	4,671,561	3,310,068	(6,693,672)	1,287,957	1,339,876
Long-Term Liabilities:							
Due to affiliate, net of current portion	-	-	-	989,000	(989,000)	-	-
Deferred land lease, net of current portion	4,601,986	-	4,601,986	-	(4,601,986)	-	-
Notes and interest payable - affiliate	-	-	-	21,674,123	(21,674,123)	-	-
Payroll Protection Program loan	770,900	-	770,900	-	-	770,900	-
Notes payable, net of unamortized debt issuance costs	500,000	-	500,000	7,878,957	-	8,378,957	8,275,019
Total long-term liabilities	5,872,886	-	5,872,886	30,542,080	(27,265,109)	9,149,857	8,275,019
Total liabilities	10,544,447	-	10,544,447	33,852,148	(33,958,781)	10,437,814	9,614,895
Net Assets:							
Without donor restrictions	20,091,133	-	20,091,133	12,692,043	(11,259,473)	21,523,703	20,954,908
With donor restrictions	-	664,992	664,992	-	-	664,992	376,834
Total net assets attributable to NECHV and Affiliates	20,091,133	664,992	20,756,125	12,692,043	(11,259,473)	22,188,695	21,331,742
Non-controlling interest	-	-	-	-	12,692,520	12,692,520	13,553,813
Total net assets	20,091,133	664,992	20,756,125	12,692,043	1,433,047	34,881,215	34,885,555
Total liabilities and net assets	\$ 30,635,580	\$ 664,992	\$ 31,300,572	\$ 46,544,191	\$ (32,525,734)	\$ 45,319,029	\$ 44,500,450

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

**VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS**

Combining Statement of Financial Position
June 30, 2019

Assets	New England Center and Home for Veterans and Subsidiary			Court Street Veterans Housing, LLC	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total			
Current Assets:						
Cash and cash equivalents	\$ 534,783	\$ 126,834	\$ 661,617	\$ 16,466	\$ -	\$ 678,083
Grants and contracts receivable	645,489	-	645,489	-	-	645,489
Current portion of restricted cash	-	-	-	91,767	-	91,767
Current portion of due from affiliate	2,902,655	-	2,902,655	2,799,618	(5,702,273)	-
Current portion of prepaid land lease	-	-	-	49,484	(49,484)	-
Prepaid expenses and other	100,279	-	100,279	32,434	-	132,713
Total current assets	<u>4,183,206</u>	<u>126,834</u>	<u>4,310,040</u>	<u>2,989,769</u>	<u>(5,751,757)</u>	<u>1,548,052</u>
Other Assets:						
Restricted cash, net of current portion	-	250,000	250,000	535,924	-	785,924
Notes and interest receivable - affiliate	21,350,086	-	21,350,086	-	(21,350,086)	-
Due from affiliate, net of current portion	289,000	-	289,000	-	(289,000)	-
Prepaid land lease, net of current portion	-	-	-	4,651,470	(4,651,470)	-
Total other assets	<u>21,639,086</u>	<u>250,000</u>	<u>21,889,086</u>	<u>5,187,394</u>	<u>(26,290,556)</u>	<u>785,924</u>
Property and Equipment, net	<u>2,910,917</u>	<u>-</u>	<u>2,910,917</u>	<u>38,605,401</u>	<u>650,156</u>	<u>42,166,474</u>
Total assets	<u>\$ 28,733,209</u>	<u>\$ 376,834</u>	<u>\$ 29,110,043</u>	<u>\$ 46,782,564</u>	<u>\$ (31,392,157)</u>	<u>\$ 44,500,450</u>
Liabilities and Net Assets						
Current Liabilities:						
Accounts payable and accrued expenses	\$ 1,142,450	\$ -	\$ 1,142,450	\$ 112,382	\$ -	\$ 1,254,832
Current portion of due to affiliate	2,799,618	-	2,799,618	2,902,655	(5,702,273)	-
Current portion of deferred land lease	49,484	-	49,484	-	(49,484)	-
Deferred revenue	85,044	-	85,044	-	-	85,044
Total current liabilities	<u>4,076,596</u>	<u>-</u>	<u>4,076,596</u>	<u>3,015,037</u>	<u>(5,751,757)</u>	<u>1,339,876</u>
Long-Term Liabilities:						
Due to affiliate, net of current portion	-	-	-	1,089,000	(1,089,000)	-
Deferred land lease, net of current portion	4,651,470	-	4,651,470	-	(4,651,470)	-
Notes and interest payable - affiliate	-	-	-	21,350,086	(21,350,086)	-
Notes payable, net of unamortized debt issuance costs	500,000	-	500,000	7,775,019	-	8,275,019
Total long-term liabilities	<u>5,151,470</u>	<u>-</u>	<u>5,151,470</u>	<u>30,214,105</u>	<u>(27,090,556)</u>	<u>8,275,019</u>
Total liabilities	<u>9,228,066</u>	<u>-</u>	<u>9,228,066</u>	<u>33,229,142</u>	<u>(32,842,313)</u>	<u>9,614,895</u>
Net Assets:						
Without donor restrictions	19,505,143	-	19,505,143	13,553,422	(12,103,657)	20,954,908
With donor restrictions	-	376,834	376,834	-	-	376,834
Total net assets attributable to NECHV and Affiliates	<u>19,505,143</u>	<u>376,834</u>	<u>19,881,977</u>	<u>13,553,422</u>	<u>(12,103,657)</u>	<u>21,331,742</u>
Non-controlling interest	-	-	-	-	13,553,813	13,553,813
Total net assets	<u>19,505,143</u>	<u>376,834</u>	<u>19,881,977</u>	<u>13,553,422</u>	<u>1,450,156</u>	<u>34,885,555</u>
Total liabilities and net assets	<u>\$ 28,733,209</u>	<u>\$ 376,834</u>	<u>\$ 29,110,043</u>	<u>\$ 46,782,564</u>	<u>\$ (31,392,157)</u>	<u>\$ 44,500,450</u>

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

VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS

Combining Statement of Activities

For the Year Ended June 30, 2020

(With Summarized Comparative Totals for the Year Ended June 30, 2019)

	2020					2019	
	New England Center and Home for Veterans and Subsidiary			Court Street Veterans Housing, LLC	Eliminations	Total	Total
	Without Donor Restrictions	With Donor Restrictions	Total				
Operating Revenue:							
Grants and contracts	\$ 7,102,037	\$ -	\$ 7,102,037	\$ -	\$ -	\$ 7,102,037	\$ 6,152,706
Contributions and special events	3,426,566	415,672	3,842,238	-	-	3,842,238	2,625,783
Rental income	-	-	-	1,878,298	(692,215)	1,186,083	1,227,571
Interest and other income	593,682	382	594,064	7,883	(513,313)	88,634	103,729
Net assets released from purpose restrictions	127,896	(127,896)	-	-	-	-	-
Total operating revenue	<u>11,250,181</u>	<u>288,158</u>	<u>11,538,339</u>	<u>1,886,181</u>	<u>(1,205,528)</u>	<u>12,218,992</u>	<u>10,109,789</u>
Operating Expenses:							
Program services:							
Transitional housing services	3,118,298	-	3,118,298	-	(255,981)	2,862,317	2,505,038
Transitional human services support	2,225,527	-	2,225,527	-	(321,465)	1,904,062	1,920,350
Community based stabilization services	2,117,950	-	2,117,950	-	(17,859)	2,100,091	1,388,264
Rental	-	-	-	2,747,560	(496,204)	2,251,356	2,250,806
Total program services	<u>7,461,775</u>	<u>-</u>	<u>7,461,775</u>	<u>2,747,560</u>	<u>(1,091,509)</u>	<u>9,117,826</u>	<u>8,064,458</u>
Supporting services:							
Finance and administration	1,886,060	-	1,886,060	-	(48,455)	1,837,605	1,826,934
Fundraising and development	1,316,356	-	1,316,356	-	(48,455)	1,267,901	1,428,371
Total supporting services	<u>3,202,416</u>	<u>-</u>	<u>3,202,416</u>	<u>-</u>	<u>(96,910)</u>	<u>3,105,506</u>	<u>3,255,305</u>
Total operating expenses	<u>10,664,191</u>	<u>-</u>	<u>10,664,191</u>	<u>2,747,560</u>	<u>(1,188,419)</u>	<u>12,223,332</u>	<u>11,319,763</u>
Changes in net assets from operations	585,990	288,158	874,148	(861,379)	(17,109)	(4,340)	(1,209,974)
Non-Controlling Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>(861,293)</u>	<u>-</u>	<u>(861,293)</u>	<u>(810,507)</u>
Changes in net assets attributable to NECHV and Affiliates	<u>\$ 585,990</u>	<u>\$ 288,158</u>	<u>\$ 874,148</u>	<u>\$ (86)</u>	<u>\$ (17,109)</u>	<u>\$ 856,953</u>	<u>\$ (399,467)</u>

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

VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS

Combining Statement of Activities
For the Year Ended June 30, 2019

	New England Center and Home for Veterans and Subsidiary			Court Street Veterans Housing, LLC	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total			
Operating Revenue:						
Grants and contracts	\$ 6,152,706	\$ -	\$ 6,152,706	\$ -	\$ -	\$ 6,152,706
Contributions and special events	2,266,959	358,824	2,625,783	-	-	2,625,783
Rental income	-	-	-	1,918,918	(691,347)	1,227,571
Interest and other income	599,158	380	599,538	8,795	(504,604)	103,729
Net assets released from purpose restrictions	521,443	(521,443)	-	-	-	-
Total operating revenue	<u>9,540,266</u>	<u>(162,239)</u>	<u>9,378,027</u>	<u>1,927,713</u>	<u>(1,195,951)</u>	<u>10,109,789</u>
Operating Expenses:						
Program services:						
Transitional housing services	2,691,702	-	2,691,702	-	(186,664)	2,505,038
Transitional human services support	2,155,408	-	2,155,408	-	(235,058)	1,920,350
Community based stabilization services	1,402,091	-	1,402,091	-	(13,827)	1,388,264
Rental	-	-	-	2,738,301	(487,495)	2,250,806
Total program services	<u>6,249,201</u>	<u>-</u>	<u>6,249,201</u>	<u>2,738,301</u>	<u>(923,044)</u>	<u>8,064,458</u>
Supporting services:						
Finance and administration	1,972,117	-	1,972,117	-	(145,183)	1,826,934
Fundraising and development	1,538,986	-	1,538,986	-	(110,615)	1,428,371
Total supporting services	<u>3,511,103</u>	<u>-</u>	<u>3,511,103</u>	<u>-</u>	<u>(255,798)</u>	<u>3,255,305</u>
Total operating expenses	<u>9,760,304</u>	<u>-</u>	<u>9,760,304</u>	<u>2,738,301</u>	<u>(1,178,842)</u>	<u>11,319,763</u>
Changes in net assets from operations	(220,038)	(162,239)	(382,277)	(810,588)	(17,109)	(1,209,974)
Non-Controlling Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>(810,507)</u>	<u>-</u>	<u>(810,507)</u>
Changes in net assets attributable to NECHV and Affiliates	<u>\$ (220,038)</u>	<u>\$ (162,239)</u>	<u>\$ (382,277)</u>	<u>\$ (81)</u>	<u>\$ (17,109)</u>	<u>\$ (399,467)</u>

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

**VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS**

Combining Statements of Changes in Net Assets
For the Years Ended June 30, 2020 and 2019

	New England Center and Home for Veterans and Subsidiary			Court Street Veterans Housing, LLC	Eliminations	Non- Controlling Interest	Total
	Without Donor Restrictions	With Donor Restrictions	Total				
Net Assets, June 30, 2018	\$ 19,725,181	\$ 539,073	\$ 20,264,254	\$ 12,169,299	\$ (10,702,344)	\$ 12,169,609	\$ 33,900,818
Capital contributions	-	-	-	2,194,711	(2,194,711)	2,194,711	2,194,711
Changes in net assets	<u>(220,038)</u>	<u>(162,239)</u>	<u>(382,277)</u>	<u>(810,588)</u>	<u>793,398</u>	<u>(810,507)</u>	<u>(1,209,974)</u>
Net Assets, June 30, 2019	19,505,143	376,834	19,881,977	13,553,422	(12,103,657)	13,553,813	34,885,555
Changes in net assets	<u>585,990</u>	<u>288,158</u>	<u>874,148</u>	<u>(861,379)</u>	<u>844,184</u>	<u>(861,293)</u>	<u>(4,340)</u>
Net Assets, June 30, 2020	<u>\$ 20,091,133</u>	<u>\$ 664,992</u>	<u>\$ 20,756,125</u>	<u>\$ 12,692,043</u>	<u>\$ (11,259,473)</u>	<u>\$ 12,692,520</u>	<u>\$ 34,881,215</u>

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

VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS

Combining Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020				2019			
	New England Center and Home for Veterans and Subsidiary	Court Street Veterans Housing, LLC	Eliminations	Total	New England Center and Home for Veterans and Subsidiary	Court Street Veterans Housing, LLC	Eliminations	Total
Cash Flows from Operating Activities:								
Changes in net assets	\$ 874,148	\$ (861,379)	\$ (17,109)	\$ (4,340)	\$ (382,277)	\$ (810,588)	\$ (17,109)	\$ (1,209,974)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:								
Depreciation	45,270	1,151,540	17,109	1,213,919	38,361	1,139,039	17,109	1,194,509
Amortization of prepaid land lease	(49,484)	49,484	-	-	(49,484)	49,484	-	-
Amortization of debt issuance costs	-	3,938	-	3,938	-	3,938	-	3,938
Deferred interest	(324,037)	324,037	-	-	(314,750)	314,750	-	-
Changes in operating assets and liabilities:								
Grants and contracts receivable	(297,645)	-	-	(297,645)	(96,703)	(6,019)	-	(102,722)
Prepaid expenses and other	(74,657)	14,355	-	(60,302)	(6,809)	(8,971)	-	(15,780)
Accounts payable and accrued expenses	(102,816)	45,331	-	(57,485)	20,396	(2,564)	-	17,832
Deferred revenue	5,566	-	-	5,566	17,959	-	-	17,959
Due (to) from affiliate	542,515	(542,515)	-	-	709,363	(709,363)	-	-
Net cash provided by (used in) operating activities	618,860	184,791	-	803,651	(63,944)	(30,294)	-	(94,238)
Cash Flows from Investing Activities:								
Due from affiliates	-	-	-	-	61,000	-	(61,000)	-
Purchase of property and equipment	(79,999)	(279,279)	-	(359,278)	(15,313)	(738,560)	-	(753,873)
Notes and interest receivable - affiliate	-	-	-	-	4,900	-	(4,900)	-
Net cash provided by (used in) investing activities	(79,999)	(279,279)	-	(359,278)	50,587	(738,560)	(65,900)	(753,873)
Cash Flows from Financing Activities:								
Payroll Protection Program loan	770,900	-	-	770,900	-	-	-	-
Payments of notes payable	-	-	-	-	-	(1,669,274)	-	(1,669,274)
Proceeds from notes payable	-	100,000	-	100,000	-	189,419	-	189,419
Due to affiliates	-	-	-	-	-	(61,000)	61,000	-
Capital contributions	-	-	-	-	-	2,194,711	-	2,194,711
Notes and interest payable - affiliate	-	-	-	-	-	(4,900)	4,900	-
Net cash provided by financing activities	770,900	100,000	-	870,900	-	648,956	65,900	714,856
Net Change in Cash, Cash Equivalents and Restricted Cash	1,309,761	5,512	-	1,315,273	(13,357)	(119,898)	-	(133,255)
Cash, Cash Equivalents and Restricted Cash:								
Beginning of year	911,617	644,157	-	1,555,774	924,974	764,055	-	1,689,029
End of year	\$ 2,221,378	\$ 649,669	\$ -	\$ 2,871,047	\$ 911,617	\$ 644,157	\$ -	\$ 1,555,774
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Combining Statements of Financial Position:								
Cash and cash equivalents	\$ 1,712,916	\$ 8,922	\$ -	\$ 1,721,838	\$ 661,617	\$ 16,466	\$ -	\$ 678,083
Restricted cash	508,462	640,747	-	1,149,209	250,000	627,691	-	877,691
Total cash, cash equivalents and restricted cash	\$ 2,221,378	\$ 649,669	\$ -	\$ 2,871,047	\$ 911,617	\$ 644,157	\$ -	\$ 1,555,774
Supplemental Disclosure of Cash Flow Information:								
Cash paid for interest	\$ 13,088	\$ -	\$ -	\$ 13,088	\$ 16,577	\$ 5,217	\$ -	\$ 21,794

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

VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS

Combining Statement of Functional Expenses
For the Year Ended June 30, 2020
(With Summarized Comparative Totals for the Year Ended June 30, 2019)

	2020							2019				
	New England Center and Home for Veterans and Subsidiary							Total NECHV	Court Street Veterans Housing, LLC	Eliminations	Total	Total
	Program Services			Supporting Services								
Transitional Housing Services	Transitional Human Services Support	Community Based Stabilization Services	Total Program Services	Finance and Administration	Fundraising and Development	Total Supporting Services						
Expenses:												
Salaries and related:												
Salaries	\$ 1,210,133	\$ 1,469,533	\$ 966,128	\$ 3,645,794	\$ 839,534	\$ 581,215	\$ 1,420,749	\$ 5,066,543	\$ 245,817	\$ -	\$ 5,312,360	\$ 4,969,581
Fringe benefits and payroll taxes	325,896	328,461	209,826	864,183	214,105	139,551	353,656	1,217,839	52,773	-	1,270,612	1,124,814
Contract labor	15,914	-	11,102	27,016	96,000	19,998	115,998	143,014	-	-	143,014	121,882
Total salaries and related	1,551,943	1,797,994	1,187,056	4,536,993	1,149,639	740,764	1,890,403	6,427,396	298,590	-	6,725,986	6,216,277
Occupancy:												
Depreciation	-	-	-	-	-	-	-	-	1,201,024	(32,375)	1,168,649	1,156,148
Repairs and maintenance	640,368	-	5,912	646,280	44,949	34,340	79,289	725,569	215,974	-	941,543	573,014
Utilities	185,735	480	24,711	210,926	20,728	-	20,728	231,654	193,192	-	424,846	442,267
Property taxes	-	-	-	-	-	-	-	-	182,573	-	182,573	180,792
Building supplies and other	42,674	1,924	2,717	47,315	4,733	35	4,768	52,083	-	-	52,083	22,884
Interest	-	-	-	-	-	-	-	-	327,975	(324,037)	3,938	9,155
Rent	255,981	321,465	17,859	595,305	48,455	48,455	96,910	692,215	-	(692,215)	-	-
Total occupancy	1,124,758	323,869	51,199	1,499,826	118,865	82,830	201,695	1,701,521	2,120,738	(1,048,627)	2,773,632	2,384,260
Other:												
Consulting and management services	1,000	43,638	262,910	307,548	115,351	88,975	204,326	511,874	139,792	(139,792)	511,874	272,471
Food and kitchen	368,464	-	-	368,464	-	22,423	22,423	390,887	-	-	390,887	427,456
Special events	-	-	-	-	-	317,086	317,086	317,086	-	-	317,086	385,661
Rental assistance	-	29,392	283,397	312,789	-	-	-	312,789	-	-	312,789	166,425
Miscellaneous	3,498	1,442	34,445	39,385	149,185	10,215	159,400	198,785	38,349	-	237,134	131,146
Insurance	-	3,312	-	3,312	88,223	-	88,223	91,535	89,255	-	180,790	174,275
Rapid rehousing and stabilization	-	-	145,319	145,319	-	-	-	145,319	-	-	145,319	403,358
Professional services	-	-	-	-	58,003	-	58,003	58,003	48,894	-	106,897	119,501
Equipment rental and maintenance	28,010	1,768	39,035	68,813	12,140	-	12,140	80,953	7,696	-	88,649	141,556
Vehicle and related	21,159	739	58,198	80,096	-	-	-	80,096	-	-	80,096	70,130
Transportation and local travel	1,674	13,305	46,882	61,861	2,644	2,534	5,178	67,039	-	-	67,039	69,044
Office supplies and other	5,608	5,423	7,480	18,511	38,931	7,084	46,015	64,526	516	-	65,042	85,285
Dues and subscriptions	3,632	119	264	4,015	43,408	10,304	53,712	57,727	3,545	-	61,272	53,809
Equipment depreciation	-	-	-	-	45,270	-	45,270	45,270	-	-	45,270	38,361
Bank charges and fees	-	-	-	-	18,474	22,216	40,690	40,690	185	-	40,875	59,153
Education and seminars	809	2,605	944	4,358	15,057	-	15,057	19,415	-	-	19,415	42,249
Interest	-	-	-	-	13,088	-	13,088	13,088	-	-	13,088	16,577
Printing and postage	855	121	68	1,044	1,390	10,498	11,888	12,932	-	-	12,932	11,086
Advertising and promotional	-	-	394	394	11,671	-	11,671	12,065	-	-	12,065	10,303
Meals and entertainment	2,166	1,800	359	4,325	4,721	1,427	6,148	10,473	-	-	10,473	11,282
Laundry	4,722	-	-	4,722	-	-	-	4,722	-	-	4,722	6,658
Telephone and internet	-	-	-	-	-	-	-	-	-	-	-	23,440
Total other	441,597	103,664	879,695	1,424,956	617,556	492,762	1,110,318	2,535,274	328,232	(139,792)	2,723,714	2,719,226
Total expenses	\$ 3,118,298	\$ 2,225,527	\$ 2,117,950	\$ 7,461,775	\$ 1,886,060	\$ 1,316,356	\$ 3,202,416	\$ 10,664,191	\$ 2,747,560	\$ (1,188,419)	\$ 12,223,332	\$ 11,319,763

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

**VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS**

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

	New England Center and Home for Veterans and Subsidiary										
	Program Services			Supporting Services			Total NECHV	Court Street Veterans Housing, LLC	Eliminations	Total	
	Transitional Housing Services	Transitional Human Services Support	Community Based Stabilization Services	Total Program Services	Finance and Administration	Fundraising and Development					Total Supporting Services
Expenses:											
Salaries and related:											
Salaries	\$ 1,103,884	\$ 1,263,661	\$ 696,712	\$ 3,064,257	\$ 1,051,675	\$ 606,626	\$ 1,658,301	\$ 4,722,558	\$ 247,023	\$ -	\$ 4,969,581
Fringe benefits and payroll taxes	275,679	380,586	107,037	763,302	177,121	153,128	330,249	1,093,551	31,263	-	1,124,814
Contract labor	22,471	-	-	22,471	90,403	9,008	99,411	121,882	-	-	121,882
Total salaries and related	1,402,034	1,644,247	803,749	3,850,030	1,319,199	768,762	2,087,961	5,937,991	278,286	-	6,216,277
Occupancy:											
Depreciation	-	-	-	-	-	-	-	-	1,188,523	(32,375)	1,156,148
Repairs and maintenance	346,959	254	-	347,213	-	-	-	347,213	225,801	-	573,014
Utilities	207,682	1,339	15,349	224,370	-	-	-	224,370	217,897	-	442,267
Property taxes	-	-	-	-	-	-	-	-	180,792	-	180,792
Building supplies and other	22,229	-	-	22,229	655	-	655	22,884	-	-	22,884
Interest	-	-	-	-	-	-	-	-	323,905	(314,750)	9,155
Rent	186,664	235,058	13,827	435,549	145,183	110,615	255,798	691,347	-	(691,347)	-
Total occupancy	763,534	236,651	29,176	1,029,361	145,838	110,615	256,453	1,285,814	2,136,918	(1,038,472)	2,384,260
Other:											
Consulting and management services	32,588	81,916	114	114,618	55,263	97,385	152,648	267,266	145,575	(140,370)	272,471
Food and kitchen	395,154	-	-	395,154	-	32,302	32,302	427,456	-	-	427,456
Special events	-	-	-	-	-	385,661	385,661	385,661	-	-	385,661
Rental assistance	-	30,662	135,763	166,425	-	-	-	166,425	-	-	166,425
Miscellaneous	7,486	14,480	111	22,077	65,730	4,065	69,795	91,872	39,274	-	131,146
Insurance	-	3,312	-	3,312	84,731	-	84,731	88,043	86,232	-	174,275
Rapid rehousing and stabilization	-	36,024	367,334	403,358	-	-	-	403,358	-	-	403,358
Professional services	3,507	4,417	260	8,184	56,649	8,478	65,127	73,311	46,190	-	119,501
Equipment rental and maintenance	3,420	-	7,655	11,075	87,520	42,961	130,481	141,556	-	-	141,556
Vehicle and related	39,465	10,650	20,015	70,130	-	-	-	70,130	-	-	70,130
Transportation and local travel	11	32,065	29,266	61,342	3,830	3,872	7,702	69,044	-	-	69,044
Office supplies and other	12,343	16,278	3,786	32,407	38,320	14,403	52,723	85,130	155	-	85,285
Dues and subscriptions	3,333	60	96	3,489	40,807	6,497	47,304	50,793	3,016	-	53,809
Equipment depreciation	10,358	13,043	767	24,168	8,055	6,138	14,193	38,361	-	-	38,361
Bank charges and fees	-	-	-	-	19,145	39,643	58,788	58,788	365	-	59,153
Education and seminars	2,692	13,993	457	17,142	23,047	2,060	25,107	42,249	-	-	42,249
Interest	4,476	5,636	332	10,444	3,481	2,652	6,133	16,577	-	-	16,577
Printing and postage	106	405	597	1,108	1,096	8,689	9,785	10,893	193	-	11,086
Advertising and promotional	-	-	2,144	2,144	8,159	-	8,159	10,303	-	-	10,303
Meals and entertainment	305	3,599	-	3,904	6,325	1,053	7,378	11,282	-	-	11,282
Laundry	4,561	-	-	4,561	-	-	-	4,561	2,097	-	6,658
Telephone and internet	6,329	7,970	469	14,768	4,922	3,750	8,672	23,440	-	-	23,440
Total other	526,134	274,510	569,166	1,369,810	507,080	659,609	1,166,689	2,536,499	323,097	(140,370)	2,719,226
Total expenses	\$ 2,691,702	\$ 2,155,408	\$ 1,402,091	\$ 6,249,201	\$ 1,972,117	\$ 1,538,986	\$ 3,511,103	\$ 9,760,304	\$ 2,738,301	\$ (1,178,842)	\$ 11,319,763

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

**VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS**

Notes to Combining Financial Statements
June 30, 2020 and 2019

1. OPERATIONS AND NONPROFIT STATUS

Vietnam Veterans Workshop, Inc. d/b/a New England Center and Home for Veterans (NECHV) is a not-for-profit organization, chartered in the Commonwealth of Massachusetts, dedicated to serving challenged Veterans of all eras in the community. It has been one of the nation's leading providers of supportive services to Veterans since 1989. NECHV offers Veterans a continuum of services in a One-Stop Center as well as in the community. Veterans experiencing or at risk for homelessness across Eastern Massachusetts and Rhode Island are assisted with clinical case management, housing, behavioral health, employment, training, and stabilization support. The NECHV staff of approximately 100 dedicated human service professionals possesses the expertise, credentialing and experience needed to provide Veteran-Centered, innovative and evidence-based services to Veterans and their families who are facing or at risk of homelessness. NECHV offers a variety of coordinated and holistic services which are tailored to each individual Veteran's needs to help support them on their journey to housing stability and independence.

To meet the evolving needs of Veterans in the community, and to ensure that a resource for Veterans exists in the downtown Boston area; NECHV leases a facility, which provides 97 apartment units and 183 transitional living accommodations, including a separate twenty-bed female Veterans' dormitory from Court Street Veterans Housing, LLC (see below). This facility operates 24 hours a day, seven days a week, and served approximately 70,000 meals in fiscal years 2020 and 2019. It supports more than three quarters of all military Veterans in the City of Boston who find themselves experiencing homelessness.

NECHV is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). NECHV is also exempt from state income taxes. Donors may deduct contributions made to NECHV within the IRC requirements.

Court Street Veterans Housing, LLC (CSVH LLC) is a limited liability company organized under the laws of the Commonwealth of Massachusetts on September 9, 2014. CSVH LLC was formed to enter into a ground lease agreement with NECHV for a parcel of land and a building (the Property) located at 17 Court Street in Boston, Massachusetts (see Notes 3 and 4) and rehabilitate, maintain and operate the Property. CSVH LLC developed the Property into 134,800 square feet of program and office space for NECHV and ninety-seven residential units.

Court Street Veterans Housing Manager, Inc. (the Managing Member) is a Massachusetts corporation organized on September 9, 2014, to manage the activities of CSVH LLC. The Managing Member holds a 0.01% interest in the capital, income, losses, tax credits, and cash flow of CSVH LLC. NECHV holds a 79% interest in the capital, income, losses, tax credits, and cash flow of the Managing Member.

2. SIGNIFICANT ACCOUNTING POLICIES

NECHV, CSVH LLC, and the Managing Member prepare their combining financial statements in accordance with accounting standards generally accepted in the United States (U.S. GAAP) and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

**VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS**

Notes to Combining Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Combination

The combining financial statements include the accounts of NECHV, CSVH LLC, and the Managing Member. NECHV has significant control over the operations of CSVH LLC. Additionally, NECHV, CSVH LLC, and the Managing Member are under common control. Based on these relationships, CSVH LLC and the Managing Member are combined with NECHV. The activity of the Managing Member (Subsidiary) is included with NECHV in the accompanying combining financial statements. All material intercompany balances and transactions have been eliminated in the accompanying combining financial statements. NECHV, CSVH LLC, and the Managing Member are collectively referred to as the Organization in these combining financial statements.

Recently Adopted Accounting Pronouncements

Revenue from Contracts with Customers

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Topic 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 the entity expects to be entitled in exchange for those goods or services.

On July 1, 2019, the Organization adopted Topic 606 using the modified retrospective method applied to those contracts which were not completed as of July 1, 2019 (the practical expedient elected). Results for reporting periods beginning after July 1, 2019, are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Organization's historic accounting under Topic 605.

There were no material changes in the timing of recognition of revenue and, therefore, there was no adjustment to the opening balance of net assets without donor restrictions. The Organization 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.

Contributions Received and Contributions Made

During fiscal year 2020, the Organization adopted FASB's ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU assists organizations in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The Organization adopted ASU 2018-08 using a modified prospective method effective July 1, 2019.

Under the modified prospective method, this ASU only applies to agreements not completed or entered into (revenue or expense that has not yet been recognized) as of July 1, 2019. As a result, the fiscal year 2019 combining financial statements are not restated and there was no cumulative-effect adjustment to opening net assets as of July 1, 2019.

**VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS**

Notes to Combining Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements (Continued)

Restricted Cash

During fiscal year 2020, the Organization adopted FASB's ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This ASU amends the presentation of restricted cash within the combining statements of cash flows. The new guidance requires that restricted cash and cash equivalents be added to cash and cash equivalents for purposes of the combining statements of cash flows. This ASU has been applied retrospectively to all periods presented.

The adoption of ASU 2016-18 resulted in the following changes to the Organization's cash flow classification for the year ended June 30, 2019:

<u>Combining Statement of Cash Flows</u>	<u>2019 As Previously Reported</u>	<u>Effect of Adoption</u>	<u>2019 As Adjusted</u>
Operating activities	\$ (94,238)	\$ -	\$ (94,238)
Investing activities	(755,746)	1,873	(753,873)
Financing activities	<u>714,856</u>	<u>-</u>	<u>714,856</u>
Net change in cash and restricted cash	<u>\$ (135,128)</u>	<u>\$ 1,873</u>	<u>\$ (133,255)</u>

Fair Value Measurements

The Organization 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 Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Organization 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 Organization. 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.

**VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS**

Notes to Combining Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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. All qualifying assets and liabilities are valued using Level 1 inputs.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash and cash equivalents, unless it is management's intent to invest long-term. Cash and cash equivalents consist of checking and money market accounts as of June 30, 2020 and 2019.

Property and Equipment and Depreciation

Purchased property and equipment are stated at cost or, if donated, at fair value at the date of donation. The Organization capitalizes property and equipment with values greater than \$2,500 and an economic life of greater than three years. Renewals and betterments are capitalized, while repairs and maintenance are expensed as they are incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives of the individual assets:

Building and improvements	25 - 40 years
Vehicles	3 - 10 years
Furniture, fixtures and equipment	3 - 7 years

Land is not depreciated.

Depreciation expense for property and equipment was \$1,213,919 and \$1,194,509 for the years ended June 30, 2020 and 2019, respectively.

The Organization accounts for the carrying value of its long-lived assets in accordance with the requirements of ASC Topic, *Property, Plant and Equipment*. The carrying value is evaluated annually for impairment and no impairment loss was recognized in fiscal years 2020 and 2019.

**VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS**

Notes to Combining Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 Organization.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent amounts received or committed by donors with time or purpose restrictions that have not yet been met. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources will be maintained in perpetuity. These donations are recorded as net assets with donor restrictions until they are expended for their designated purpose or the time restrictions have lapsed, or both.

Net assets with donor restrictions were restricted for the following purposes at June 30:

	<u>2020</u>	<u>2019</u>
Donor restricted endowment funds held in perpetuity (see Note 7)	\$ 250,000	\$ 250,000
Other restricted program support	368,285	8,966
Restricted for repairs	42,672	-
Appreciation on donor restricted endowment funds held in perpetuity (see Note 7)	4,035	3,653
Leave No One Behind Gala	<u>-</u>	<u>114,215</u>
Total	<u>\$ 664,992</u>	<u>\$ 376,834</u>

Additionally, net assets with donor restrictions represent the original historic cost of a donor's gift to the endowment (see Note 7). Earnings from this gift may be used for operations, but the principal may not be spent. In accordance with Massachusetts law, all earnings, including interest and dividends, and appreciation of a donor-restricted endowment are restricted until appropriated by the Board of Directors, and are released to net assets without donor restrictions based on the Organization's spending policy.

Non-Controlling Interest

Non-controlling interest represents Boston Multifamily Tax Credit Fund II, a Limited Partnership's (Boston Capital) 99.99% interest in CSVH LLC (see page 18).

**VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS**

Notes to Combining Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

In accordance with Topic 606, NECHV recognizes property management and supportive services fees for services provided to CSVH LLC. Services are generally provided on an annual basis incident to separate agreements (see Note 3). These agreements specify the compensation for each annual period. Each service is considered a single performance obligation as each service is distinct. The performance obligations under these agreements are satisfied evenly over the year as CSVH LLC receives the benefits provided as NECHV performs. Property management and supportive services fees are generally recognized in one calendar year. Compensation is generally fixed under the relevant agreement, but may contain variable components in the case of certain management services.

Patient service revenue is included in grants and contracts revenue and is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from third-party payors. Generally, the Organization bills the third-party payors several days after the services are performed. Revenue is recognized as the performance obligations are satisfied which are determined based on the nature of the services provided by the Organization, primarily behavioral health services. Behavioral health services are generally provided at a point in time (date of service) and revenue for performance obligations satisfied at a point in time is generally recognized when services are provided to patients and the Organization does not believe it is required to provide additional goods or services related to that date of service. The Organization determines the transaction price based on standard charges for goods and services provided reduced by contractual adjustments provided to third party payors or implicit price concessions provided to patients. Patient service revenue was \$184,012 and \$94,809 for the years ended June 30, 2020 and 2019, respectively.

In accordance with Topic 958, 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 (see Note 18). Indicators of a barrier include a measurable performance-related barrier or another 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 the Organization 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. The Organization had no conditional grants that were received prior to June 30, 2020. For contributions that have been recognized prior to adoption of Topic 958, the standard is not required to be retrospectively applied.

A portion of the Organization's revenue is deferred cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the Organization has incurred expenditures in compliance with specific contracts or grant provisions. These contracts and grants are considered nonreciprocal transactions because the Organization's community and customers receive the benefit as a result of the assets transferred. All other contract revenue is recorded when services are provided. See Note 18 for disclosure of the Organization's conditional awards at June 30, 2020.

**VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS**

Notes to Combining Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

The Organization records revenue from contributions, grants, and contracts without donor restrictions when received or unconditionally committed. The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor stipulated time restriction ends or purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combining statements of activities as net assets released from restrictions.

Rental income is recognized in the period the related facilities are occupied by tenants. Special events revenues are recognized in the period in which the events occur. Interest and other income are recognized as earned.

Grants and Contracts Receivable and Allowance for Doubtful Accounts

The Organization carries its grants and contracts receivable at net realizable value. The Organization evaluates its receivables and establishes an allowance for doubtful accounts based on collections experience and current credit conditions. No allowance was deemed necessary at June 30, 2020 and 2019.

Contributed Goods and Services

During the years ended June 30, 2020 and 2019, the Organization received donated goods and legal services from various individuals or organizations for use in its programs. The value of these goods and services is reflected in the accompanying combining statements of activities based upon a value assigned by the donor or a reasonable estimate as determined by management. Contributed services consisted of legal services of \$1,501 and \$14,192 for the years ended June 30, 2020 and 2019, respectively, and contributed goods were for use in non-capital renovations of \$51,645 for the year ended June 30, 2020, which are included in interest and other income in the accompanying combining statements of activities.

Advertising

The Organization expenses all advertising costs as incurred.

Expense Allocation

The costs of providing program and other activities have been summarized on a functional basis in the combining statements of activities. The combining statements of functional expenses present the natural classification detail of expenses by function, including supporting services. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include utilities, which are allocated on a square footage basis; building supplies and other expenses, which are allocated based upon an estimate of usage; and salaries, payroll taxes and employee benefits, contract labor, repairs and maintenance, and all other expenses, which are allocated on the basis of estimates of time and effort.

Combining Statements of Activities

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenue and expenses in the accompanying combining statements of activities.

**VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS**

Notes to Combining Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of combining financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of 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.

Income Taxes

The Organization 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 Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the combining financial statements at June 30, 2020 and 2019.

As described in Note 1, NECHV is exempt from income taxes under Section 501(c)(3) of the IRC. The Managing Member is a for-profit corporate subsidiary. CSVH LLC is treated as a partnership for income tax purposes. Income of CSVH LLC, as well as losses, deductions and credits, are taxed to the members on their respective tax returns; accordingly, no income tax provision has been included in the accompanying combining financial statements.

Subsequent Events

Subsequent events have been evaluated through January 7, 2021, 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. PERMANENT SUPPORTIVE HOUSING AND ASSISTANCE PROGRAM

CSVH LLC was awarded 2016 low-income housing tax credits (LIHTC) under IRC Section 42 (the Code). As a condition of receiving these tax credits, the Property operated by CSVH LLC must be used in the manner prescribed by the Code and by the LIHTC Regulatory Agreement with the Commonwealth of Massachusetts, Department of Housing and Community Development (DHCD) for a minimum of fifteen years ending on April 30, 2030 (compliance period). In addition, CSVH LLC must lease no less than twenty-four of the ninety-seven units to individuals whose income is 30% or less than the area's median gross income during the compliance period. CSVH LLC has been allocated a maximum of approximately \$1,000,000 of 2015 LIHTC, which are claimed on an annual basis. CSVH LLC began claiming the tax credits on its tax return for the year ended December 31, 2016. The holder of substantially all mortgage notes (see Note 9) and Boston Capital have specific rights and recourse to CSVH LLC should the Property cease to qualify for the tax credits.

The Property qualifies for Federal Historic Rehabilitation Tax Credits (Federal HRTC) under IRC Section 47, as amended in 1986, and Massachusetts Historic Rehabilitation Tax Credits (State HRTC) authorized by the Commonwealth of Massachusetts (the Commonwealth) for the preservation of historic places in the Commonwealth as determined by the Massachusetts Historical Commission. The rehabilitation of the Property generated, in total, approximately \$31,636,000 of qualified rehabilitation expenditures, which yielded approximately \$6,327,000 of Federal HRTCs which were claimed on CSVH LLC's tax returns for the year the rehabilitation was completed.

**VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS**

Notes to Combining Financial Statements
June 30, 2020 and 2019

3. PERMANENT SUPPORTIVE HOUSING AND ASSISTANCE PROGRAM (Continued)

CSVH LLC received an allocation of \$4,700,079 of State HRTC, which was claimed upon final certification of the Property. CSVH LLC allocated the State HRTC to the Managing Member and the Managing Member donated its interest in the State HRTC to NECHV. NECHV sold all of the State HRTC to an unrelated party, and used the proceeds to fund a loan to CSVH LLC (see Note 4).

Recapture of the Federal and State historic tax credits would occur if the Property is sold or taken out of service within five years of being placed in service (the Compliance Period), reduced by 20% on each anniversary of the original placed in service date. The Compliance Period ends in December 2022.

4. RELATED PARTY TRANSACTIONS

Board Member

A member of NECHV's Board of Directors owns a temporary staffing company. Fees of \$49,185 and \$25,590 were incurred under a contract with this staffing company for the years ended June 30, 2020 and 2019, respectively.

Capital Contributions

Boston Capital holds a 99.99% interest in the capital, tax credits, income, losses, and cash flow of CSVH LLC. As of June 30, 2020, Boston Capital made capital contributions totaling \$17,463,105.

Ground Lease/Acquisition

On April 30, 2015, CSVH LLC entered into a ninety-nine year ground lease agreement (the Ground Lease) with NECHV for the Property (see Note 2). At the inception of the Ground Lease, CSVH LLC provided \$12,500,000 to NECHV, of which \$9,878,151 was in the form of a purchase money note (see below), \$1,121,849 was cash, and \$1,500,000 was assumption of existing debt related to the Property.

In accordance with ASC 840, *Lease Involving Both Land and Buildings*, the lease of the land and the building is treated as separate units because the land is valued at greater than 25% of the total value of the leased property. Accordingly, the \$12,500,000 transaction price was allocated \$4,898,890 to land and \$7,601,110 to the building based on the relative appraised values. Under ASC 840, the lease of land is reported as an operating lease. Therefore, the amount allocated to land is shown separately as prepaid land lease in the accompanying combining statements of financial position. The prepaid land lease is amortized on a straight-line basis over the term of the Ground Lease. Amortization expense was \$49,484 for the years ended June 30, 2020 and 2019, and is included in depreciation expense and eliminated in the accompanying combining statements of functional expenses. The lease of the building qualifies as a capital lease and, accordingly, the portion allocated to the building is included in property and equipment in the accompanying combining statements of financial position.

Notes and Interest Receivable/Payable - Affiliate

In connection with the Ground Lease and rehabilitation of the Property, NECHV provided financing to CSVH LLC and entered into five promissory note agreements (collectively, the Notes) with CSVH LLC. The Notes and related deferred interest are eliminated in the accompanying combining financial statements.

**VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS**

Notes to Combining Financial Statements
June 30, 2020 and 2019

4. RELATED PARTY TRANSACTIONS (Continued)

Notes and Interest Receivable/Payable - Affiliate (Continued)

The Notes are as follows at June 30, 2020 and 2019:

A promissory note in the amount of \$9,878,151 (Seller Note), with a maturity date of April 30, 2055. This note funded part of the Ground Lease payments (see page 18). The note bears interest at 2.95% per annum, compounded annually. The principal sum advanced, together with all interest accrued, shall be payable solely from the cash flow of CSVH LLC. There were no payments due or made during fiscal years 2020 and 2019. There are no payments due in 2020 based on 2019 cash flow. This note is secured by a shared third mortgage on the Property. Deferred interest expense on this note was \$324,037 and \$314,750 for the years ended June 30, 2020 and 2019, respectively.

- A non-interest bearing promissory note in the maximum amount of \$5,454,747 (Capital Campaign Note), with a maturity date of April 30, 2055. This note is secured by a shared third mortgage on the Property.
- A non-interest bearing promissory note in the amount of \$4,371,000 (State HTC Note), with a maturity date of April 30, 2055. This note is secured by a shared third mortgage on the Property.
- A non-interest bearing promissory note in the amount of \$500,000 (FHLB Note), with a maturity date of one day after the expiration of fifteen years of operation from the date of completion or the issuance of the certificate of occupancy for the Property. This note is secured by a shared third mortgage on the Property.

The principal balances and accrued interest on the above notes consist of the following at June 30:

Note Payable	June 30, 2020		June 30, 2019	
	Principal Balance	Accrued Interest	Principal Balance	Accrued Interest
Seller Note	\$ 9,878,151	\$ 1,575,904	\$ 9,878,151	\$ 1,251,867
Capital Campaign Note	5,349,068	-	5,349,068	-
State HTC Note	4,371,000	-	4,371,000	-
FHLB Note	500,000	-	500,000	-
	<u>\$ 20,098,219</u>	<u>\$ 1,575,904</u>	<u>\$ 20,098,219</u>	<u>\$ 1,251,867</u>

Developer Fee and Overhead

NECHV, as the developer, was entitled to and earned a total developer fee and overhead of \$2,300,000 for overseeing the development of the Property under a development service agreement. The outstanding developer fee is deferred and bears no interest, and is expected to be paid from cash flow as specified in the development services agreement or in full on or before the tenth anniversary of the completion date of the Property (the anniversary date). If not paid by the anniversary date, the Managing Member will make an additional capital contribution sufficient to enable CSVH LLC to repay the deferred developer fee.

**VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS**

Notes to Combining Financial Statements
June 30, 2020 and 2019

4. RELATED PARTY TRANSACTIONS (Continued)

Due to/from Affiliate

Due from affiliate is comprised of the following at June 30:

	<u>2020</u>	<u>2019</u>
Current portion:		
Rent	\$ 3,491,833	\$ 2,799,619
Operations advances	2,603,896	2,493,987
Property management and other fees	<u>548,459</u>	<u>408,667</u>
Total current portion	<u>\$ 6,644,188</u>	<u>\$ 5,702,273</u>
Long-term portion:		
Developer fee and overhead (see below)	\$ 989,000	\$ 1,089,000
Less - valuation allowance	<u>800,000</u>	<u>800,000</u>
Total long-term portion	<u>\$ 189,000</u>	<u>\$ 289,000</u>

Property Management Agreement

On April 1, 2015, CSVH LLC entered into a property management agreement with NECHV commencing on April 30, 2015. The agreement will continue until cancelled by either party with thirty days' written notice. CSVH LLC pays NECHV 6% of the gross income collected, as defined in the agreement. NECHV earned \$71,497 and \$74,063 under this agreement for the years ended June 30, 2020 and 2019, respectively. As of June 30, 2020 and 2019, \$286,982 and \$215,485, respectively, were payable to NECHV and are included in due from (to) affiliates in the accompanying combining statements of financial position.

Asset Management Fee

CSVH LLC has an agreement with Boston Capital to provide certain asset management services to CSVH LLC. The Investor Member receives a cumulative asset management fee of \$5,000 per annum. Asset management fees incurred for the years ended June 30, 2020 and 2019, were \$5,358 and \$5,202, respectively. Asset management fees payable as of June 30, 2019, was \$15,463, and is included in accounts payable in the accompanying combining statement of financial position. There was no asset management fee payable as of June 30, 2020. The fee increases annually by the Consumer Price Index. Payment is subject to cash flow. To the extent that cash flow is insufficient to make the annual payment, the Managing Member shall advance the shortfall to CSVH LLC as a subordinated loan. During fiscal years 2020 and 2019, no such advances were made by the managing member.

Supportive Services Agreement

CSVH LLC entered into a supportive services agreement with NECHV, appointing NECHV as the exclusive agent for the management and delivery of supportive services for the tenants at the Property. CSVH LLC pays NECHV \$62,500 annually, increasing by 3% per year, as a fee for the services, provided that \$47,000 of such fee, increasing by 3% per year, shall be payable only to the extent of available cash flow (see Note 14). NECHV earned \$68,295 and \$66,307 during fiscal years 2020 and 2019, respectively. As of June 30, 2020 and 2019, \$261,477 and \$193,182, respectively, are payable and included in due from (to) affiliates in the accompanying combining statements of financial position.

**VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS**

Notes to Combining Financial Statements
June 30, 2020 and 2019

4. RELATED PARTY TRANSACTIONS (Continued)

Company Management Fee

CSVH LLC has an agreement with the Managing Member to manage the day-to-day business and affairs of CSVH LLC. The Managing Member receives a non-cumulative company management fee of \$5,000 per annum commencing in fiscal year 2017, subject to cash flow. To the extent that cash flow is insufficient to make the annual payment, the management fee will not accrue for payment. No fees were accrued in fiscal year 2020 or 2019.

Sublease Agreement

On April 30, 2015, NECHV entered into a sublease agreement (the Sublease) with CSVH LLC, whereby NECHV is leasing back 48.8% of the Property through April 30, 2033. The sublease requires annual payments of \$603,120 over the eighteen-year period plus their pro-rated share of certain building operating costs, including housekeeping and utilities. Rental income earned under the Sublease was \$692,215 and \$691,347 for the years ended June 30, 2020 and 2019, respectively. Rental income outstanding was \$3,491,833 and \$2,799,619 as of June 30, 2020 and 2019, respectively (see page 20). CSVH LLC is responsible for all maintenance, repair and operation costs under the agreement.

5. RESTRICTED CASH

The balance of restricted cash includes the following as of June 30:

	<u>2020</u>	<u>2019</u>
NECHV:		
Donor restricted endowment (see Note 7)	\$ 250,000	\$ 250,000
CSVH LLC:		
Operating reserve	\$ 486,034	\$ 485,719
Tenant security deposits	104,476	91,767
Replacement reserve	<u>50,237</u>	<u>50,205</u>
Total restricted cash	640,747	627,691
Less - current portion	<u>104,476</u>	<u>91,767</u>
Non-current portion	<u>\$ 536,271</u>	<u>\$ 535,924</u>

Tenant Security Deposits

The tenant security deposits consist of security deposits collected upon move-in. Interest is paid annually to the tenants based on the current interest rate of the bank where the Organization holds the tenant security deposits. At June 30, 2020 and 2019, the interest rate was approximately 0.35%.

Replacement Reserve

CSVH LLC is required to maintain a replacement reserve to provide for working capital needs, improvements, replacements, and any other contingencies of CSVH LLC. CSVH LLC is required thereafter the initial deposit, to make an annual deposit of \$33,950 from cash flow into the replacement reserve. To the extent that cash flow is insufficient to make the annual deposit, the Managing Member shall fund the shortfall from its own funds as a subordinated loan. During fiscal year 2019, CSVH LLC funded the replacement reserve with an initial deposit of \$50,000.

**VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS**

Notes to Combining Financial Statements
June 30, 2020 and 2019

5. RESTRICTED CASH (Continued)

Operating Reserve

CSVH LLC is required to maintain an operating reserve. CSVH LLC made an initial deposit of \$483,617 (the minimum balance) into a segregated, interest bearing account during fiscal year 2018, which is held by Boston Capital to secure the Managing Member's obligation to fund operating deficits. The funds will be released by Boston Capital to pay operating expenses only after achievement of certain conditions as specified in the Operating Agreement. The operating reserve will be closed by Boston Capital upon the end of the LIHTC compliance period and any remaining funds will be distributed as cash flow in accordance with the Operating Agreement.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Land	\$ 2,388,997	\$ 2,524,069
Building and improvements	42,392,981	41,898,631
Furniture, fixtures and equipment	1,760,653	1,760,653
Vehicles	<u>117,956</u>	<u>117,956</u>
	46,660,587	46,301,309
Less - accumulated depreciation	<u>5,348,754</u>	<u>4,134,835</u>
	<u>\$ 41,311,833</u>	<u>\$ 42,166,474</u>

7. ENDOWMENT FUNDS

Endowment funds consist of a \$250,000 donation which was established to function as a donor restricted endowment to provide the Organization with income to be used for the Veterans Training School. Use of the income from the donor restricted endowment fund can only be made with the approval of the Board of Directors, as well as in accordance with the spending policy. The entire balance of the donor restricted endowment at June 30, 2020 and 2019, is invested in a money market account.

The Organization follows the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA). Subject to the intent of a donor, the Organization 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 Board of Directors of the Organization.

A reconciliation of endowment activity is as follows:

	<u>2020</u>	<u>2019</u>
Endowment net assets, beginning of year	\$ 253,653	\$ 253,273
Interest	<u>382</u>	<u>380</u>
Endowment net assets, end of year	<u>\$ 254,035</u>	<u>\$ 253,653</u>

**VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS**

Notes to Combining Financial Statements
June 30, 2020 and 2019

8. LINE OF CREDIT

NECHV has a \$2,000,000 line of credit agreement with a bank. Borrowings under the agreement are due on demand and interest is payable monthly at the London Interbank Offered Rate (LIBOR) (2.37% and 1.98% at June 30, 2020 and 2019, respectively), plus 3.25%. The line of credit is secured by all business assets of NECHV. There was no outstanding balance on this line of credit as of June 30, 2020 and 2019. This line of credit is renewable annually in January. NECHV is required to comply with certain covenants as described in the line of credit agreement. NECHV was in compliance with these covenants as of June 30, 2020 and 2019.

9. NOTES PAYABLE

Notes payable consist of the following at June 30:

CSVH LLC	<u>2020</u>	<u>2019</u>
Non-interest bearing note payable to the Commonwealth, acting by and through DHCD under the Affordable Housing Trust Fund. No payments of principal are due before the maturity date of October 30, 2046. This note is secured by a shared second mortgage on the Property.	\$ 2,233,318	\$ 2,233,318
Non-interest bearing note payable to Community Economic Development Assistance Corporation (CEDAC). No payments of principal are due before the maturity date of October 30, 2046. This note is secured by a shared second mortgage on the Property.	2,000,000	2,000,000
Non-interest bearing note payable to Massachusetts Housing Partnership Fund (MHP), acting by and through DHCD under the Housing Stabilization and Investment Trust Fund (HSF) and Housing Innovation Fund (HIF). No payments of principal are due before the maturity date of October 30, 2066. This note is secured by a shared second mortgage on the Property.	1,250,000	1,250,000
Non-interest bearing note payable to the City of Boston, acting by and through its Public Facilities Department (PFD). No payments of principal are due before the maturity date of October 30, 2046. This note is secured by a shared second mortgage on the Property. This note was assumed by CSVH LLC as part of the acquisition of the Property from NECHV (see Note 4).	1,000,000	1,000,000
Non-interest bearing note payable to the City of Boston, acting by and through its Neighborhood Housing Trust Program, by the Department of Neighborhood Development. No payments of principal are due before the maturity date of October 30, 2046. This note is secured by a shared second mortgage on the Property.	1,000,000	900,000

**VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS**

Notes to Combining Financial Statements
June 30, 2020 and 2019

9. NOTES PAYABLE (Continued)

CSVH LLC (Continued)	<u>2020</u>	<u>2019</u>
Non-interest bearing note payable to CEDAC. No payments of principal are due before the maturity date of October 30, 2046. This note is secured by a shared second mortgage on the Property. This note was assumed by CSVH LLC as part of the acquisition of the Property from NECHV (see Note 4).	<u>500,000</u>	<u>500,000</u>
	7,983,318	7,883,318
Less - unamortized debt issuance costs (see Note 10)	<u>104,361</u>	<u>108,299</u>
Total CSVH LLC	7,878,957	7,775,019

NECHV

Non-interest bearing note payable to the Federal Home Loan Bank (FHLB) in the amount of \$500,000, with a maturity date of one day after the expiration of fifteen years of operation from the date of completion of the Property or the issuance of the certificate of occupancy for the Property. This note is secured by a shared third mortgage on the Property.	<u>500,000</u>	<u>500,000</u>
Total notes payable	<u>\$ 8,378,957</u>	<u>\$ 8,275,019</u>

Payments are only due for the above notes based on cash flow from operations (see Note 14). There are no fixed and determinable payments of principal for the above notes over the next five years. There are no payments due in 2021 based on 2020 cash flow. There were no payments due in 2020 based on 2019 cash flow (see Note 14).

The Organization is required to comply with certain covenants as described in the note payable agreements. The Organization was in compliance with these covenants as of June 30, 2020 and 2019.

10. DEBT ISSUANCE COSTS

Debt issuance costs are capitalized and amortized on the straight-line basis over the term of the debt. Debt issuance costs associated with the notes payable (see Note 9) will be amortized over thirty years. Non-cash interest expense was \$3,938 for the years ended June 30, 2020 and 2019.

Debt issuance costs consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Debt issuance costs	\$ 118,144	\$ 118,144
Accumulated amortization	<u>(13,783)</u>	<u>(9,845)</u>
Debt issuance costs, net	<u>\$ 104,361</u>	<u>\$ 108,299</u>

Non-cash interest expense is expected to be approximately \$3,900 for the next five years.

**VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS**

Notes to Combining Financial Statements
June 30, 2020 and 2019

11. RETIREMENT PLAN

NECHV sponsors a defined contribution retirement plan under Section 403(b) of the IRC. All regular full-time employees are eligible to participate in the plan. Under the provisions of the plan, annual contributions to the plan are at the discretion of NECHV's management. For the year ended June 30, 2020, NECHV made discretionary contributions of \$10,550 to the plan. NECHV did not make any discretionary contributions to the plan for the year ended June 30, 2019.

12. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in two banks in Massachusetts. 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 Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

13. CONTINGENCIES

The Organization, from time-to-time, is the defendant in lawsuits. It is management's opinion that the Organization 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.

14. PROFIT AND LOSS ALLOCATIONS AND DISTRIBUTIONS – CSVH LLC

Profit and Loss Allocations

All profits, losses and credits are allocated 99.99% to Boston Capital and .01% to the Managing Member.

Distributions

Subject to any requisite approvals and terms of the CEDAC note payable (see Note 9), net cash flow will be distributed within seventy-five days after calendar year-end, as defined in the operating agreement, and is distributable as follows.

- 1) Payment in full to Boston Capital of any amounts due.
- 2) Payment of the supportive services fee (see Note 4).
- 3) Payment of the asset management fee (see Note 4).
- 4) To replenish the operating reserve to the minimum balance (see Note 5).
- 5) Payment of any unpaid portion of the deferred developer fee (see Note 4).
- 6) Repayment of any subordinated loans.
- 7) Payment of the company management fee (see Note 4).
- 8) Payment of the Seller Loan (see Note 4).
- 9) Any remaining balance is distributed 99.99% to Boston Capital and 0.01% to the Managing Member.

There were no funds available to be distributed based on 2020 and 2019 cash flows.

**VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS**

Notes to Combining Financial Statements
June 30, 2020 and 2019

14. PROFIT AND LOSS ALLOCATIONS AND DISTRIBUTIONS – CSVH LLC (Continued)

Distributions (Continued)

Cash from a sale or refinancing shall be distributed as follows:

- 1) Payment in full to Boston Capital of any amounts due.
- 2) Payment of any accrued and unpaid asset management fees.
- 3) Payment of any remaining unpaid debts and liabilities owed to members, excluding subordinated loans.
- 4) Payment of any subordinated loans.
- 5) The balance, if any, 99.989% to Boston Capital, .001% to BCCC, Inc., and .01% to the Managing Member.

15. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Financial assets available for general operating use, that is, without donor or other restrictions limiting their use (see Note 2), within one year of the combining statements of financial position date, comprise the following at June 30:

	<u>2020</u>		<u>2019</u>	
	<u>Operating</u>	<u>Court Street Veterans Housing</u>	<u>Operating</u>	<u>Court Street Veterans Housing</u>
Cash	\$ 1,297,924	\$ 8,922	\$ 534,783	\$ 16,466
Current portion of restricted cash	258,462	104,476	-	91,767
Grants and contracts receivable	<u>943,134</u>	<u>-</u>	<u>645,489</u>	<u>6,019</u>
	2,499,520	113,398	1,180,272	114,252
Less - restricted cash	<u>258,462</u>	<u>(104,476)</u>	<u>-</u>	<u>(91,767)</u>
	<u>\$ 2,241,058</u>	<u>\$ 8,922</u>	<u>\$ 1,180,272</u>	<u>\$ 22,485</u>

As a part of NECHV's cash management policy, a monthly *Net Surplus from Operations* budget is created to determine the cash flow requirements throughout the year. To help fund capital improvements and emerging Veteran human services, NECHV targets a slight cash flow surplus of between 2% to 3% for the year. To support any short-term cash flow requirement, NECHV has a \$2,000,000 line of credit (see Note 8) to draw upon throughout the year.

The Organization regularly monitors the availability of resources required to meet the operating needs of CSVH LLC. For purposes of analyzing resources available to meet general obligations over a twelve-month period, the Organization considers all expenditures related to the ongoing activities of operating CSVH LLC to be general obligations, including the payment of debt service, if any, and contribution to reserves.

**VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS**

Notes to Combining Financial Statements
June 30, 2020 and 2019

15. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (Continued)

In addition to the financial assets available to CSVH LLC to meet general obligations of the next twelve months, the Organization conducts monthly budget-to-actual variance analysis in order to identify liquidity concerns. In the event CSVH LLC has an identified liquidity concern, the Organization will work to correct the issue. Corrective measures include the possibility of NECHV providing CSVH LLC with an operating deficit advance. Amounts included in restricted deposits are used to fund operating costs as they become due

16. FUNDING

The Organization receives a significant portion of its operating revenue (approximately 31% and 29% in fiscal years 2020 and 2019, respectively) from the U.S. Department of Veterans Affairs under cost-reimbursable grants and contracts. The Organization also receives a significant portion of its funding from the Massachusetts Department of Veteran Services (DVS) (approximately 23% and 26% in fiscal years 2020 and 2019, respectively) for providing transitional services. These reimbursements are subject to audit by DVS. In the opinion of management, the results of such audits, if any, will not have a material effect on the combining financial position of the Organization as of June 30, 2020 and 2019, or on the changes in their net assets for the years then ended.

The following sources provided a significant portion of the Organization's grants and contracts receivable for the years ended June 30:

Funder	2020	2019
Department of Veterans Affairs	35%	38%
City of Boston	32%	28%
Massachusetts Department of Veterans' Services	23%	24%

The Organization also receives funding from various other governmental agencies to assist with program expenses and operating costs. These grants and contracts have been expended in accordance with the respective terms contained in the agreements and are subject to possible final audit determination by certain governmental agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the combining financial statements.

17. PAYCHECK PROTECTION PROGRAM LOAN

During fiscal year 2020, NECHV applied for and was awarded a forgivable loan of \$770,900 from the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The funds will be used to pay certain payroll costs, including benefits as well as rent and utilities during a twenty-four-week period (the covered period) as defined in the CARES Act. A portion of these funds may be forgiven, as defined in the agreement, at the end of the covered period and the remainder of the funds will be due over a two-year period with interest at 1%. Any repayment will be deferred until November 5, 2020, when the note, plus interest, will be due in equal monthly payments through May 5, 2022. There are no covenants with which to comply and the note is not secured by any collateral as of June 30, 2020. There was no accrued interest on the note payable as of June 30, 2020, as it would be immaterial to the overall combining financial statements.

As of January 7, 2021, NECHV submitted the application for forgiveness, but had not been legally released from the obligation. NECHV anticipates the note payable will be forgiven in full and, therefore, the balance has been classified as long-term in the accompanying combining statement of financial position as of June 30, 2020.

**VIETNAM VETERANS WORKSHOP, INC. AND AFFILIATES
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS**

Notes to Combining Financial Statements
June 30, 2020 and 2019

18. GRANTS AND CONTRACTS - CONDITIONAL

During fiscal year 2020, NECHV received government grants and contracts totaling \$8,614,442 that contained conditions that represent a barrier that must be overcome as well as a right of return of assets or release from obligations. NECHV recognizes these government grants and contracts when conditions are met. During the year ended June 30, 2020, NECHV recognized \$7,102,037 of government grants and contracts. Conditional promises to give at June 30, 2020, consist of cost-reimbursable government contracts totaling \$2,536,648. Conditional grants at June 30, 2020, consist of sixteen grants and contracts totaling \$5,864,773. Conditional grants prior to the adoption of Topic 958 are not required to be disclosed under the modified prospective adoption method.

19. CONTINGENCY

The COVID-19 pandemic in the United States has caused business disruption and a reduction in economic activity. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. While NECHV expects this matter could negatively impact its future operating results, the related financial impact and duration cannot be reasonably estimated at this time.

20. RECLASSIFICATION

Certain amounts in the fiscal year 2019 combining financial statements have been reclassified to conform with the fiscal year 2020 presentation.