



**SOUTH BOSTON
NEIGHBORHOOD HOUSE, INC.**

**FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

SOUTH BOSTON NEIGHBORHOOD HOUSE, INC.

Contents
June 30, 2016 and 2015

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Independent Auditor's Report

To the Board of Directors of
South Boston Neighborhood House, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of South Boston Neighborhood House, Inc. (a Massachusetts corporation, not for profit) which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Boston Neighborhood House, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Alexander, Brown, Pinning & Co., P.C.

Boston, Massachusetts
August 23, 2016

SOUTH BOSTON NEIGHBORHOOD HOUSE, INC.

Statements of Financial Position
June 30, 2016 and 2015

Assets	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Current Assets:						
Cash	\$ 263,535	\$ 270,500	\$ 534,035	\$ 359,976	\$ 105,000	\$ 464,976
Cash - fiscal agent	57,263	-	57,263	37,501	-	37,501
Service contracts and grants receivable	323,387	-	323,387	132,377	120,000	252,377
Prepaid expenses	35,437	-	35,437	30,504	-	30,504
Total current assets	<u>679,622</u>	<u>270,500</u>	<u>950,122</u>	<u>560,358</u>	<u>225,000</u>	<u>785,358</u>
Property and Equipment, net	<u>1,003,110</u>	<u>-</u>	<u>1,003,110</u>	<u>1,042,897</u>	<u>-</u>	<u>1,042,897</u>
Total assets	<u>\$ 1,682,732</u>	<u>\$ 270,500</u>	<u>\$ 1,953,232</u>	<u>\$ 1,603,255</u>	<u>\$ 225,000</u>	<u>\$ 1,828,255</u>
Liabilities and Net Assets						
Current Liabilities:						
Accounts payable and accrued expenses	\$ 116,001	\$ -	\$ 116,001	\$ 81,248	\$ -	\$ 81,248
Fiscal agent payable	57,263	-	57,263	37,501	-	37,501
Total current liabilities	<u>173,264</u>	<u>-</u>	<u>173,264</u>	<u>118,749</u>	<u>-</u>	<u>118,749</u>
Net Assets:						
Unrestricted:						
Operating	492,358	-	492,358	426,014	-	426,014
Property and equipment	1,003,110	-	1,003,110	1,042,897	-	1,042,897
Board designated	14,000	-	14,000	15,595	-	15,595
Total unrestricted	<u>1,509,468</u>	<u>-</u>	<u>1,509,468</u>	<u>1,484,506</u>	<u>-</u>	<u>1,484,506</u>
Temporarily restricted	<u>-</u>	<u>270,500</u>	<u>270,500</u>	<u>-</u>	<u>225,000</u>	<u>225,000</u>
Total net assets	<u>1,509,468</u>	<u>270,500</u>	<u>1,779,968</u>	<u>1,484,506</u>	<u>225,000</u>	<u>1,709,506</u>
Total liabilities and net assets	<u>\$ 1,682,732</u>	<u>\$ 270,500</u>	<u>\$ 1,953,232</u>	<u>\$ 1,603,255</u>	<u>\$ 225,000</u>	<u>\$ 1,828,255</u>

The accompanying notes are an integral part of these statements.

SOUTH BOSTON NEIGHBORHOOD HOUSE, INC.

Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Operating Support and Revenue:						
Service contract revenue	\$ 663,762	\$ -	\$ 663,762	\$ 633,014	\$ -	\$ 633,014
Fundraising events	392,739	-	392,739	423,889	-	423,889
Grants and contributions	283,915	100,500	384,415	238,917	130,000	368,917
Program revenue	317,086	-	317,086	325,162	-	325,162
Donated goods and services	79,826	-	79,826	85,153	-	85,153
Other	25,650	-	25,650	22,062	-	22,062
Net assets released from purpose restrictions	35,000	(35,000)	-	5,000	(5,000)	-
Net assets released from time restrictions	20,000	(20,000)	-	46,650	(46,650)	-
Total operating support and revenue	<u>1,817,978</u>	<u>45,500</u>	<u>1,863,478</u>	<u>1,779,847</u>	<u>78,350</u>	<u>1,858,197</u>
Operating Expenses:						
Child Care	852,447	-	852,447	861,196	-	861,196
Elder Services	111,935	-	111,935	100,759	-	100,759
Education and Career Development	84,117	-	84,117	117,733	-	117,733
Family Engagement	200,934	-	200,934	239,711	-	239,711
General and Administrative	356,639	-	356,639	348,983	-	348,983
Development	206,944	-	206,944	189,545	-	189,545
Total operating expenses	<u>1,813,016</u>	<u>-</u>	<u>1,813,016</u>	<u>1,857,927</u>	<u>-</u>	<u>1,857,927</u>
Changes in net assets from operations	<u>4,962</u>	<u>45,500</u>	<u>50,462</u>	<u>(78,080)</u>	<u>78,350</u>	<u>270</u>
Non-Operating Revenue:						
Capital grants	20,000	-	20,000	34,866	-	34,866
Donated property and equipment	-	-	-	3,740	-	3,740
Total non-operating revenue	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>38,606</u>	<u>-</u>	<u>38,606</u>
Changes in net assets	<u>24,962</u>	<u>45,500</u>	<u>70,462</u>	<u>(39,474)</u>	<u>78,350</u>	<u>38,876</u>
Net Assets:						
Beginning of year	<u>1,484,506</u>	<u>225,000</u>	<u>1,709,506</u>	<u>1,523,980</u>	<u>146,650</u>	<u>1,670,630</u>
End of year	<u>\$ 1,509,468</u>	<u>\$ 270,500</u>	<u>\$ 1,779,968</u>	<u>\$ 1,484,506</u>	<u>\$ 225,000</u>	<u>\$ 1,709,506</u>

The accompanying notes are an integral part of these statements.

SOUTH BOSTON NEIGHBORHOOD HOUSE, INC.

Statements of Cash Flows

For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 70,462	\$ 38,876
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	59,787	63,047
Capital grants	(20,000)	(34,866)
Donated property and equipment	-	(3,740)
Changes in operating assets and liabilities:		
Service contracts and grants receivable	(71,010)	(139,949)
Prepaid expenses	(4,933)	(1,057)
Accounts payable and accrued expenses	14,753	2,131
	<u>49,059</u>	<u>(75,558)</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	-	(37,107)
Cash Flows from Financing Activities:		
Capital grants	<u>20,000</u>	<u>34,866</u>
Net Change in Cash	69,059	(77,799)
Cash:		
Beginning of year	<u>464,976</u>	<u>542,775</u>
End of year	<u>\$ 534,035</u>	<u>\$ 464,976</u>
Supplemental Disclosure of Cash Flow Information:		
Property and equipment financed through accounts payable	<u>\$ 20,000</u>	<u>\$ -</u>

SOUTH BOSTON NEIGHBORHOOD HOUSE, INC.

Statement of Functional Expenses
 For the Year Ended June 30, 2016
 (With Summarized Comparative Totals for the Year Ended June 30, 2015)

	2016						2015	
	Program Services				Supporting Services		Total	Total
	Child Care	Elder Services	Education and Career Development	Family Engagement	General and Administrative	Development		
Salaries and Related:								
Salaries	\$ 508,103	\$ 52,935	\$ 52,804	\$ 79,752	\$ 253,032	\$ 115,357	\$ 1,061,983	\$ 1,125,624
Payroll taxes	39,213	3,969	3,911	5,903	18,969	8,505	80,470	85,592
Fringe benefits	26,484	4,557	2,229	4,337	16,525	12,923	67,055	56,389
Total salaries and related	573,800	61,461	58,944	89,992	288,526	136,785	1,209,508	1,267,605
Other Expenses:								
Program supplies and expenses	106,233	5,162	3,488	80,196	-	-	195,079	197,633
Repairs and maintenance	43,917	12,819	6,314	8,575	8,594	6,130	86,349	84,731
Depreciation	29,183	11,230	4,337	8,706	3,725	2,606	59,787	63,047
Conferences, meetings and training	1,301	-	-	262	4,777	47,138	53,478	42,822
Insurance	17,615	5,334	2,058	4,134	1,771	1,238	32,150	31,387
Professional fees	-	-	-	-	31,116	-	31,116	32,701
Van and equipment rental	20,517	2,931	2,931	2,931	-	-	29,310	20,203
Utilities	16,559	4,060	1,568	3,148	1,347	942	27,624	29,259
Miscellaneous	6,416	105	50	133	10,893	4,115	21,712	22,770
Office supplies and expenses	5,017	2,267	618	1,956	5,042	3,193	18,093	17,324
Outside services	1,705	6,085	3,490	500	50	4,000	15,830	14,359
Rent	15,300	-	-	-	-	-	15,300	15,300
Travel and transportation	11,903	-	-	-	57	-	11,960	13,554
Telephone	2,981	481	319	401	721	477	5,380	4,832
Advertising	-	-	-	-	20	320	340	400
Total expenses before general and administrative allocation	852,447	111,935	84,117	200,934	356,639	206,944	1,813,016	1,857,927
General and Administrative Allocation	208,747	27,411	20,599	49,205	(356,639)	50,677	-	-
Total expenses	\$ 1,061,194	\$ 139,346	\$ 104,716	\$ 250,139	\$ -	\$ 257,621	\$ 1,813,016	\$ 1,857,927

The accompanying notes are an integral part of these statements.

SOUTH BOSTON NEIGHBORHOOD HOUSE, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2015

	Program Services				Supporting Services		Total
	Child Care	Elder Services	Education and Career Development	Family Engagement	General and Administrative	Development	
Salaries and Related:							
Salaries	\$ 520,133	\$ 58,917	\$ 73,893	\$ 105,812	\$ 255,640	\$ 111,229	\$ 1,125,624
Payroll taxes	39,910	4,435	5,674	8,186	19,113	8,274	85,592
Fringe benefits	22,172	4,231	3,151	4,031	11,491	11,313	56,389
Total salaries and related	582,215	67,583	82,718	118,029	286,244	130,816	1,267,605
Other Expenses:							
Program supplies and expenses	101,819	1,588	4,379	89,847	-	-	197,633
Repairs and maintenance	44,859	6,696	7,930	10,163	7,528	7,555	84,731
Depreciation	31,933	8,227	7,764	8,865	4,114	2,144	63,047
Conferences, meetings and training	2,394	70	365	-	393	39,600	42,822
Insurance	17,702	3,610	3,421	3,892	1,820	942	31,387
Professional fees	-	-	-	-	32,701	-	32,701
Van and equipment rental	14,143	2,020	2,020	2,020	-	-	20,203
Utilities	18,034	3,088	2,808	2,817	1,582	930	29,259
Miscellaneous	11,895	157	165	570	8,410	1,573	22,770
Office supplies and expenses	4,959	1,211	507	2,711	4,597	3,339	17,324
Outside services	450	5,059	5,100	500	1,000	2,250	14,359
Rent	15,300	-	-	-	-	-	15,300
Travel and transportation	12,698	856	-	-	-	-	13,554
Telephone	2,555	594	396	297	594	396	4,832
Advertising	240	-	160	-	-	-	400
Total expenses before general and administrative allocation	861,196	100,759	117,733	239,711	348,983	189,545	1,857,927
General and Administrative Allocation	199,175	23,303	27,229	55,439	(348,983)	43,837	-
Total expenses	\$ 1,060,371	\$ 124,062	\$ 144,962	\$ 295,150	\$ -	\$ 233,382	\$ 1,857,927

The accompanying notes are an integral part of these statements.

SOUTH BOSTON NEIGHBORHOOD HOUSE, INC.

Notes to Financial Statements
June 30, 2016 and 2015

1. OPERATIONS AND NONPROFIT STATUS

South Boston Neighborhood House, Inc. (the House) is a nonprofit corporation which provides various community services for residents of South Boston, Massachusetts and surrounding areas. The House is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The House is also exempt from state income taxes. Donors may deduct contributions made to the House within the IRC requirements. A substantial portion of funding is provided by various departments of the Commonwealth of Massachusetts.

2. SIGNIFICANT ACCOUNTING POLICIES

The House prepares its financial statements in accordance with generally accepted accounting standards 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).

Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating support and revenue and operating expenses in the accompanying statements of activities and changes in net assets. Peripheral or incidental transactions are reported as non-operating revenue. Non-operating revenue, consistent with industry practice, includes capital grants and donated property and equipment.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment and Depreciation

Property and equipment are recorded at cost when purchased or at fair value at the date of donation. Renewals and betterments are capitalized as additions to the related asset accounts, while repairs and maintenance are expensed as they are incurred.

Property and equipment consist of the following and depreciation is computed using the straight-line method over the following estimated useful lives:

	Estimated Useful Lives	2016	2015
Land	N/A	\$ 100,000	\$ 100,000
Building	40 years	1,298,646	1,298,646
Building improvements	5 - 20 years	463,805	443,805
Furniture and equipment	3 - 5 years	<u>86,768</u>	<u>93,847</u>
		1,949,219	1,936,298
Less - accumulated depreciation		<u>946,109</u>	<u>893,401</u>
		<u>\$ 1,003,110</u>	<u>\$ 1,042,897</u>

SOUTH BOSTON NEIGHBORHOOD HOUSE, INC.

Notes to Financial Statements
June 30, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

For purposes of the statements of cash flows, cash consists of a checking and a savings account and does not include cash - fiscal agent (see Note 6).

Revenue Recognition

Grants and contributions are recorded as unrestricted revenue and net assets upon receipt or when unconditionally committed by the donor. Grants and contributions are recorded as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statements of activities and changes in net assets as net assets released from restrictions. Temporarily restricted grants and contributions received and expended as designated in the same fiscal year are reported as unrestricted support.

Service contract revenue is recognized as services are provided. The House records program revenue, fundraising event and all other income as it is earned.

Service Contracts and Grants Receivable and Allowance for Doubtful Accounts

Service contracts and grants receivable are reviewed by management and an allowance for doubtful accounts is recorded based on management's analysis of specific accounts and their estimate of amounts that may be uncollectible, if any. There was no allowance for doubtful accounts at June 30, 2016 and 2015.

Expense Allocations

Expenses related directly to a program or function are distributed to that program or function. Other expenses are allocated based upon management's estimate of the percentage attributable to each program or function.

Net Assets

Unrestricted Net Assets

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use. The House has grouped its unrestricted net assets into the following categories:

- **Operating** net assets represent amounts available for current operations.
- **Property and equipment** net assets represent amounts expended on property and equipment, net of related debt, if any.
- **Board designated** net assets represent amounts designated by the Board of Directors for future programming. Any expenditure from this fund requires Board approval.

SOUTH BOSTON NEIGHBORHOOD HOUSE, INC.

Notes to Financial Statements
June 30, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Temporarily Restricted Net Assets

Temporarily restricted net assets represent grants and contributions with the following restrictions as of June 30:

	<u>2016</u>	<u>2015</u>
Time restricted	\$ 137,000	\$ 120,000
Purpose restricted	93,500	65,000
Revolving loan (see Note 4)	<u>40,000</u>	<u>40,000</u>
	<u>\$ 270,500</u>	<u>\$ 225,000</u>

Donated Goods and Services

Individuals and other organizations contribute goods and services to the House in support of various aspects of its programs. These goods and services, which are reflected in the accompanying financial statements based upon the estimated value assigned to them by the donating volunteers, agencies, or management, are as follows:

	<u>2016</u>	<u>2015</u>
Program supplies and expenses	\$ 64,526	\$ 69,853
Rent (see Note 5)	15,300	15,300
Donated property and equipment	<u>-</u>	<u>3,740</u>
	<u>\$ 79,826</u>	<u>\$ 88,893</u>

Advertising

The House expenses advertising costs as they are incurred.

Subsequent Events

Subsequent events have been evaluated through August 23, 2016, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

Fair Value Measurements

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

The House 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 House. 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.

SOUTH BOSTON NEIGHBORHOOD HOUSE, INC.

Notes to Financial Statements
June 30, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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.

Income Taxes

The House 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 financial statements regarding a tax position taken or expected to be taken in a tax return. The House has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2016 and 2015.

3. FUNDING

A substantial portion of the House's support and revenues are restricted for use in designated programs as specified by the donors or contracting governmental agencies. In the opinion of management, all such revenues and funds have been expended or are restricted for their designated purposes.

The House receives a portion of its funding from government agencies under unit-rate and cost reimbursable contracts. These contracts are subject to audit by the appropriate government agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the House as of June 30, 2016 and 2015, or on the changes in its net assets for the years then ended.

The House received approximately 27% and 25% of its total operating support and revenue from these government agencies for the years ended June 30, 2016 and 2015, respectively. At June 30, 2016 and 2015, approximately 16% and 20%, respectively, of service contracts and grants receivable were due from these government agencies.

SOUTH BOSTON NEIGHBORHOOD HOUSE, INC.

Notes to Financial Statements
June 30, 2016 and 2015

4. REVOLVING LOAN

The House received \$40,000 from the Boston Foundation as a grant to be used as an internal line of credit for meeting cash flow needs. The \$40,000 is held in a separate interest bearing account and all borrowings from this fund must be repaid as cash flow allows. This amount is included in temporarily restricted net assets (see Note 2) in the accompanying statements of financial position. Interest income earned on the account is unrestricted.

5. LEASE OBLIGATIONS

The House has an operating lease for rooms used in its preschool programs. This lease requires a payment of one dollar per year through February 13, 2025. In addition, the House is responsible for various operating costs. The fair value of the rental has been reflected in donated goods and services in the accompanying financial statements (see Note 2).

The House also has a lease for office equipment that expires in March 2018. The monthly lease payment was approximately \$350 for the years ended June 30, 2016 and 2015. Lease expense was approximately \$4,200 for the years ended June 30, 2016 and 2015, and is included in office supplies and expenses in the accompanying statements of functional expenses.

Future minimum payments remaining under the lease are as follows:

2017	\$ 4,152
2018	\$ 3,114

6. FISCAL AGENT ACTIVITY

The House acts as fiscal agent for the South Boston Summer Collaborative (SBSC) program which runs during the summer months. For the years ended June 30, 2016 and 2015, SBSC received approximately \$92,000 and \$104,000, respectively, in revenue for the program's operations. Since the House acts as fiscal agent for SBSC, these amounts have been excluded from the accompanying financial statements. As of June 30, 2016 and 2015, \$57,263 and \$37,501, respectively, is presented as cash - fiscal agent and fiscal agent payable in the accompanying statements of financial position.

7. RETIREMENT PLAN

The House has an IRC Section 401(k) retirement plan that covers all employees who are at least 21 years of age with six or more months of service. Employees may contribute up to 100% of their pay in accordance with IRC limits. The House matches contributions on a discretionary basis as determined by the Board of Directors. Employees vest in their portion of the House's contributions, if any, at the rate of 20% for each year of service beginning after the second year of service. The House's contribution to the plan was \$13,620 and \$12,388 for the years ended June 30, 2016 and 2015, respectively, and is included in fringe benefits in the accompanying statements of functional expenses.

8. CONCENTRATION OF CREDIT RISK

The House maintains its cash balances in banks in Massachusetts. At certain times during the year, cash balances exceeded the insured limits of the Federal Deposit Insurance Corporation (FDIC). The House has not experienced any losses in such accounts. The House believes it is not exposed to any significant credit risk on cash.

SOUTH BOSTON NEIGHBORHOOD HOUSE, INC.

Notes to Financial Statements
June 30, 2016 and 2015

9. NOTE PAYABLE TO A BANK

The House has a line of credit with a bank which allows for borrowings up to \$100,000, and is renewable annually by the bank. Borrowings under the agreement are due on demand and interest is payable monthly at the bank's prime rate (3.5% and 3.25% at June 30, 2016 and June 30, 2015, respectively), plus 1%. The line of credit is secured by the House's property and certain accounts held with the bank. There was no outstanding balance on the line of credit at June 30, 2016 and 2015.