



NEW ENGLAND CENTER
AND HOME FOR VETERANS

EDUCATION | SUPPORT | EMPLOYMENT | HOUSING

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

**COMBINING FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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

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June 30, 2022 and 2021

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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:

Opinion

We have audited the 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, 2022 and 2021, 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.

In our opinion, the accompanying combining financial statements 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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combining Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the combining financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the combining financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combining financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combining financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combining financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combining financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combining financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

AAFCPA, Inc.

Boston, Massachusetts
October 28, 2022

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

Combining Statement of Financial Position
June 30, 2022
(With Summarized Comparative Totals as of June 30, 2021)

Assets	2022						2021
	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	\$ 3,652,176	\$ 60,239	\$ 3,712,415	\$ 102,239	\$ -	\$ 3,814,654	\$ 3,183,521
Grants and contracts receivable	901,995	-	901,995	-	-	901,995	1,377,919
Current portion of restricted cash	-	-	-	84,744	-	84,744	76,867
Funds held for other	103,304	-	103,304	-	-	103,304	249,977
Current portion of due from affiliate	73,478	-	73,478	57,844	(131,322)	-	-
Current portion of prepaid land lease	-	-	-	49,484	(49,484)	-	-
Prepaid expenses and other	210,136	-	210,136	31,298	-	241,434	220,126
Total current assets	<u>4,941,089</u>	<u>60,239</u>	<u>5,001,328</u>	<u>325,609</u>	<u>(180,806)</u>	<u>5,146,131</u>	<u>5,108,410</u>
Other Assets:							
Restricted cash, net of current portion	-	250,000	250,000	570,603	-	820,603	786,538
Notes and interest receivable - affiliate	21,157,260	-	21,157,260	-	(21,157,260)	-	-
Investment in LLC	126,483	-	126,483	-	-	126,483	139,984
Due from affiliate, net of current portion	350,000	-	350,000	-	(350,000)	-	-
Prepaid land lease, net of current portion	-	-	-	4,503,018	(4,503,018)	-	-
Total other assets	<u>21,633,743</u>	<u>250,000</u>	<u>21,883,743</u>	<u>5,073,621</u>	<u>(26,010,278)</u>	<u>947,086</u>	<u>926,522</u>
Property and Equipment, net	<u>3,327,191</u>	<u>-</u>	<u>3,327,191</u>	<u>35,438,909</u>	<u>598,829</u>	<u>39,364,929</u>	<u>40,592,154</u>
Total assets	<u>\$ 29,902,023</u>	<u>\$ 310,239</u>	<u>\$ 30,212,262</u>	<u>\$ 40,838,139</u>	<u>\$ (25,592,255)</u>	<u>\$ 45,458,146</u>	<u>\$ 46,627,086</u>
Liabilities and Net Assets							
Current Liabilities:							
Accounts payable and accrued expenses	\$ 1,098,841	\$ -	\$ 1,098,841	\$ 180,651	\$ -	\$ 1,279,492	\$ 1,691,273
Funds held for others	103,304	-	103,304	-	-	103,304	249,977
Current portion of due to affiliate	57,844	-	57,844	73,478	(131,322)	-	-
Current portion of deferred land lease	49,484	-	49,484	-	(49,484)	-	-
Deferred revenue	186,301	-	186,301	-	-	186,301	86,500
Total current liabilities	<u>1,495,774</u>	<u>-</u>	<u>1,495,774</u>	<u>254,129</u>	<u>(180,806)</u>	<u>1,569,097</u>	<u>2,027,750</u>
Long-Term Liabilities:							
Due to affiliate, net of current portion	-	-	-	1,150,000	(1,150,000)	-	-
Deferred land lease, net of current portion	4,503,018	-	4,503,018	-	(4,503,018)	-	-
Notes and interest payable - affiliate	-	-	-	21,157,260	(21,157,260)	-	-
Notes payable, net of unamortized debt issuance costs	500,000	-	500,000	7,886,833	-	8,386,833	8,382,895
Total long-term liabilities	<u>5,003,018</u>	<u>-</u>	<u>5,003,018</u>	<u>30,194,093</u>	<u>(26,810,278)</u>	<u>8,386,833</u>	<u>8,382,895</u>
Total liabilities	<u>6,498,792</u>	<u>-</u>	<u>6,498,792</u>	<u>30,448,222</u>	<u>(26,991,084)</u>	<u>9,955,930</u>	<u>10,410,645</u>
Net Assets:							
Without donor restrictions	23,403,231	-	23,403,231	10,389,917	(8,991,795)	24,801,353	24,084,913
With donor restrictions	-	310,239	310,239	-	-	310,239	427,879
Total net assets attributable to NECHV and Affiliates	<u>23,403,231</u>	<u>310,239</u>	<u>23,713,470</u>	<u>10,389,917</u>	<u>(8,991,795)</u>	<u>25,111,592</u>	<u>24,512,792</u>
Non-controlling interest	-	-	-	-	10,390,624	10,390,624	11,703,649
Total net assets	<u>23,403,231</u>	<u>310,239</u>	<u>23,713,470</u>	<u>10,389,917</u>	<u>1,398,829</u>	<u>35,502,216</u>	<u>36,216,441</u>
Total liabilities and net assets	<u>\$ 29,902,023</u>	<u>\$ 310,239</u>	<u>\$ 30,212,262</u>	<u>\$ 40,838,139</u>	<u>\$ (25,592,255)</u>	<u>\$ 45,458,146</u>	<u>\$ 46,627,086</u>

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

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

Combining Statement of Financial Position
June 30, 2021

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	\$ 2,773,906	\$ 177,879	\$ 2,951,785	\$ 231,736	\$ -	\$ 3,183,521
Grants and contracts receivable	1,377,919	-	1,377,919	-	-	1,377,919
Current portion of restricted cash	-	-	-	76,867	-	76,867
Funds held for other	249,977	-	249,977	-	-	249,977
Current portion of prepaid land lease	-	-	-	49,484	(49,484)	-
Prepaid expenses and other	173,435	-	173,435	46,691	-	220,126
Total current assets	<u>4,575,237</u>	<u>177,879</u>	<u>4,753,116</u>	<u>404,778</u>	<u>(49,484)</u>	<u>5,108,410</u>
Other Assets:						
Restricted cash, net of current portion	-	250,000	250,000	536,538	-	786,538
Notes and interest receivable - affiliate	21,164,735	-	21,164,735	-	(21,164,735)	-
Investment in LLC	139,984	-	139,984	-	-	139,984
Due from affiliate	350,000	-	350,000	-	(350,000)	-
Prepaid land lease, net of current portion	-	-	-	4,552,502	(4,552,502)	-
Total other assets	<u>21,654,719</u>	<u>250,000</u>	<u>21,904,719</u>	<u>5,089,040</u>	<u>(26,067,237)</u>	<u>926,522</u>
Property and Equipment, net	<u>3,383,652</u>	<u>-</u>	<u>3,383,652</u>	<u>36,592,564</u>	<u>615,938</u>	<u>40,592,154</u>
Total assets	<u>\$ 29,613,608</u>	<u>\$ 427,879</u>	<u>\$ 30,041,487</u>	<u>\$ 42,086,382</u>	<u>\$ (25,500,783)</u>	<u>\$ 46,627,086</u>
Liabilities and Net Assets						
Current Liabilities:						
Accounts payable and accrued expenses	\$ 1,505,594	\$ -	\$ 1,505,594	\$ 185,679	\$ -	\$ 1,691,273
Funds held for others	249,977	-	249,977	-	-	249,977
Current portion of deferred land lease	49,484	-	49,484	-	(49,484)	-
Deferred revenue	86,500	-	86,500	-	-	86,500
Total current liabilities	<u>1,891,555</u>	<u>-</u>	<u>1,891,555</u>	<u>185,679</u>	<u>(49,484)</u>	<u>2,027,750</u>
Long-Term Liabilities:						
Due to affiliate	-	-	-	1,150,000	(1,150,000)	-
Deferred land lease, net of current portion	4,552,502	-	4,552,502	-	(4,552,502)	-
Notes and interest payable - affiliate	-	-	-	21,164,735	(21,164,735)	-
Notes payable, net of unamortized debt issuance costs	500,000	-	500,000	7,882,895	-	8,382,895
Total long-term liabilities	<u>5,052,502</u>	<u>-</u>	<u>5,052,502</u>	<u>30,197,630</u>	<u>(26,867,237)</u>	<u>8,382,895</u>
Total liabilities	<u>6,944,057</u>	<u>-</u>	<u>6,944,057</u>	<u>30,383,309</u>	<u>(26,916,721)</u>	<u>10,410,645</u>
Net Assets:						
Without donor restrictions	22,669,551	-	22,669,551	11,703,073	(10,287,711)	24,084,913
With donor restrictions	-	427,879	427,879	-	-	427,879
Total net assets attributable to NECHV and Affiliates	<u>22,669,551</u>	<u>427,879</u>	<u>23,097,430</u>	<u>11,703,073</u>	<u>(10,287,711)</u>	<u>24,512,792</u>
Non-controlling interest	-	-	-	-	11,703,649	11,703,649
Total net assets	<u>22,669,551</u>	<u>427,879</u>	<u>23,097,430</u>	<u>11,703,073</u>	<u>1,415,938</u>	<u>36,216,441</u>
Total liabilities and net assets	<u>\$ 29,613,608</u>	<u>\$ 427,879</u>	<u>\$ 30,041,487</u>	<u>\$ 42,086,382</u>	<u>\$ (25,500,783)</u>	<u>\$ 46,627,086</u>

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

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

Combining Statement of Activities
For the Year Ended June 30, 2022
(With Summarized Comparative Totals for the Year Ended June 30, 2021)

	2022						2021
	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	\$ 8,583,902	\$ -	\$ 8,583,902	\$ -	\$ -	\$ 8,583,902	\$ 9,711,031
Contributions and special events	2,947,351	-	2,947,351	-	-	2,947,351	2,891,329
Rental income	-	-	-	2,027,229	(693,426)	1,333,803	1,221,183
Patient service revenue	64,212	-	64,212	-	-	64,212	160,683
Interest and other income	387,551	382	387,933	13,923	(384,325)	17,531	86,618
Service fees	148,950	-	148,950	-	(148,950)	-	-
Net assets released from purpose restrictions	75,350	(75,350)	-	-	-	-	-
Total operating revenue	<u>12,207,316</u>	<u>(74,968)</u>	<u>12,132,348</u>	<u>2,041,152</u>	<u>(1,226,701)</u>	<u>12,946,799</u>	<u>14,070,844</u>
Operating Expenses:							
Program services:							
Transitional housing services	3,599,974	-	3,599,974	-	(256,429)	3,343,545	3,316,990
Transitional human services support	2,728,869	-	2,728,869	-	(322,027)	2,406,842	2,138,339
Community based stabilization services	2,922,781	-	2,922,781	-	(17,890)	2,904,891	3,466,738
Rental	-	-	-	3,354,308	(516,166)	2,838,142	2,405,547
Total program services	<u>9,251,624</u>	<u>-</u>	<u>9,251,624</u>	<u>3,354,308</u>	<u>(1,112,512)</u>	<u>11,493,420</u>	<u>11,327,614</u>
Supporting services:							
Finance and administration	838,697	-	838,697	-	(48,541)	790,156	1,264,248
Fundraising and development	1,412,486	-	1,412,486	-	(48,539)	1,363,947	1,183,206
Total supporting services	<u>2,251,183</u>	<u>-</u>	<u>2,251,183</u>	<u>-</u>	<u>(97,080)</u>	<u>2,154,103</u>	<u>2,447,454</u>
Total operating expenses	<u>11,502,807</u>	<u>-</u>	<u>11,502,807</u>	<u>3,354,308</u>	<u>(1,209,592)</u>	<u>13,647,523</u>	<u>13,775,068</u>
Changes in net assets from operations	<u>704,509</u>	<u>(74,968)</u>	<u>629,541</u>	<u>(1,313,156)</u>	<u>(17,109)</u>	<u>(700,724)</u>	<u>295,776</u>
Non-Operating Revenues (Expenses):							
Forgiveness of debt	-	-	-	-	-	-	770,900
Capital contributions	-	-	-	-	-	-	350,000
Share in loss - investment in LLC	(13,501)	-	(13,501)	-	-	(13,501)	(81,450)
Net assets released from capital restrictions	42,672	(42,672)	-	-	-	-	-
Total non-operating revenues (expenses)	<u>29,171</u>	<u>(42,672)</u>	<u>(13,501)</u>	<u>-</u>	<u>-</u>	<u>(13,501)</u>	<u>1,039,450</u>
Changes in net assets	<u>733,680</u>	<u>(117,640)</u>	<u>616,040</u>	<u>(1,313,156)</u>	<u>(17,109)</u>	<u>(714,225)</u>	<u>1,335,226</u>
Non-Controlling Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,313,025)</u>	<u>-</u>	<u>(1,313,025)</u>	<u>(988,871)</u>
Changes in net assets attributable to NECHV and Affiliates	<u>\$ 733,680</u>	<u>\$ (117,640)</u>	<u>\$ 616,040</u>	<u>\$ (131)</u>	<u>\$ (17,109)</u>	<u>\$ 598,800</u>	<u>\$ 2,324,097</u>

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

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

Combining Statement of Activities
For the Year Ended June 30, 2021

	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	\$ 9,711,031	\$ -	\$ 9,711,031	\$ -	\$ -	\$ 9,711,031
Contributions and special events	2,706,939	184,390	2,891,329	-	-	2,891,329
Rental income	-	-	-	1,913,859	(692,676)	1,221,183
Patient service revenue	160,683	-	160,683	-	-	160,683
Interest and other income	422,226	381	422,607	47,091	(383,080)	86,618
Service fees	178,402	-	178,402	-	(178,402)	-
Net assets released from restrictions	421,884	(421,884)	-	-	-	-
Total operating revenue	<u>13,601,165</u>	<u>(237,113)</u>	<u>13,364,052</u>	<u>1,960,950</u>	<u>(1,254,158)</u>	<u>14,070,844</u>
Operating Expenses:						
Program services:						
Transitional housing services	3,573,142	-	3,573,142	-	(256,152)	3,316,990
Transitional human services support	2,460,018	-	2,460,018	-	(321,679)	2,138,339
Community based stabilization services	3,484,609	-	3,484,609	-	(17,871)	3,466,738
Rental	-	-	-	2,949,920	(544,373)	2,405,547
Total program services	<u>9,517,769</u>	<u>-</u>	<u>9,517,769</u>	<u>2,949,920</u>	<u>(1,140,075)</u>	<u>11,327,614</u>
Supporting services:						
Finance and administration	1,312,735	-	1,312,735	-	(48,487)	1,264,248
Fundraising and development	1,231,693	-	1,231,693	-	(48,487)	1,183,206
Total supporting services	<u>2,544,428</u>	<u>-</u>	<u>2,544,428</u>	<u>-</u>	<u>(96,974)</u>	<u>2,447,454</u>
Total operating expenses	<u>12,062,197</u>	<u>-</u>	<u>12,062,197</u>	<u>2,949,920</u>	<u>(1,237,049)</u>	<u>13,775,068</u>
Changes in net assets from operations	<u>1,538,968</u>	<u>(237,113)</u>	<u>1,301,855</u>	<u>(988,970)</u>	<u>(17,109)</u>	<u>295,776</u>
Non-Operating Revenues (Expenses):						
Forgiveness of debt	770,900	-	770,900	-	-	770,900
Capital contributions	-	350,000	350,000	-	-	350,000
Share in loss - investment in LLC	(81,450)	-	(81,450)	-	-	(81,450)
Net assets released from capital restrictions	350,000	(350,000)	-	-	-	-
Total non-operating revenues (expenses)	<u>1,039,450</u>	<u>-</u>	<u>1,039,450</u>	<u>-</u>	<u>-</u>	<u>1,039,450</u>
Changes in net assets	<u>2,578,418</u>	<u>(237,113)</u>	<u>2,341,305</u>	<u>(988,970)</u>	<u>(17,109)</u>	<u>1,335,226</u>
Non-Controlling Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>(988,871)</u>	<u>-</u>	<u>(988,871)</u>
Changes in net assets attributable to NECHV and Affiliates	<u>\$ 2,578,418</u>	<u>\$ (237,113)</u>	<u>\$ 2,341,305</u>	<u>\$ (99)</u>	<u>\$ (17,109)</u>	<u>\$ 2,324,097</u>

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

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

Combining Statements of Changes in Net Assets
For the Years Ended June 30, 2022 and 2021

	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, 2020	\$ 20,091,133	\$ 664,992	\$ 20,756,125	\$ 12,692,043	\$ (11,259,473)	\$ 12,692,520	\$ 34,881,215
Change in net assets	2,578,418	(237,113)	2,341,305	(988,970)	971,762	(988,871)	1,335,226
Net Assets, June 30, 2021	22,669,551	427,879	23,097,430	11,703,073	(10,287,711)	11,703,649	36,216,441
Change in net assets	733,680	(117,640)	616,040	(1,313,156)	1,295,916	(1,313,025)	(714,225)
Net Assets, June 30, 2022	<u>\$ 23,403,231</u>	<u>\$ 310,239</u>	<u>\$ 23,713,470</u>	<u>\$ 10,389,917</u>	<u>\$ (8,991,795)</u>	<u>\$ 10,390,624</u>	<u>\$ 35,502,216</u>

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

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

Combining Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022				2021			
	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	\$ 616,040	\$ (1,313,156)	\$ (17,109)	\$ (714,225)	\$ 2,341,305	\$ (988,970)	\$ (17,109)	\$ 1,335,226
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:								
Depreciation	64,090	1,153,655	17,109	1,234,854	58,758	1,151,880	17,109	1,227,747
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	(334,841)	334,841	-	-	(333,596)	333,596	-	-
Forgiveness of debt	-	-	-	-	(770,900)	-	-	(770,900)
Share in loss - investment in LLC	13,501	-	-	13,501	81,450	-	-	81,450
Capital contributions	-	-	-	-	(350,000)	-	-	(350,000)
Changes in operating assets and liabilities:								
Grants and contracts receivable	475,924	-	-	475,924	(435,809)	-	-	(435,809)
Prepaid expenses and other	(36,701)	15,393	-	(21,308)	(26,909)	(28,612)	-	(55,521)
Accounts payable and accrued expenses	(406,753)	(5,028)	-	(411,781)	465,960	27,966	-	493,926
Deferred revenue	99,801	-	-	99,801	(4,110)	-	-	(4,110)
Due (to) from affiliate	(15,634)	15,634	-	-	(1,489,478)	1,489,478	-	-
Net cash provided by (used in) operating activities	425,943	254,761	-	680,704	(512,813)	2,038,760	-	1,525,947
Cash Flows from Investing Activities:								
Capital contribution - investment in LLC	-	-	-	-	(192,000)	-	-	(192,000)
Purchase of property and equipment	(7,629)	-	-	(7,629)	(496,764)	(11,304)	-	(508,068)
Collection on notes and interest receivable - affiliates	342,316	-	(342,316)	-	842,984	-	(842,984)	-
Collection on due from affiliates	-	-	-	-	989,000	-	(989,000)	-
Net cash provide by (used in) investing activities	334,687	-	(342,316)	(7,629)	1,143,220	(11,304)	(1,831,984)	(700,068)
Cash Flows from Financing Activities:								
Capital contributions	-	-	-	-	350,000	-	-	350,000
Payment on notes and interest payable - affiliates	-	(342,316)	342,316	-	-	(842,984)	842,984	-
Payment on due to affiliates	-	-	-	-	-	(989,000)	989,000	-
Net cash provided by (used in) financing activities	-	(342,316)	342,316	-	350,000	(1,831,984)	1,831,984	350,000
Net Change in Cash, Cash Equivalents and Restricted Cash	760,630	(87,555)	-	673,075	980,407	195,472	-	1,175,879
Cash, Cash Equivalents and Restricted Cash:								
Beginning of year	3,201,785	845,141	-	4,046,926	2,221,378	649,669	-	2,871,047
End of year	\$ 3,962,415	\$ 757,586	\$ -	\$ 4,720,001	\$ 3,201,785	\$ 845,141	\$ -	\$ 4,046,926
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Combining Statements of Financial Position:								
Cash and cash equivalents	\$ 3,712,415	\$ 102,239	\$ -	\$ 3,814,654	\$ 2,951,785	\$ 231,736	\$ -	\$ 3,183,521
Restricted cash	250,000	655,347	-	905,347	250,000	613,405	-	863,405
Total cash, cash equivalents and restricted cash	\$ 3,962,415	\$ 757,586	\$ -	\$ 4,720,001	\$ 3,201,785	\$ 845,141	\$ -	\$ 4,046,926
Supplemental Disclosure of Cash Flow Information:								
Cash paid for interest	\$ 342,316	\$ 342,316	\$ -	\$ 684,632	\$ -	\$ 842,984	\$ -	\$ 842,984

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

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

Combining Statement of Functional Expenses
For the Year Ended June 30, 2022
(With Summarized Comparative Totals for the Year Ended June 30, 2021)

	2022										2021	
	New England Center and Home for Veterans and Subsidiary										Total	
	Program Services				Supporting Services			Total NECHV and Subsidiary	Court Street Veterans Housing, LLC	Eliminations		
Transitional Housing Services	Transitional Human Services Support	Community Based Stabilization Services	Total Program Services	Finance and Administration	Fundraising and Development	Total Supporting Services	Total				Total	Total
Expenses:												
Salaries and related:												
Salaries	\$ 970,045	\$ 1,712,542	\$ 1,403,735	\$ 4,086,322	\$ 516,945	\$ 638,767	\$ 1,155,712	\$ 5,242,034	\$ 386,130	\$ -	\$ 5,628,164	\$ 5,493,569
Fringe benefits and payroll taxes	213,845	377,530	309,453	900,828	128,389	142,593	270,982	1,171,810	86,583	-	1,258,393	1,304,218
Contract labor	68,338	47,287	51,356	166,981	15,132	17,023	32,155	199,136	-	-	199,136	100,081
Total salaries and related	<u>1,252,228</u>	<u>2,137,359</u>	<u>1,764,544</u>	<u>5,154,131</u>	<u>660,466</u>	<u>798,383</u>	<u>1,458,849</u>	<u>6,612,980</u>	<u>472,713</u>	<u>-</u>	<u>7,085,693</u>	<u>6,897,868</u>
Occupancy:												
Repairs and maintenance	1,240,277	22,633	21,610	1,284,520	6,649	37,754	44,403	1,328,923	533,639	-	1,862,562	1,640,872
Depreciation	-	-	-	-	-	-	-	-	1,203,139	(32,375)	1,170,764	1,168,989
Utilities	207,474	13,826	25,738	247,038	2,140	2,407	4,547	251,585	214,320	-	465,905	419,179
Property taxes	-	-	-	-	-	-	-	-	185,053	-	185,053	183,517
Building supplies and other	32,148	4,680	-	36,828	-	350	350	37,178	-	-	37,178	30,550
Interest	-	-	-	-	-	-	-	-	338,779	(334,841)	3,938	3,938
Rent	256,429	322,027	17,890	596,346	48,541	48,539	97,080	693,426	-	(693,426)	-	-
Total occupancy	<u>1,736,328</u>	<u>363,166</u>	<u>65,238</u>	<u>2,164,732</u>	<u>57,330</u>	<u>89,050</u>	<u>146,380</u>	<u>2,311,112</u>	<u>2,474,930</u>	<u>(1,060,642)</u>	<u>3,725,400</u>	<u>3,447,045</u>
Other:												
Veteran temporary financial assistance	4,947	27,272	551,343	583,562	-	-	-	583,562	-	-	583,562	1,407,339
Consulting and management services	82,079	6,399	279,732	368,210	1,156	102,946	104,102	472,312	154,464	(148,950)	477,826	500,337
Food and kitchen	311,329	-	-	311,329	-	13,706	13,706	325,035	-	-	325,035	291,909
Special events	-	-	-	-	-	281,500	281,500	281,500	-	-	281,500	187,795
Professional services	5,565	4,348	4,521	14,434	73,391	1,565	74,956	89,390	114,879	-	204,269	157,370
Insurance	33,634	39,199	11,026	83,859	7,053	7,408	14,461	98,320	96,289	-	194,609	178,618
Dues and subscriptions	41,047	31,849	56,437	129,333	6,707	26,941	33,648	162,981	4,782	-	167,763	129,427
Miscellaneous	22,899	16,287	26,601	65,787	18,036	25,574	43,610	109,397	6,446	-	115,843	116,486
Office supplies and other	21,922	27,289	19,213	68,424	3,148	12,895	16,043	84,467	1,523	-	85,990	72,802
Vehicle and related	14,310	-	64,118	78,428	-	-	-	78,428	-	-	78,428	80,597
Equipment rental and maintenance	17,525	4,734	19,019	41,278	822	3,317	4,139	45,417	27,456	-	72,873	74,230
Equipment depreciation	23,713	29,482	1,923	55,118	4,486	4,486	8,972	64,090	-	-	64,090	58,758
Transportation and local travel	4,479	11,756	37,453	53,688	454	3,899	4,353	58,041	-	-	58,041	80,327
Bank charges and fees	6,971	5,446	5,664	18,081	1,743	20,653	22,396	40,477	157	-	40,634	37,310
Education and seminars	9,677	14,230	8,874	32,781	2,060	2,614	4,674	37,455	-	-	37,455	22,900
Meals and entertainment	6,111	7,547	4,201	17,859	1,059	2,426	3,485	21,344	-	-	21,344	3,670
Printing and postage	783	617	910	2,310	182	14,443	14,625	16,935	-	-	16,935	19,327
Advertising and promotional	2,417	1,889	1,964	6,270	604	680	1,284	7,554	-	-	7,554	6,767
Laundry	2,010	-	-	2,010	-	-	-	2,010	669	-	2,679	4,186
Total other	<u>611,418</u>	<u>228,344</u>	<u>1,092,999</u>	<u>1,932,761</u>	<u>120,901</u>	<u>525,053</u>	<u>645,954</u>	<u>2,578,715</u>	<u>406,665</u>	<u>(148,950)</u>	<u>2,836,430</u>	<u>3,430,155</u>
Total expenses	<u>\$ 3,599,974</u>	<u>\$ 2,728,869</u>	<u>\$ 2,922,781</u>	<u>\$ 9,251,624</u>	<u>\$ 838,697</u>	<u>\$ 1,412,486</u>	<u>\$ 2,251,183</u>	<u>\$ 11,502,807</u>	<u>\$ 3,354,308</u>	<u>\$ (1,209,592)</u>	<u>\$ 13,647,523</u>	<u>\$ 13,775,068</u>

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

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

Combining Statement of Functional Expenses
For the Year Ended June 30, 2021

	New England Center and Home for Veterans and Subsidiary										
	Program Services				Supporting Services			Total NECHV and Subsidiary	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	\$ 1,225,801	\$ 1,552,902	\$ 1,253,938	\$ 4,032,641	\$ 559,269	\$ 634,130	\$ 1,193,399	\$ 5,226,040	\$ 267,529	\$ -	\$ 5,493,569
Fringe benefits and payroll taxes	294,923	377,978	266,824	939,725	153,509	148,211	301,720	1,241,445	62,773	-	1,304,218
Contract labor	19,740	22,543	40,935	83,218	7,455	9,408	16,863	100,081	-	-	100,081
Total salaries and related	<u>1,540,464</u>	<u>1,953,423</u>	<u>1,561,697</u>	<u>5,055,584</u>	<u>720,233</u>	<u>791,749</u>	<u>1,511,982</u>	<u>6,567,566</u>	<u>330,302</u>	<u>-</u>	<u>6,897,868</u>
Occupancy:											
Repairs and maintenance	1,174,203	3,897	6,826	1,184,926	90,349	36,761	127,110	1,312,036	328,836	-	1,640,872
Depreciation	-	-	-	-	-	-	-	-	1,201,364	(32,375)	1,168,989
Utilities	71,356	38,182	62,267	171,805	60,210	-	60,210	232,015	187,164	-	419,179
Property taxes	-	-	-	-	-	-	-	-	183,517	-	183,517
Building supplies and other	29,938	408	204	30,550	-	-	-	30,550	-	-	30,550
Interest	-	-	-	-	-	-	-	-	337,534	(333,596)	3,938
Rent	256,152	321,679	17,871	595,702	48,487	48,487	96,974	692,676	-	(692,676)	-
Total occupancy	<u>1,531,649</u>	<u>364,166</u>	<u>87,168</u>	<u>1,982,983</u>	<u>199,046</u>	<u>85,248</u>	<u>284,294</u>	<u>2,267,277</u>	<u>2,238,415</u>	<u>(1,058,647)</u>	<u>3,447,045</u>
Other:											
Veteran temporary financial assistance	11	34,135	1,373,193	1,407,339	-	-	-	1,407,339	-	-	1,407,339
Consulting and management services	89,223	24,960	263,909	378,092	20,747	93,229	113,976	492,068	186,671	(178,402)	500,337
Food and kitchen	284,024	-	-	284,024	-	7,885	7,885	291,909	-	-	291,909
Special events	-	-	-	-	-	187,795	187,795	187,795	-	-	187,795
Professional services	-	-	125	125	73,715	4,670	78,385	78,510	78,860	-	157,370
Insurance	21,820	25,341	21,820	68,981	21,820	-	21,820	90,801	87,817	-	178,618
Dues and subscriptions	28,895	279	29,789	58,963	56,066	9,701	65,767	124,730	4,697	-	129,427
Miscellaneous	2,794	4,481	8,978	16,253	94,627	736	95,363	111,616	4,870	-	116,486
Office supplies and other	1,806	9,467	6,395	17,668	39,757	13,889	53,646	71,314	1,488	-	72,802
Vehicle and related	21,298	-	59,299	80,597	-	-	-	80,597	-	-	80,597
Equipment rental and maintenance	19,851	6,836	2,954	29,641	28,270	-	28,270	57,911	16,319	-	74,230
Equipment depreciation	21,741	27,029	1,763	50,533	4,113	4,112	8,225	58,758	-	-	58,758
Transportation and local travel	2,165	8,559	66,818	77,542	648	2,137	2,785	80,327	-	-	80,327
Bank charges and fees	-	-	-	-	22,226	15,035	37,261	37,261	49	-	37,310
Education and seminars	2,955	484	-	3,439	19,441	20	19,461	22,900	-	-	22,900
Meals and entertainment	644	676	-	1,320	2,329	21	2,350	3,670	-	-	3,670
Printing and postage	48	182	293	523	3,338	15,466	18,804	19,327	-	-	19,327
Advertising and promotional	-	-	408	408	6,359	-	6,359	6,767	-	-	6,767
Laundry	3,754	-	-	3,754	-	-	-	3,754	432	-	4,186
Total other	<u>501,029</u>	<u>142,429</u>	<u>1,835,744</u>	<u>2,479,202</u>	<u>393,456</u>	<u>354,696</u>	<u>748,152</u>	<u>3,227,354</u>	<u>381,203</u>	<u>(178,402)</u>	<u>3,430,155</u>
Total expenses	<u>\$ 3,573,142</u>	<u>\$ 2,460,018</u>	<u>\$ 3,484,609</u>	<u>\$ 9,517,769</u>	<u>\$ 1,312,735</u>	<u>\$ 1,231,693</u>	<u>\$ 2,544,428</u>	<u>\$ 12,062,197</u>	<u>\$ 2,949,920</u>	<u>\$ (1,237,049)</u>	<u>\$ 13,775,068</u>

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

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

Notes to Combining Financial Statements
June 30, 2022 and 2021

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 206 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 2022 and 2021. 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 4 and 12) 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.
D/B/A NEW ENGLAND CENTER AND HOME FOR VETERANS AND AFFILIATES**

Notes to Combining Financial Statements
June 30, 2022 and 2021

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.

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. 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, Cash Equivalents and Restricted Cash

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, 2022 and 2021. For the purpose of the combining statements of cash flows, cash and cash equivalents and restricted cash include restricted cash, tenant security deposits, and donor restricted endowment (see Note 5) and cash and cash equivalents with an initial maturity of three months or less.

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

Notes to Combining Financial Statements
June 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The reserve for uncollectible accounts was \$11,289 at June 30, 2022 and 2021.

Funds Held for Other

NECHV serves as a fiscal agent for another third-party organization. Cash received on behalf of this organization but not yet distributed is recorded as funds held for other in the accompanying combining statements of financial position as of June 30, 2022 and 2021.

Investment in LLC

NECHV maintains an equity investment in the Powderhorn Veterans Housing LLC (the LLC) (see Note 3). NECHV does not maintain control of the LLC and accounts for this investment using the equity method of accounting. Under the equity method, the investment is initially recorded at cost and then increased or decreased by the share of income or loss of the LLC. Distributions of cash reduce the carrying value of the investment. NECHV periodically assesses the carrying balance of its investment in the LLC for possible impairment. No impairment loss for investment in the LLC was recognized during fiscal years 2022 and 2021.

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 \$1,234,854 and \$1,227,747 for the years ended June 30, 2022 and 2021, 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 2022 and 2021.

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.

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

Notes to Combining Financial Statements
June 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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>2022</u>	<u>2021</u>
Donor restricted endowment funds held in perpetuity (see Note 7)	\$ 250,000	\$ 250,000
Other restricted program support	55,441	130,791
Appreciation on donor restricted endowment funds held in perpetuity (see Note 7)	4,798	4,416
Restricted for repairs	<u>-</u>	<u>42,672</u>
Total	<u>\$ 310,239</u>	<u>\$ 427,879</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 BF Garden Multifamily Tax Credit Fund II, A Limited Partnership (formerly, Boston Capital Multifamily Tax Credit Fund II, A Limited Partnership) (a subsidiary of Boston Financial (formerly, Boston Capital)) 99.99% interest in CSVH LLC (see Note 4). In December 2020, Boston Capital was acquired by Boston Financial. All terms and conditions of the original operating agreement dated April 30, 2015, have remained in place with Boston Financial.

Revenue Recognition

The Organization generally measures revenue for qualifying exchange transactions based on the amount of consideration the Organization expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Organization satisfies their performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance.

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Notes to Combining Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Organization evaluates their revenue contracts with customers based on the five-step model under *Revenue from Contracts with Customers (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.

In accordance with Topic 606, NECHV recognizes property management and supportive services fees (collectively, service fees) for services provided to CSVH LLC. Services are generally provided on an annual basis incident to separate agreements (see Note 4). 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. Service fees are generally recognized in one fiscal year and are shown as service fees in the accompanying combining statements of activities. Compensation is generally fixed under the relevant agreement, but may contain variable components in the case of certain management services. See Note 4 for additional disclosures related to fees earned and outstanding under these agreements.

Patient service revenue 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 \$64,212 and \$160,683 for the years ended June 30, 2022 and 2021, respectively, and is shown as patient service revenue in the accompanying combining statements of activities. Patient service revenue outstanding was \$7,178 and \$16,604 as of June 30, 2022 and 2021, respectively, and is included in grants and contracts receivable in the accompanying combining statements of financial position.

Special event income is derived from the Organization's performance to host its annual gala and other fundraising events in which revenues are recognized at the time of the events. Special event income consists of both contributions and sales. The contribution portion of the special event income is recognized as revenue when unconditionally committed or received in accordance with ASC Subtopic 958-605, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The sales portion of the special event income is derived from various components, including ticket sales from these events held in which the transaction price is determined annually in accordance with Topic 606. Ticket sales for these events are set by the Organization and have not been allocated as these events are each considered to be one performance obligations. Total special event income was \$695,361 and \$596,496 for the years ended June 30, 2022 and 2021, respectively, which is included in contributions and special events in the accompanying combining statements of activities.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Fees collected in advance of the special event are initially recorded as deferred revenue (contract liabilities) and are only recognized in the combining statements of activities after the special event has occurred and the performance obligation has been met. As of June 30, 2022 and 2021, there was \$186,301 and \$86,500, respectively, of fees collected for future events and are shown as deferred revenue in the accompanying combining statements of financial position.

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. 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.

A portion of the Organization's revenue is 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 17 for disclosure of the Organization's conditional awards at June 30, 2022 and 2021.

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's 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 related to the facilities that are occupied by tenants and are recognized on a straight line basis over the term of the leases. Interest and other income is recognized as earned.

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.

Advertising

The Organization expenses all advertising costs as incurred.

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Notes to Combining Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 rent, depreciation and insurance, which are allocated on a square footage basis; building supplies and other expenses, which are allocated based upon an estimate of usage; and salaries, fringe benefits and payroll taxes, contract labor, repairs and maintenance, office supplies and other, dues and subscriptions, utilities and miscellaneous, which are allocated on the basis of estimates of time and effort.

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, 2022 and 2021. However, the Organization's information returns are subject to examination by the appropriate jurisdictions.

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.

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. Peripheral or incidental transactions are reported as non-operating revenues (expenses).

Subsequent Events

Subsequent events have been evaluated through October 28, 2022, 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. INVESTMENT IN LLC

NECHV has an investment in the LLC (see page 12) for 50% interest in the capital, income, losses and cash flow of the LLC. NECHV's net investment in the LLC was as follows as of June 30:

	<u>2022</u>	<u>2021</u>
Net investment, beginning of year	\$ 139,984	\$ 29,434
Capital contributions	-	192,000
Share of loss	<u>(13,501)</u>	<u>(81,450)</u>
Net investment, end of year	<u>\$ 126,483</u>	<u>\$ 139,984</u>

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Notes to Combining Financial Statements
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4. RELATED PARTY TRANSACTIONS

Board Member

A member of NECHV's Board of Directors owns a temporary staffing company. Fees of \$13,578 and \$18,171 were incurred under a contract with this staffing company for the years ended June 30, 2022 and 2021, respectively.

Capital Contributions

Boston Financial holds a 99.99% interest in the capital, tax credits, income, losses, and cash flow of CSVH LLC. As of June 30, 2022 and 2021, Boston Financial 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 and page 18), \$1,121,849 was cash, and \$1,500,000 was assumption of existing debt related to the Property (see Note 8).

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, 2022 and 2021, 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 four promissory note agreements (collectively, the Notes) with CSVH LLC. The Notes and related deferred interest are eliminated in the accompanying combining financial statements.

The Notes are as follows at June 30, 2022 and 2021:

- 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 above). 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. During fiscal years 2022 and 2021, CSVH LLC made a payment of deferred interest to NECHV of \$342,316 and \$842,984, respectively. This note is secured by a shared third mortgage on the Property. Deferred interest expense on this note was \$334,841 and \$333,596 for the years ended June 30, 2022 and 2021, respectively.

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Notes to Combining Financial Statements
June 30, 2022 and 2021

4. RELATED PARTY TRANSACTIONS (Continued)

Notes and Interest Receivable/Payable - Affiliate (Continued)

- 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:

<u>Note Payable</u>	<u>June 30, 2022</u>		<u>June 30, 2021</u>	
	<u>Principal Balance</u>	<u>Deferred Interest</u>	<u>Principal Balance</u>	<u>Deferred Interest</u>
Seller Note	\$ 9,878,151	\$ 1,059,041	\$ 9,878,151	\$ 1,066,516
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>\$ 1,059,041</u>	<u>\$ 20,098,219</u>	<u>\$ 1,066,516</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 was deferred and bore no interest, and was 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). During fiscal year 2021, the outstanding developer fees of \$989,000 was paid in full.

Construction Advance

As of June 30, 2022 and 2021, NECHV had advanced CSVH LLC \$1,150,000, which was the developer overhead previously collected from CSVH LLC, to fund certain construction costs of the Property (see page 19).

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Notes to Combining Financial Statements
June 30, 2022 and 2021

4. RELATED PARTY TRANSACTIONS (Continued)

Due to/from Affiliate

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

	<u>2022</u>	<u>2021</u>
Current portion:		
Operations advances	\$ 61,321	\$ -
Rent	57,844	-
Service fees	<u>12,157</u>	<u>-</u>
Total current portion	<u>\$ 131,322</u>	<u>\$ -</u>
Long-term portion:		
Construction advance (see page 18)	\$ 1,150,000	\$ 1,150,000
Less - valuation allowance	<u>800,000</u>	<u>800,000</u>
Total long-term portion	<u>\$ 350,000</u>	<u>\$ 350,000</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 \$76,495 and \$73,559 under this agreement for the years ended June 30, 2022 and 2021, respectively. During fiscal years 2022 and 2021, CSVH LLC paid NECHV \$70,088 and \$360,541, respectively, against the outstanding balance of the fees.

Asset Management Fee

CSVH LLC has an agreement with Boston Financial 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, 2022 and 2021, were \$5,514 and \$5,519, respectively. Asset management fees payable as of June 30, 2022 and 2021, were \$5,514 and \$5,519, respectively, and are included in accounts payable and accrued expenses in the accompanying combining statements of financial position. 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 2022 and 2021, 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 13). NECHV earned \$72,455 and \$104,843 during fiscal years 2022 and 2021, respectively. During fiscal years 2022 and 2021, CSVH LLC paid NECHV \$66,705 and \$366,320, respectively, against the outstanding balance of the fees.

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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 years 2022 or 2021.

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 \$693,426 and \$692,676 for the years ended June 30, 2022 and 2021, respectively. Rent payable to CSVH LLC was \$57,844 as of June 30, 2022 (see page 19). During fiscal years 2022 and 2021, NECHV paid \$635,582 and \$4,184,559, respectively, of outstanding rent to CSVH LLC. 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>2022</u>	<u>2021</u>
NECHV:		
Donor restricted endowment (see Note 7)	<u>\$ 250,000</u>	<u>\$ 250,000</u>
CSVH LLC:		
Operating reserve	\$ 486,374	\$ 486,276
Tenant security deposits	84,744	76,867
Replacement reserve	<u>84,229</u>	<u>50,262</u>
Total restricted cash	655,347	613,405
Less - current portion	<u>84,744</u>	<u>76,867</u>
Non-current portion	<u>\$ 570,603</u>	<u>\$ 536,538</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, 2022 and 2021, the interest rate was approximately 0.02% and 0.05%, respectively.

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5. RESTRICTED CASH (Continued)

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 of \$50,000, 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 2022, CSVH LLC made the required deposits of \$33,950. During fiscal year 2021, Boston Financial waived the annual deposits.

Operating Reserve

CSVH LLC is required to maintain an operating reserve. CSVH LLC has made the initial deposit of \$483,617 (the minimum balance) into a segregated, interest bearing account, which is held by Boston Financial to secure the Managing Member's obligation to fund operating deficits. The funds will be released by Boston Financial to pay operating expenses only after achievement of certain conditions as specified in the Operating Agreement. The operating reserve will be closed by Boston Financial 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>2022</u>	<u>2021</u>
Land	\$ 2,388,997	\$ 2,388,997
Building and improvements	42,877,374	42,869,745
Furniture, fixtures and equipment	1,791,957	1,791,957
Vehicles	<u>117,956</u>	<u>117,956</u>
	47,176,284	47,168,655
Less - accumulated depreciation	<u>7,811,355</u>	<u>6,576,501</u>
	<u>\$ 39,364,929</u>	<u>\$ 40,592,154</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, 2022 and 2021, 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.

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Notes to Combining Financial Statements
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7. ENDOWMENT FUNDS (Continued)

A reconciliation of endowment activity is as follows as of June 30:

	<u>2022</u>	<u>2021</u>
Endowment net assets, beginning of year	\$ 254,416	\$ 254,035
Interest	<u>382</u>	<u>381</u>
Endowment net assets, end of year	<u>\$ 254,798</u>	<u>\$ 254,416</u>

8. NOTES PAYABLE AND LINE OF CREDIT

Notes payable consist of the following at June 30:

CSVH LLC	<u>2022</u>	<u>2021</u>
Non-interest bearing note payable to the Commonwealth of Massachusetts, acting by and through the Department of Housing and Community Development (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	1,000,000

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8. NOTES PAYABLE AND LINE OF CREDIT (Continued)

CSVH LLC (Continued)	<u>2022</u>	<u>2021</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	7,983,318
Less - unamortized debt issuance costs (see Note 9)	<u>96,485</u>	<u>100,423</u>
Total CSVH LLC	7,886,833	7,882,895
 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>\$ 8,386,833</u>	<u>\$ 8,382,895</u>

Payments are only due for the notes above and on page 22 based on cash flow from operations (see Note 13). There are no fixed and determinable payments of principal for the above notes and on page 22 over the next five years. There are no payments due in 2023 based on 2022 cash flow. There were no payments due in 2022 based on 2021 cash flow.

The Organization is required to comply with certain covenants as described in the notes payable agreements. The Organization was in compliance with these covenants as of June 30, 2022 and 2021.

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) (0.18% at June 30, 2021), plus 3.25%. Effective no later than January 1, 2023, interest became payable at the overnight Bloomberg Short-Term Bank Yield (BSBY) 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, 2022 and 2021. This line of credit is renewable annually in October. 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, 2022 and 2021.

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9. 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 8) will be amortized over thirty years. Amortization of debt issuance costs was \$3,938 for the years ended June 30, 2022 and 2021, and is included in interest in the accompanying combining statements of functional expenses.

Debt issuance costs consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Debt issuance costs	\$ 118,144	\$ 118,144
Accumulated amortization	<u>(21,659)</u>	<u>(17,721)</u>
Debt issuance costs, net	<u>\$ 96,485</u>	<u>\$ 100,423</u>

Amortization of debt issuance costs is expected to be approximately \$3,900 for the next five years.

10. 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 years ended June 30, 2022 and 2021, NECHV made discretionary contributions of \$78,974 and \$39,760, respectively, to the plan, which is included in fringe benefits and payroll taxes in the accompanying combining statements of functional expenses.

11. 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.

12. CONTINGENCIES

Lawsuits

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.

Coronavirus Pandemic (COVID-19)

During fiscal years 2022 and 2021, COVID-19 was recognized as a global pandemic. The impact of COVID-19 on the Organization's future operations will depend upon, among other things, the duration, spread and intensity of the pandemic, related government responses such as required physical distancing, restrictions on business operations and travel, the pace of recovery of economic activity, and the impact to its constituents, all of which are uncertain and impossible to predict. The financial impact to the Organization, if any, cannot be reasonably estimated at this time.

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12. CONTINGENCIES (Continued)

Others

CSVH LLC was awarded low-income housing tax credits (LIHTC) (a maximum of approximately \$1,000,000) 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 (the Commonwealth), DHCD for a minimum of fifteen years ending on April 30, 2030 (compliance period). CSVH LLC claims the tax credits on its tax return on an annual basis through the years ending December 31, 2026.

13. PROFIT AND LOSS ALLOCATIONS AND DISTRIBUTIONS – CSVH LLC

Profit and Loss Allocations

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

Distributions

Subject to any requisite approvals and terms of the CEDAC note payable (see Note 8), net cash flow for each calendar year-end or portion thereof will be distributed, as defined in the operating agreement, and is distributable as follows.

- 1) Payment in full to Boston Financial 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 Financial and 0.01% to the Managing Member.

During fiscal years 2022 and 2021, CSVH LLC made cash flow distributions, which was approved by Boston Financial, to pay down various amounts due to NECHV (see Note 4).

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13. 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 Financial 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 Financial, .001% to BCCC, Inc., and .01% to the Managing Member.

14. 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>2022</u>		<u>2021</u>	
	<u>Operating</u>	<u>CSVH LLC</u>	<u>Operating</u>	<u>CSVH LLC</u>
Cash and cash equivalents	\$ 3,652,176	\$ 102,239	\$ 2,773,906	\$ 231,736
Grants and contracts receivable	<u>901,995</u>	<u>-</u>	<u>1,377,919</u>	<u>-</u>
	<u>\$ 4,554,171</u>	<u>\$ 102,239</u>	<u>\$ 4,151,825</u>	<u>\$ 231,736</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 approximately 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 the Organization. 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 the Organization to be general obligations, including the payment of debt service, if any, and contribution to reserves.

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14. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (Continued)

In addition to the financial assets available to the Organization 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 the Organization 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. CSVH LLC also has an operating reserve, included in restricted cash (see Note 5), which can be used to fund operating expenses as per the operating agreement.

15. FUNDING

The Organization receives a significant portion of its operating revenue (approximately 39% and 40% in fiscal years 2022 and 2021, respectively) from the U.S. Department of Veterans Affairs (VA) 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 24% and 21% in fiscal years 2022 and 2021, respectively) for providing transitional services. All grants and contracts are subject to audit by the awarding agency. 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, 2022 and 2021, 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	2022	2021
DVS	50%	44%
VA	18%	36%
City of Boston	27%	8%

The Organization also receives funding from various other governmental agencies to provide an array of services to veterans. These grants and contracts have been expended in accordance with the respective terms contained in the agreements.

16. PAYCHECK PROTECTION PROGRAM LOAN

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 were used to pay certain payroll costs, including benefits as well as utilities during the covered period as defined in the CARES Act. During fiscal year 2021, NECHV submitted the application for forgiveness and received formal forgiveness of the note thus being legally released from the obligation and is shown as forgiveness of debt in the accompanying fiscal year 2021 combining statement of activities.

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17. GRANTS AND CONTRACTS - CONDITIONAL

NECHV has been awarded multiple contracts with various government agencies through fiscal years 2022 and 2021. These commitments are considered conditional under ASC Topic 958, as NECHV must incur qualified costs or meet performance requirements prior to recognizing revenue. Total grants committed but not recognized as of June 30, 2022 and 2021, summarized by agency, are as follows:

	<u>2022</u>	<u>2021</u>
U.S. Department of Veterans Affairs	\$ 7,565,185	\$ 5,158,026
Massachusetts Department of Veteran Services	488,384	-
City of Boston, Department of Neighborhood Development	428,072	4,926
City of Boston	<u>168,500</u>	<u>-</u>
Total	<u>\$ 8,650,141</u>	<u>\$ 5,162,952</u>

18. RECLASSIFICATION

Certain amounts in the fiscal year 2021 combining financial statements have been reclassified to conform with the fiscal year 2022 presentation.