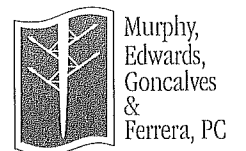


BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2012

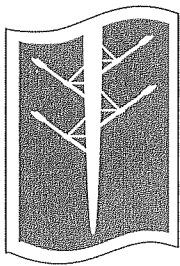


BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

FOR THE YEAR ENDED JUNE 30, 2012

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Murphy,
Edwards,
Goncalves
&
Ferrera, PC

*Certified Public Accountants
and Business Advisors*

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Boston Chinatown Neighborhood Center, Inc.

We have audited the accompanying statement of financial position of Boston Chinatown Neighborhood Center, Inc. ("BCNC", a nonprofit organization) as of June 30, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of BCNC's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from BCNC's 2011 financial statements, and in our report dated October 12, 2011, we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BCNC's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BCNC as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2012, on our consideration of BCNC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is

INDEPENDENT AUDITORS' REPORT

(Continued)

an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards, is presented for purposes of additional analysis, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Murphy, Edwards, Doncalves & Furea, PC

Southborough, Massachusetts
October 18, 2012

BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2012

(With Comparative Totals as of June 30, 2011)

	2012	2011
ASSETS		
CURRENT ASSETS:		
Cash (Note 2)	\$ 1,331,173	\$ 1,581,940
Investments (Notes 2 and 4)	465	10,845
Accounts Receivable (Note 2)	109,517	103,579
Grants Receivable (Note 5)	90,000	137,500
Pledges Receivable (Note 6)	125,958	-
Other Receivables (Notes 9 and 18)	121,641	157,794
Agency Funds (Note 8)	123,532	129,596
Prepaid Expenses	<u>76,719</u>	<u>66,477</u>
Total Current Assets	<u>1,979,005</u>	<u>2,187,731</u>
PROPERTY AND EQUIPMENT, NET (Notes 2 and 10)	<u>2,607,563</u>	<u>2,669,586</u>
OTHER ASSETS:		
Endowment Funds (Notes 2, 7 and 14)	101,703	102,453
Grants Restricted for Long Term Purposes (Note 5)	<u>25,000</u>	<u>-</u>
Total Other Assets	<u>126,703</u>	<u>102,453</u>
TOTAL ASSETS	<u>\$ 4,713,271</u>	<u>\$ 4,959,770</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accrued Expenses	\$ 163,120	\$ 193,673
Accrued Payroll	88,664	81,434
Accrued Vacation	52,775	37,977
Advances From Funding Source (Notes 9 and 18)	114,030	129,030
Service Fee Advances (Note 11)	34,182	46,543
Funds Held in Trust (Note 8)	<u>123,532</u>	<u>129,596</u>
Total Current Liabilities	<u>576,303</u>	<u>618,253</u>
NET ASSETS:		
Unrestricted (Notes 2 and 12):		
General	3,057,070	3,323,029
Board Designated	500,000	500,000
Temporarily Restricted (Notes 2 and 13)	377,445	416,035
Permanently Restricted (Notes 2 and 14)	<u>202,453</u>	<u>102,453</u>
Total Net Assets	<u>4,136,968</u>	<u>4,341,517</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,713,271</u>	<u>\$ 4,959,770</u>

See Accompanying Auditors' Report and Notes To Financial Statements

BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

(With Comparative Totals for the Year Ended June 30, 2011)

	Unrestricted				2012	2011
	General	Board Designated	Temporarily Restricted	Permanently Restricted	Total	Total
SUPPORT AND REVENUE						
Contributions:						
Individuals	\$ 181,401	\$ -	\$ 75,000	\$ 100,000	\$ 356,401	\$ 245,197
Grants	531,209	-	302,445	-	833,654	655,752
Special Events	254,788	-	-	-	254,788	230,870
Released From Restriction	416,035	-	(416,035)	-	-	-
Service Fees:						
Contracts	1,652,798	-	-	-	1,652,798	1,670,575
Parent Fees	749,101	-	-	-	749,101	662,950
Other Service Fees	97,371	-	-	-	97,371	85,223
Interest and Dividends	5,041	-	-	-	5,041	10,002
Realized and Unrealized Gain (Loss)	(749)	-	-	-	(749)	890
Total Support and Revenue Before In-Kind	3,886,995	-	(38,590)	100,000	3,948,405	3,561,459
In-Kind (Note 2)	836,030	-	-	-	836,030	1,323,720
Total Support and Revenue	<u>4,723,025</u>	<u>-</u>	<u>(38,590)</u>	<u>100,000</u>	<u>4,784,435</u>	<u>4,885,179</u>
FUNCTIONAL EXPENSES						
Program Expenses:						
Family Child Care Program	398,654	-	-	-	398,654	369,192
Acom Center for Early Education and Care	1,026,791	-	-	-	1,026,791	952,937
Red Oak After School Program	565,554	-	-	-	565,554	588,701
Oak Street Youth Program	449,732	-	-	-	449,732	355,457
Arts Enrichment	108,730	-	-	-	108,730	109,485
Adult Education Program	679,094	-	-	-	679,094	637,276
Recreation and Fitness Program	224,607	-	-	-	224,607	183,223
Family Services	175,899	-	-	-	175,899	144,450
Total Program Expense	<u>3,629,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,629,061</u>	<u>3,340,721</u>
Support Services:						
General and Administrative	1,018,398	-	-	-	1,018,398	1,431,623
Fundraising	341,525	-	-	-	341,525	273,116
Total Support Services	<u>1,359,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,359,923</u>	<u>1,704,739</u>
TOTAL FUNCTIONAL EXPENSES	<u>4,988,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,988,984</u>	<u>5,045,460</u>
INCREASE (DECREASE) IN NET ASSETS	(265,959)	-	(38,590)	100,000	(204,549)	(160,281)
NET ASSETS - BEGINNING OF YEAR	<u>3,323,029</u>	<u>500,000</u>	<u>416,035</u>	<u>102,453</u>	<u>4,341,517</u>	<u>4,501,798</u>
NET ASSETS - END OF YEAR	<u>\$ 3,057,070</u>	<u>\$ 500,000</u>	<u>\$ 377,445</u>	<u>\$ 202,453</u>	<u>\$ 4,136,968</u>	<u>\$ 4,341,517</u>

See Accompanying Auditors' Report and Notes To Financial Statements

BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2012

(With Comparative Totals for the Year Ended June 30, 2011)

	Program Services										Support Services		2011 Total
	Family Child Care	Acorn Ctr. for Early Ed. and Care	Red Oak After School	Oak Street Youth Center	Arts Enrichment	Adult Education Program	Recreation and Fitness Program	Family Services	Total Program Services	General and Admin.	Fundraising	2012 Total	
Salaries and Wages	\$ 105,376	\$ 648,728	\$ 328,465	\$ 221,316	\$ 50,287	\$ 426,121	\$ 42,896	\$ 125,875	\$ 1,949,064	\$ 275,834	\$ 205,339	\$ 2,430,237	\$ 2,164,565
Payroll Taxes	8,606	55,271	28,849	18,934	4,579	36,681	4,233	11,496	168,649	24,471	20,125	213,245	193,776
Benefits	16,559	106,502	55,593	36,596	8,829	70,716	8,139	22,159	334,893	48,086	38,577	411,356	371,174
Total Salaries and Related Expenses	130,541	810,501	412,707	276,846	63,695	533,518	55,268	159,530	2,442,606	348,391	265,841	3,054,838	2,729,515
Advertising	67	435	907	380	250	2,243	-	-	4,282	1,410	2,063	7,755	5,035
Bad Debt	-	4,314	-	-	-	-	-	-	4,314	1,843	-	6,157	1,285
Bank Charges	20	211	-	387	70	-	-	-	688	15,003	391	16,082	11,701
Consultants	6,008	11,052	11,718	23,335	29,065	12,635	2,197	3,848	99,858	22,211	348	122,417	93,122
Depreciation	-	32,665	-	12,011	-	19,216	-	-	63,892	31,463	959	96,314	108,878
Equipment Rental	1,348	8,099	3,698	2,577	702	4,571	708	(546)	21,157	142	2,676	23,975	25,001
Field Trips	-	135	7,512	2,042	121	-	-	48	9,858	-	-	9,858	11,913
Food	1,083	37,839	24,754	3,249	249	415	329	2,133	70,051	5,136	432	75,619	65,607
Insurance	489	8,750	1,028	3,280	163	5,627	292	706	20,315	7,109	916	28,340	25,590
Miscellaneous	-	-	-	-	-	-	35	-	35	(231)	-	(196)	3,778
Office Supplies	1,059	7,359	3,853	3,055	637	5,070	1,374	1,564	23,971	4,815	3,728	32,514	25,431
Payroll Processing	353	2,477	1,282	919	197	1,708	365	487	7,788	1,266	862	9,916	9,860
Permits and Fees	-	1,885	10	-	-	-	-	-	1,895	298	-	2,292	2,292
Postage	150	45	36	-	63	-	-	396	690	881	746	2,317	6,298
Printing	-	-	-	-	119	-	-	-	119	1,707	8,044	9,870	12,073
Professional Fees	816	5,739	2,979	2,131	456	3,962	860	1,127	18,070	2,938	1,992	23,000	22,500
Program and Other Supplies	4,304	21,150	12,906	11,051	1,967	27,121	4,605	2,573	85,677	5,754	9,331	100,762	83,913
Providers	245,224	-	-	-	-	-	-	-	245,224	-	-	245,224	218,943
Rent	731	26,428	184	9,135	-	1,436	-	-	1,436	1,000	-	2,436	3,000
Repairs and Maintenance	-	-	-	7,918	-	14,617	-	1,096	52,191	22,246	731	75,168	60,778
Special Events	-	334	-	-	-	-	-	-	8,252	10,186	40,539	58,977	41,472
Staff Training	5,332	1,153	1,860	1,648	52	2,035	107	1,120	13,307	6,329	1,796	21,432	21,410
Telephone and Internet	165	5,459	-	2,068	-	3,308	-	248	11,248	5,128	165	16,541	17,117
Travel and Transportation	-	98	7,404	5,717	105	331	953	123	14,731	146	15,043	15,043	10,356
Utilities	964	31,812	-	12,050	-	19,281	-	1,446	65,533	29,885	964	96,402	104,872
Total Before In-Kind	398,654	1,017,920	492,838	379,799	97,911	657,094	67,093	175,899	3,287,208	525,056	340,690	4,152,954	3,721,740
In-Kind (See Note 2):	-	-	-	-	-	-	-	-	-	-	-	-	-
Salaries and Wages	-	8,871	10,076	48,341	10,819	-	153,314	-	231,421	112,055	-	343,476	288,111
Advertising	-	-	-	-	-	-	-	-	-	338,869	-	338,869	903,434
Facilities	-	-	49,600	-	-	22,000	4,200	-	75,800	41,600	-	117,400	113,804
T-Passes and Other	-	-	13,040	21,592	-	-	-	-	34,632	818	835	36,285	18,371
Total In-Kind	-	8,871	72,716	69,933	10,819	22,000	157,514	-	341,853	493,342	835	836,030	1,323,720
Total	\$ 398,654	\$ 1,026,791	\$ 565,554	\$ 449,732	\$ 108,730	\$ 679,094	\$ 224,607	\$ 175,899	\$ 3,629,061	\$ 1,018,398	\$ 341,525	\$ 4,988,984	\$ 5,045,460

See Accompanying Auditors' Report and Notes To Financial Statements

BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2012

(With Comparative Totals for the Year Ended June 30, 2011)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in Net Assets	\$ (204,549)	\$ (160,281)
Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:		
Depreciation	96,314	108,878
Bad Debt Expense	6,157	1,285
Realized and Unrealized (Gains) Losses on Investments	749	(890)
Donated Stock	(4,119)	(100,222)
(Increase) Decrease in Current & Other Assets:		
Accounts Receivable	(12,095)	34,134
Grants Receivable	47,500	(3,066)
Pledges Receivable	(125,958)	-
Other Receivables	36,153	114,500
Agency Funds	6,064	(97,270)
Prepaid Expenses	(10,242)	(5,564)
Grants Restricted for Long Term Purposes	(25,000)	141,400
Increase (Decrease) in Current Liabilities:		
Accrued Expenses	(30,553)	(22,701)
Accrued Payroll	7,230	(39,672)
Accrued Vacation	14,798	8,135
Advances From Funding Source	(15,000)	(15,000)
Service Fee Advances	(12,361)	(11,054)
Funds Held in Trust	(6,064)	97,270
Net Cash Provided (Used) by Operating Activities	<u>(230,976)</u>	<u>49,882</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales of Investments	14,500	17,009
Purchases of Investments	-	(104)
Purchases of Furniture and Equipment	<u>(34,291)</u>	<u>(30,436)</u>
Net Cash Used by Investing Activities	<u>(19,791)</u>	<u>(13,531)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(250,767)	36,351
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,581,940</u>	<u>1,545,589</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,331,173</u>	<u>\$ 1,581,940</u>

See Accompanying Auditors' Report and Notes To Financial Statements

BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES

The Agency was incorporated in 1969 as the Quincy School Community Council, Inc. In May 2002, the agency filed articles with the Secretary of the Commonwealth to change its corporate name to the Boston Chinatown Neighborhood Center, Inc. (BCNC). The stated purpose of BCNC is to be a community center for Boston's Chinatown community. The mission of BCNC is to provide services that help the children, youth and families they serve to attain greater economic stability and social well-being. BCNC serves the greater Boston area at a primary service site in Boston's Chinatown, and a satellite service site in the neighboring City of Quincy.

The Acorn Center for Early Education and Care provides bilingual Cantonese/English full day child care for toddlers and preschoolers. Acorn program hours are year-round, Monday through Friday from 7:30 a.m. to 5:30 p.m. and the program is accredited by the National Association for the Education of Young Children (NAEYC) and licensed by the state's Department of Early Education and Care (EEC). Acorn offers children a safe and nurturing environment and an educational curriculum that is inclusive of the heritage of all children.

The Red Oak After School Program provides licensed year round after school care, education and enrichment services for school age children, and expands to full-day programming during public school vacations and the summer months. Red Oak has a strong multicultural and arts focus and provides homework instruction, recreational and enrichment activities, and acculturation support for children of all backgrounds. Red Oak is licensed by EEC.

Family Child Care recruits, trains and licenses Chinese speaking Asian Americans interested in opening family child care businesses, and provides ongoing professional support to those who are already licensed. The program runs the first and only state funded Chinese family child care system in Massachusetts and provides over 30 subsidized child care slots for low income families.

The Adult Education Program provides a bilingual Cantonese/English and English only classroom program, a peer tutoring program for beginning level students, a volunteer tutoring program, computer literacy, citizenship classes, and educational counseling, referral and advocacy services.

The Recreation and Fitness Program provides fitness, instructional, and recreational activities through its gymnasium, exercise room, and pool for those ages 4 years and up. Activities include swim lessons, sports clinics and leagues, tournaments, and fitness classes.

BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(Continued)

NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

The Oak Street Youth Center provides youth programming including leadership, skill-building, and academic activities for young people ages 11 to 18 years old. The program offers English as Second Language classes and tutoring, special interest “clubs” and workshops, recreational and life skills activities, and counseling, referral and advocacy services. Complementing these activities are unstructured drop-in times for young people to connect and learn from each other and from the staff.

The Family Services Program provides workshops, activities, advocacy, counseling and referral services for parents and families in need of support. The program works closely with other BCNC programs and external partners to provide comprehensive support for children and families. Services range from emergency counseling for families in crisis to educational workshops on parenting skills.

The Arts and Enrichment Program provides structured after school, evening and weekend classes and activities for community children, adults, and families. The program exposes participants to a wide range of arts including multimedia, visual, language, and performing arts, and creates intentional educational opportunities for BCNC children and the greater community.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Standards of Accounting and Reporting

The accounting and reporting policies of Boston Chinatown Neighborhood Center, Inc. conform with United States generally accepted accounting policies (GAAP) as codified in the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC).

BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted - Net assets which are subject to donor-imposed restrictions such that they be maintained permanently by the Organization.

Cash and Cash Equivalents

Boston Chinatown Neighborhood Center, Inc. considers all highly liquid investments with an initial maturity of nine months or less to be cash equivalents.

Accounts Receivable

Accounts receivable primarily consist of amounts due for work completed on various contracts secured from governmental agencies. Management expects that accounts receivable are fully collectible, based on historical performance, and therefore has not recognized any allowance for doubtful accounts. It is BCNC's policy to write off a receivable only after all collection efforts have been fully exhausted.

BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Equipment and Depreciation

Property and equipment are recorded at cost when purchased, or if donated, at their estimated fair market value at date of donation. All acquisitions of property and equipment in excess of \$500, including all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized. Depreciation is provided on a straight-line basis over the estimated useful lives of the depreciable assets. Depreciation expense for the years ended June 30, 2012 and 2011, is \$96,314 and \$108,878, respectively.

Allocation of Expenses

Expenses are allocated among program and supporting services directly or on the basis of time records and utilization estimates made by the Organization's management. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Use of Estimates

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

Reclassification of Financial Statement Presentation

Certain reclassifications have been made to the prior year financial statements to conform to the current year financial statement presentation. Such reclassifications have had no effect on the change in net assets as previously reported.

BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summarized Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

Promises to Give

Unconditional promises to give are recognized at net realizable value as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Donated Services and Facilities/In-Kind

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased. The Organization receives the services of various staff members who are paid by other entities in addition to the free use of the space. The City of Boston is the primary provider of donated personnel and space for program and administrative offices. The value of those services is included in the financial statements as are the contributed facilities and other in-kind contributions as highlighted below.

	2012	2011
Salaries and Wages	\$ 343,476	\$ 288,111
Advertising (Donated by Comcast)	338,869	903,434
T-Passes, Supplies and Professional Fees	36,285	18,371
Facilities	<u>117,400</u>	<u>113,804</u>
Total	<u>\$ 836,030</u>	<u>\$ 1,323,720</u>

BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services and Facilities/In-Kind (Continued)

Other donated services received that do not meet the criteria for recognition, include a substantial number of volunteers who have donated significant amounts of time on Boston Chinatown Neighborhood Center, Inc.'s behalf.

Revenue and Support

Revenue and support, including investment income, is recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets, if the restriction expires in the same reporting period in which the support is recognized.

Investment Policy and Guidelines

The investment goals and objectives are to identify, monitor and invest all surplus and restricted funds available for investment subject to (in order of priority):

Safety – The preservation of principal provided by the investment in high-quality instruments with minimum credit risk.

Liquidity – The investment in instruments with scheduled maturities that ensure the timely availability of cash to meet BCNC's operating and investing requirements.

Yield – The maximum return on investment consistent with safety and liquidity.

As of June 30, 2012, surplus and restricted funds are primarily invested in money market accounts, stated at fair value based on quoted market prices, which are Level 1 fair value measurement inputs. Endowment funds are maintained under an agency agreement with the Greater Worcester Community Foundation. (See Note 7.)

BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

All advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2012 and 2011 is \$7,755 and \$5,035, respectively.

Income Taxes

Under *FASB ASC 740-10*, an organization should recognize the tax benefit associated with uncertain tax positions taken for tax return purposes only when it is more likely than not the position will be sustained. Management does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits, interest or penalties. Fiscal years 2009 – 2011 are currently open for examination by taxing authorities.

Subsequent Events

Management has evaluated subsequent events through October 18, 2012, the date the financial statements were available to be issued. No significant subsequent events have been identified by management.

NOTE 3 TAX STATUS

Boston Chinatown Neighborhood Center, Inc. is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization qualifies for the charitable contributions deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(Continued)

NOTE 4 INVESTMENTS

Investments are held in a brokerage account and reviewed on a regular basis by management and the finance committee. The value of the uninsured money markets and securities are subject to market risk. The investments are carried at quoted market values as summarized below for the years ended June 30:

	2012	2011
Cash and Money Market Accounts	<u>\$ 465</u>	<u>\$ 10,845</u>

NOTE 5 GRANTS RECEIVABLE

Grants receivable consist of the following as of June 30:

	2012	2011
Amounts due in:		
Less than one year	\$ 90,000	\$ 137,500
One to five years	<u>25,000</u>	<u>-</u>
Total	<u>\$ 115,000</u>	<u>\$ 137,500</u>

Management has reviewed grants receivable as of June 30, 2012 and determined that there is no need for an allowance for doubtful accounts.

NOTE 6 PLEDGE RECEIVABLE

BCNC has a signed gift agreement with a donor which contains a pledge to BCNC of the value of an existing investment, including its accrued earnings. The estimated value of the investment is \$125,958, which has been recorded as a pledge receivable. It is the donor's intent that \$100,000 be held for endowment, and that the additional accrued earnings may be used for unrestricted purposes. BCNC's management expects to collect this pledge within the next year in full. Accordingly, no allowance for doubtful collection has been recorded.

BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(Continued)

NOTE 6 PLEDGE RECEIVABLE (Continued)

In connection with the Fuel Program (Families United in Educational Leadership), a donor has made a conditional promise to give to match participant savings accounts which BCNC holds in trust. If the participants meet all of the requirements of the FUEL policy, the donor will match \$1,500 per participant up to a maximum program commitment of \$30,000.

NOTE 7 ENDOWMENT FUNDS

On January 13, 2011, BCNC signed an agency fund endowment agreement with the Greater Worcester Community Foundation (the Foundation). Under the terms of the agreement, BCNC granted the Foundation variance power and legal ownership of the endowment funds in the amount of \$102,453, and, in exchange, BCNC will maintain a beneficial interest in the Fund and be eligible to receive an annual distribution in accordance with the Foundation's spending policy. As of June 30, 2012, the annual payout rate is 4% of the Fund's total market value averaged over twenty trailing quarters. However, the Foundation reserves the right to change the spending policy in its discretion and within the parameters established by law.

The fair market value of the endowment fund is \$101,703 as of June 30, 2012. BCNC requested a distribution of \$4,011, which was received in July 2012. Investment earnings are reported net of \$851 of management fees charged by the Foundation.

NOTE 8 FUNDS HELD IN TRUST

As of the year ended June 30, 2012, BCNC was acting as the fiscal sponsor for the Chinatown Coalition and the Friends of the Chinatown Library. Under the terms of the agreements, BCNC received advance funding and oversees the fiscal aspects of each pass-through grant. At year end, \$123,532 remains available for completion of these projects.

BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(Continued)

NOTE 9 OTHER RECEIVABLES/ADVANCES FROM FUNDING SOURCE

In prior years, the City of Boston provided advances totaling \$369,030 for the working capital of other community councils. The funds are non-interest bearing and are payable upon demand. Boston Chinatown Neighborhood Center, Inc., in turn, advanced these funds to an organization under contract to manage these funds as described in Note 15. An agreement dated June 22, 1995, established a schedule for repayment in full to the City. Beginning on April 1, 1995, and each consecutive year thereafter on April 1st, a payment of \$15,000 will be submitted until such time as the advance is paid in full. In the event that the contract is terminated, full payment of the outstanding balance will be due within 90 days. The outstanding balance totaled \$114,030 and \$129,030 as of June 30, 2012 and 2011, respectively.

Boston Chinatown Neighborhood Center, Inc. has been conducting negotiations with the Citywide Board of Boston Centers for Youth and Families (Citywide Board) and Community Management Assistance Corporation (CMAC) with regard to assigning all liabilities associated with the City of Boston advances to either Citywide Board or CMAC. The assignment of these liabilities would require the consent of the City of Boston.

NOTE 10 PROPERTY AND EQUIPMENT

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

	2012	2011
Land	\$ 225,000	\$ 225,000
Building and Improvements	2,833,906	2,816,361
Leasehold Improvements	16,066	16,066
Furniture and Equipment	<u>339,731</u>	<u>322,985</u>
Total Property and Equipment	3,414,703	3,380,412
Less: Accumulated Depreciation	<u>(807,140)</u>	<u>(710,826)</u>
Net Property and Equipment	<u>\$ 2,607,563</u>	<u>\$ 2,669,586</u>

Leasehold improvements include renovations made by BCNC associated with the in-kind space provided by the City of Boston.

BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(Continued)

NOTE 11 SERVICE FEE ADVANCES

Service fee advances consist of payments received for tuition in advance of the service dates, as well as advanced funding under contracts. As of June 30, 2012 and 2011, service fee advances totaled \$34,182 and \$46,543, respectively.

NOTE 12 BOARD DESIGNATED NET ASSETS

The board has designated \$500,000 of unrestricted net assets for family services programming. The designated balance is primarily invested in money market accounts, which are included in BCNC's cash balance.

NOTE 13 TEMPORARILY RESTRICTED NET ASSETS

As of June 30, temporarily restricted net assets consist of the following:

	2012	2011
Red Oak Program	\$ 30,000	\$ 40,750
Acorn Center for Early Education and Care	56,667	76,510
Youth Program	182,500	42,500
Adult Education Program	34,528	27,500
Enrichment and Summer Programs	45,000	76,400
Family Services	28,750	102,375
Operating Support	-	50,000
Total Temporarily Restricted Net Assets	<u>\$377,445</u>	<u>\$416,035</u>

Management expects that the majority of temporarily restricted net assets will be spent in accordance with program restrictions in fiscal year 2013.

BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(Continued)

NOTE 14 PERMANENTLY RESTRICTED NET ASSETS

As of June 30, permanently restricted net assets consist of the following:

	2012	2011
Family Services Endowment Fund	\$ 20,000	\$ 20,000
Chin Tunn Fon Endowment Fund	82,453	82,453
Fung Family Endowment Fund	<u>100,000</u>	<u>-</u>
Total Permanently Restricted Net Assets	<u>\$202,453</u>	<u>\$102,453</u>

These funds represent donor designated endowment contributions, whereby the original gifts must remain invested and may not be spent. The income generated from the family services endowment is restricted in support of that program. The income generated from the Chin Tunn Fon and Fung Family Endowment Funds may be spent at the discretion of the board of directors.

NOTE 15 CITY AND STATE CONTRACTS

For fiscal years 2012 and 2011, 35% and 39%, respectively, of BCNC's total support and revenue was derived from cost reimbursement or unit based contracts with the City of Boston and the Commonwealth of Massachusetts. These contracts are subject to annual appropriations by each of the jurisdictions. Contracts are recognized as revenue upon performance of activities. In some cases, the contracts have been restricted by the funding source as being only available for use in specific programs. These funds are normally expended as received and are recorded together with other unrestricted revenue. The Organization provides services under a variety of third-party agreements, many of which provide for current payment on a provisional basis, subject to cost reports and audits by the respective contracting parties.

NOTE 16 RETIREMENT SAVINGS PLAN

BCNC offers all eligible employees the opportunity to participate in its 403(b) Plan. The Plan allows employees to defer a portion of their compensation on a pre-tax basis for retirement. BCNC incurred no costs associated with the plan during the fiscal years ended June 30, 2012 and 2011.

BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(Continued)

NOTE 17 OPERATING LEASES

BCNC leases office equipment under two operating leases with Ikon Financial which will expire in March 2014 and May 2016. Equipment rental and maintenance fees under leases totaled \$23,975 and \$25,001 for the years ended June 30, 2012 and 2011, respectively. Future minimum lease payments are as follows for the years ending June 30:

2013	\$13,593
2014	\$11,288
2015	\$ 4,374
2016	\$ 4,374

NOTE 18 OTHER CONTRACTUAL OBLIGATIONS

Boston Chinatown Neighborhood Center, Inc. (BCNC) entered into a renewable contract with Boston Centers for Youth and Families (BCYF) to fiscally manage funds relating to programs at area community centers. BCNC subcontracted the fiscal management of these funds to Community Management Assistance Corporation (CMAC). The subcontract agreement with CMAC terminated on July 1, 2000 with CMAC assuming the fiscal management contract with BCYF. BCNC remitted all proceeds to CMAC during the reported years. These financial statements do not reflect BCYF activity, as BCNC was merely acting as an agent.

Community Management Assistance Corporation (CMAC) owes the BCNC funds advanced for its working capital needs totaling \$114,030 and \$129,030, as of June 30, 2012 and 2011, respectively. This balance is contained in the other receivables balance. These funds are non-interest bearing and are payable on demand. BCNC has informally deferred repayment of CMAC funds under the terms.

As discussed in Note 9, CMAC's debt to BCNC will be extinguished once the liabilities to the City of Boston are assigned to either CMAC or Citywide Board. The assignment of these liabilities was still under negotiation as of June 30, 2012.

BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

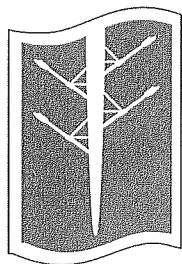
(Continued)

NOTE 19 CONCENTRATIONS OF CREDIT RISK

BCNC maintains its cash balances in various financial institutions in Boston, Massachusetts. The amount insured by the Federal Deposit Insurance Corporation is \$250,000 per bank. At June 30, 2012 and 2011, the uninsured cash balances totaled \$517,282 and \$706,797, respectively.

NOTE 20 LINE OF CREDIT

BCNC has a \$500,000 revolving line of credit with Sovereign Bank. The line of credit is charged interest based on the bank's prime rate plus 1.25%, and it is subject to being called on a demand basis. This line of credit is secured by all of BCNC's assets and will renew annually subject to the bank's review. As of the date of these financial statements, no advances have been made under this line of credit.



Murphy,
Edwards,
Goncalves
&
Ferrera, PC

*Certified Public Accountants
and Business Advisors*

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Boston Chinatown Neighborhood Center, Inc.

We have audited the financial statements of Boston Chinatown Neighborhood Center, Inc. (“BCNC”, a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated October 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of BCNC is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered BCNC’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BCNC’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

(Continued)

Compliance and Other Matters

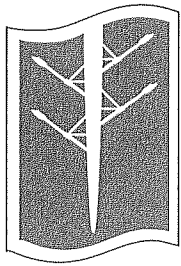
As part of obtaining reasonable assurance about whether BCNC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on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

We noted certain matters that we reported to management of BCNC in a separate letter dated October 18, 2012.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Murphy, Edwards, Goncalves & Ferreira, PC

Southborough, Massachusetts
October 18, 2012



Murphy,
Edwards,
Goncalves
&
Ferrera, PC

*Certified Public Accountants
and Business Advisors*

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors of
Boston Chinatown Neighborhood Center, Inc.

Compliance

We have audited Boston Chinatown Neighborhood Center's (BCNC) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on BCNC's major federal program for the year ended June 30, 2012. BCNC's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of BCNC's management. Our responsibility is to express an opinion on BCNC's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about BCNC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on BCNC's compliance with those requirements.

In our opinion, BCNC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

(Continued)

Internal Control Over Compliance

Management of BCNC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered BCNC's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of BCNC's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, Board of Directors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Murphy, Edwards, Goncalves & Ferreira, PC

Southborough, Massachusetts
October 18, 2012

BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

FEDERAL PASS-THROUGH GRANTOR Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Pass-through from Massachusetts Department of Education - Child and Adult Food Program	10.558	13-035-CF-230	<u>\$ 60,003</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Pass-through from Massachusetts Department of Early Education and Care - Child Care Program	93.596	600010BOSTONCHIN06IE 2012FLEXPOOL	77,192*
Pass-through from Massachusetts Department of Early Education and Care - Child Care Program	93.558	600010BOSTONCHIN06IE 2012FLEXPOOL	382,247*
Pass-through from Massachusetts Department of Early Education and Care - Voucher Child Care Program	93.575	600010BOSTONCHIN06IE 2012FLEXPOOL	<u>170,199*</u>
Total Department of Health and Human Services			<u>629,638</u>
U.S. DEPARTMENT OF EDUCATION			
Pass-through from Massachusetts Department of Elementary & Secondary Education - Adult ESL Program	84.002	359-009-7-2627-H	<u>165,712</u>

BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

(Continued)

FEDERAL PASS-THROUGH GRANTOR Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass-through from City of Boston, EDIC - School Age Program	14.218	DNDC08001	<u>36,000</u>
Total U.S. Department of Housing and Urban Development			<u>36,000</u>
 Total Expenditures of Federal Awards			 <u><u>\$891,353</u></u>

*Denotes a major program.

BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2012

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Boston Chinatown Neighborhood Center, Inc.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Boston Chinatown Neighborhood Center, Inc. were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award program for Boston Chinatown Neighborhood Center, Inc. expresses an unqualified opinion.
6. Not applicable.
7. The program tested as a major program:

Early Education and Care Program	CFDA #93.596, 93.558 and 93.575
----------------------------------	---------------------------------
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Boston Chinatown Neighborhood Center, Inc. did not qualify as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

NONE

BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2012

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

Finding 2011-01: Billing Rate for Private Pay Customers
Federal Agency: U.S. Department of Health & Human Services
Program: Early Education and Care
CFDA#: 93.558, 93.713, 93.596 and 93.575
Award Number: 600010BOSTONCHIN06IE & 2011FLEXPOOL
Award Year: July 1, 2010 through June 30, 2011

Condition

The finding was a significant deficiency which noted that the blended rate charged for private paying parents in the Red Oak Program was \$1.58 per day lower than the rate received per the contract with EEC.

Recommendation

The Organization should increase its rates to private paying individuals in the Red Oak Program such that they are paying at least the same blended rate as that paid by EEC.

Current Status

The recommendation was implemented in the current fiscal year. No similar findings were noted in the fiscal year 2012 audit.

BOSTON CHINATOWN NEIGHBORHOOD CENTER, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Boston Chinatown Neighborhood Center, Inc. (BCNC) under programs of the federal government for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of BCNC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of BCNC.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.