

Chinese Economic Development Council, Inc.
And Subsidiaries

Consolidated Financial Statements
And Supplementary Information

Period Ended December 31, 2020

Prepared by
W.A. Leonard and Company, P.C.
Certified Public Accountants

Chinese Economic Development Council, Inc.
And Subsidiaries

Consolidated Financial Statements
And Supplementary Information

Period Ended December 31, 2020

Table of Contents

Independent Auditors' Report.

Financial Statements:

Exhibit

Consolidated Statement of Financial Position
as of December 31, 2020

A

Consolidated Statement of Activities
for the period ended December 31, 2020

B

Consolidated Statement of Cash Flows
for the period ended December 31, 2020

C

Notes to Financial Statements

Supplementary Information:

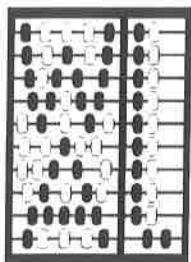
Schedule

Consolidating Statements of Financial Position
as of December 31, 2020

1

Consolidating Statements of Activities
for the period ended December 31, 2020

2



W. A. LEONARD & COMPANY, P.C.

Certified Public Accountants

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Independent Auditors' Report

To the Board of Trustees of
Chinese Economic Development Council, Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of Chinese Economic Development Council, Inc., (a nonprofit organization) and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities and cash flows for the period then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 on 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 consolidated 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, based on our audit, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Chinese Development Council and Subsidiaries as of December 31, 2020, and the changes in their net assets and their cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position on Schedules 1 and the consolidating statements of activities on Schedules 2 are presented for purposes of additional analysis and are 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



W. A. Leonard & Company, P.C.
Certified Public Accountants

Norwood, Massachusetts
August 23, 2021

Financial Statements

Chinese Economic Development Council, Inc. and Subsidiaries
Consolidated Statement of Financial Position
As of December 31, 2020

	<u>2020</u>
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 3,963,959
Cash Reserved or Escrowed	616,172
Accounts Receivable - Net	-
Prepaid Expenses - Other	70,637
Short Term Investments	174,287
Total Current Assets	<u>\$ 4,825,055</u>
Property and Equipment	
Land	\$ 143,220
Building and Improvement	13,650,133
Furniture and Equipment	795,048
Total Property and Equipment	<u>\$ 14,588,401</u>
Accumulated Depreciation	<u>(7,718,392)</u>
Net Property and Equipment	<u>\$ 6,870,009</u>
Other Assets	
Notes Receivable	\$ 3,636,157
Deferred Tax Assets	235,000
Reserve for Replacement Escrow	749,647
Organizational and Financing Costs - Net	542,504
Total Other Assets	<u>\$ 5,163,308</u>
Total Assets	<u>\$ 16,858,372</u>
Liabilities and Net Assets	
Current Liabilities	
Loans Payable and Current Portion of LT Debt	\$ 197,776
Accounts Payable	14,255
Accrued Expenses	231,190
Accrued Interest	32,387
Accrued Corporate Income Tax	59,000
Security Deposits Payable	144,270
Deferred Rent Income	65,088
Other Current Liabilities	255,940
Other Liabilities	14,508
Total Current Liabilities	<u>\$ 1,014,414</u>
Long Term Debt	
Loan Payable - Avidia Bank - Net	\$ 1,911,606
Loan Payable Mortgage - Net	8,801,336
Loan Payable - PPP	27,440
Other Liabilities	-
Total Long Term Debt	<u>\$ 10,740,382</u>
Total Liabilities	<u>\$ 11,754,796</u>
Net Assets	
Net Assets Without Donor Restrictions	\$ 5,103,576
Total Net Assets	<u>\$ 5,103,576</u>
Total Liabilities and Net Assets	<u>\$ 16,858,372</u>

Chinese Economic Development Council, Inc. and Subsidiaries
Consolidated Statement of Activities
For Period Ended December 31, 2020

	<u>2020</u>
Revenues	
Rental Income	\$ 745,779
Laundry	1,325
Total Revenues	<u>\$ 747,104</u>
Operating Expenses	
Payroll Expenses	\$ 59,290
Payroll Taxes and Employee Benefits	6,780
Health and Dental	6,010
Payroll Service Fees	998
Advertising	558
Auto Expenses	154
Insurance	15,635
Office Expenses	3,849
Postage	203
Bank Service Charges	51
Professional Fees	21,339
Training and Education	636
Dues and Subscriptions	55
Repairs and Maintenance	68,454
Elevator Maintenance	3,045
Pest Control	396
Trash Removal	3,043
Tax and Licenses	110
Real Estate Fees	97,186
Travel	1,349
Telephone	3,657
Utilities	45,163
Penalty	200
Depreciation and Amortization	80,825
Total Operating Expenses	<u>\$ 418,986</u>
Income from Operations	
Before Taxes and Other Revenues / (Expenses)	<u>\$ 328,118</u>
Other Revenues / (Expenses)	
Investment Income / (Loss) - Net	\$ (5,095)
Interests / Dividends Income	5,191
Interest Expense	(118,230)
Miscellaneous Income	38
Total Other Revenue / (Expense)	<u>\$ (118,096)</u>
Corporate Income Tax	
Corporate Federal Tax	\$ 33,000
Corporate State Tax	11,263
Total Corporate Income Tax	<u>\$ 44,263</u>
Change in Net Assets - Without Donor Restrictions	<u>\$ 165,759</u>
Net Assets, Beginning of Period	<u>\$ 4,937,817</u>
Net Assets, End of Period	<u>\$ 5,103,576</u>

Chinese Economic Development Council, Inc. and Subsidiaries
Consolidated Statement of Cash Flows
For Period Ended December 31, 2020

	<u>2020</u>
Cash Flows From Operating Activities:	
Change in Net Assets - Without Donor Restrictions	\$ 165,759
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation and Amortization	80,825
Changes In:	
Cash Reserved or Escrowed	348,486
Prepaid Expenses and Deferred Tax Assets	(48,676)
Due from Investment Partners	(5,559)
Other Current Assets	(10)
Accounts Payable and Accrued Expenses	(112,901)
Accrued Corporate Income Tax	9,000
Security Deposits - Net	2,347
Deferred Rental Income	27,173
Other Current Liabilities	41,437
Net Cash Provided from Operating Activities	<u>\$ 507,881</u>
Cash Flows from Investing Activities:	
Purchases of Property & Equipment	\$ (502,705)
Notes Receivable - Net	-
Net Cash Provided by (Used in) Investing Activities	<u>\$ (502,705)</u>
Cash Flows from Financing Activities:	
Changes in Loan Principals - Net	\$ (16,490)
Other Liabilities	-
Net Cash Provide by (Used in) Financing Activities	<u>\$ (16,490)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (11,314)
Beginning Cash and Cash Equivalents	<u>\$ 3,975,273</u>
Ending Cash and Cash Equivalents	<u><u>\$ 3,963,959</u></u>
Supplemental Disclosures of Cash Flows Information	
Cash Paid During the Period For:	
Interest	<u>\$ 118,230</u>
Corporate Income Taxes	<u><u>\$ -</u></u>

Notes to Financial Statements

CHINESE ECONOMIC DEVELOPMENT COUNCIL, INC., AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Operations – The consolidated financial statements include the accounts of Chinese Economic Development Council, Inc (CEDC) and CEDC Realty Corp (Realty) and Oxford Place Associates Limited Partnership (Oxford).

CEDC is a non-profit corporation organized pursuant to Internal Revenue Code Section 501(c)(3), to promote, assist and coordinate the economic, physical and social development of Chinese communities, primarily in Boston, MA. CEDC is the sole shareholder of Realty.

Realty, (a for profit corporation), was formed in April 1979 to own and operate a commercial and residential building in Boston, Massachusetts. In prior years, Realty held a 1% interest in Oxford Place Associates Limited Partnership, (Oxford). In mid-October 2018, CEDC Realty, Inc. acquired the additional 99% equitable interest in same. Subsequent to said transaction; CEDC Realty, Inc transferred 94.48% of the entire equity in Oxford to CEDC while retaining 5.52% of said equity.

Oxford was formed July 3, 1980, pursuant to the partnership laws of the Commonwealth of Massachusetts, to lease, develop and operate 39 units of affordable housing apartments known as Oxford Place Apartments. All intercompany transactions have been eliminated in the consolidation of the financial statements.

2. Basis of Presentation – CEDC has adopted Financial Accounting Standards Board - Accounting Standards Codification, (hereinafter FASB-ASC), No. 958 formerly known as Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements for Not-for-Profit Organizations. FASB ASU No. 2016-14 requires that resources be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions: Net assets subject to donor-imposed restrictions that may be met either by actions of the organization and/or the passage of time or that are maintained permanently restricted by the organization pursuant to the donor requirements.

As of December 31, 2020, there were no donor restricted net assets.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

3. Tax Status – CEDC is exempt from income taxes under Section 501(c)(3) of the United States Internal Revenue Code. No provision has been made to reflect any federal or state tax obligation.

Realty is a “C” corporation and, as such, is subject to taxation at the federal and state statutory rates and includes the tax effects of transactions reported in the financial statements. Oxford is a limited partnership and a pass-through entity for income tax purposes. As such, 94.48% and 5.52% of Oxfords net income is reported on the tax filings of CEDC and Realty, respectively.

CHINESE ECONOMIC DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Depreciation and Amortization – Property and equipment are stated at cost. Depreciation and amortization are determined on the straight-line method over estimated useful lives. Building and improvements are being depreciated over 15 to 39 years. Equipment is being depreciated over 5 to 7 years. Repairs and maintenance are charged to expense as incurred. Expenditures for improvements that extend the life of the applicable asset are capitalized and written off over their estimated useful lives.
5. Cash and Cash Equivalents – For purposes of reporting cash flows, cash and cash equivalents include demand deposit accounts, cash on hand and certificates of deposit having original maturities of less than three months. Reserved and escrowed cash is reported separately on the consolidated statement of financial position.
6. Impairment of Long-Lived Assets – Realty and Oxford review investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including low-income housing tax credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized during the three months ended December 31, 2020.
7. Conditional Asset Retirements – Realty follows FASB-ASC 410 relative to accounting for conditional asset retirement obligations for the period ending December 31, 2020. FASB-ASC 410 and predecessor authority FASB Statement 143 and FIN 47 were issued to provide clarity surrounding the recognition of conditional asset retirement obligations. The types of asset retirement obligations that are covered by FASB-ASC 410 are those which an entity has a legal obligation to perform, however, the timing and/or method of settling the obligation are conditional on a future event that may or may not be within control of the entity. Uncertainty with respect to the timing and/or method of settlement of the asset retirement obligation should not defer recognition of a liability if fair value can be reasonably estimated. Based on the guidance in FASB-ASC 410, management has determined that, based on facts and circumstances, Realty and Oxford are not required to record conditional asset retirement obligations.
8. Investments – Effective for the period ended December 31, 2020, CEDC and Subsidiaries have elected to present its financial statements in accordance with FASB-ASC 810 control requirements as a result of the 100% ownership interest in Oxford.
9. Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CHINESE ECONOMIC DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Rental Income and Prepaid Rents – Rental income is recognized for apartment rentals as earned by Realty and Oxford. Advance receipts of rental income are deferred and classified as liabilities until earned. Rental income from commercial leases in excess of one year is recognized on a straight-line basis over the terms of the leases.
11. Accounts Receivable and Allowance for Uncollectible Accounts – Accounts receivable are stated at cost. Accounting principles generally accepted in the United States of America requires that business entities that have accounts and other types of receivables establish an allowance for amounts that may become uncollectible in future periods. Oxford has established an allowance for doubtful accounts of \$50,000 for 2020. Realty is of the opinion that based on previous results and current operations; the risk of loss from uncollectible accounts and other receivables are de minimis.
12. Advertising Costs – Advertising costs are expensed when they are incurred. Advertising expense was \$588 for the period ended December 31, 2020.
13. Fund Raising – CEDC et.al. do not participate in the types of fund-raising activities utilized by many other public charities, hence, for the period ended December 31, 2020; no fund-raising expenses were incurred.
14. Compensated Absences – Due to a lack of materiality and inability to determine compensated absences; an accrual has not been disclosed on the financial statements.
15. Donated Services to CEDC – During the period ended December 31, 2020; there were donated services provided by various Board members totaling approximately 60 hours for the three months ended December 31, 2020 for which no compensation was paid.
16. Financial Statement Presentation – CEDC and Realty et. Al. have presented their consolidated financial statements pursuant to FASB-ASC 810 in a format that eliminates inter-company activity. Supplementary information schedules 1 and 2 provide further analysis relative to the combining financial statements.
17. Cash Reserved and Escrowed – Cash reserved and escrowed represent tenant security deposits, tax an insurance escrow. These funds are not available for normal routine operating endeavors.
18. Short Term Investments – Short term investments are highly liquid investments reported at fair market value as of the date of the statement of financial position.

B. NOTE RECEIVABLE

In September 2016, CEDC sold Massachusetts tax credits and simultaneously loaned said proceeds of \$1,604,175 to CEDC Oxford Ping-On LLC pursuant to a promissory note negotiated on October 31, 2014. The original promissory note received has a stated interest rate of 0.00% per annum and all payments are fully deferred until the end of the compliance period stipulated in Internal Revenue Code Section 42(i)(1). Additional investments to CEDC Oxford Ping-On LLC were made by both CEDC and Realty and were amortized in prior years. Subsequently, all amounts advanced were recharacterized as notes receivable, accruing interest at a rate of 1.7%, payable starting in January

CHINESE ECONOMIC DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

B. NOTE RECEIVABLE (Continued)

2031 subject to available net cash flow as defined in the agreement. On a basis of conservatism, no accrual of interest receivable has been reported on the financial statements and this does not constitute a departure from accounting principles generally accepted in the United States of America. The note receivable is required to be relieved by October 31, 2054. The note receivable reflected on the December 31, 2020 statement of financial position is \$3,636,157.

C. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2020:

At Cost:

Land	\$ 143,220
Building and Improvement	13,650,133
Furniture and Equipment	795,048
Total Property and Equipment	<u>\$ 14,588,401</u>
 Accumulated Depreciation	 <u>\$ 7,718,392</u>
 Net Property and Equipment	 <u><u>\$ 6,870,009</u></u>
 Depreciation Expense for the Period	 <u><u>\$ 76,938</u></u>

D. OTHER ASSETS

Other assets are stated at cost. Amortization of certain other assets has been provided by use of the straight-line method to extinguish the cost of same over their estimated useful life.

	<u>2020</u>
Organizational and Financing Costs	\$ 591,372
Loan Closing Costs	19,939
Amortization of Organizational and Financing Costs	(48,868)
Amortization of Loan Closing Costs	(19,939)
Organizational and Financing Costs - Net	<u>\$ 542,504</u>
 Amortization Expense for the Period	 <u><u>\$ 3,887</u></u>

E. FINANCING – CITY OF BOSTON

CEDC received a non interest bearing advance from the City of Boston for \$26,013 which was used for costs related to a management assistance program. Said amount was outstanding as of December 31, 2020 and is reflected as a current liability. As of December 31, 2020, the City of Boston has not requested repayment of said advance. Said amount is reflected on the consolidated statements of financial position as a current liability.

CHINESE ECONOMIC DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

F. NOTES PAYABLE

NOTE PAYABLE – CEDC REALTY

To provide for predominantly all the funding for the acquisition of 78 Tyler Street, Boston, MA., CEDC Realty Corp obtained a two million mortgage loan from Avidia Bank. The mortgage loan bears interest at 4.25% and is secured by a mortgage at 65 Harrison Avenue, Boston, MA. The acquisition cost of the 78 Tyler Street property was approximately \$2,000,800. The repayment of the mortgage loan is monthly over a twenty-year amortization. The balance of the note payable is \$1,983,606 at December 31, 2020.

Annual maturities of debt for the ensuing five years are summarized as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 72,000
2022	73,000
2023	74,000
2024	75,000
2025	76,000
Later years	<u>1,613,606</u>
Total	<u>\$ 1,983,606</u>

NOTE PAYABLE – OXFORD PLACE

On October 12, 2018 Oxford re-financed its first mortgage for \$9,077,000. The permanent financing was provided by Mass Housing for a 40 year term. The mortgage is insured by U. S. Department of Housing and Urban Development (HUD) under the HUD's Risk-Sharing Program. The risk of loss is assumed 50/50 of the loan amount by both HUD and Mass Housing. The mortgage is secured by the property.

Original Mortgage Note:	\$ 9,077,000
Principal Balance at December 31, 2020:	\$ 8,894,239
Accrued Interest on December 31, 2020:	\$ 32,387
Interest Expense for the Period Ended:	\$ 97,253

Installments of \$40,051 for principal and interest are due monthly until 2058. The annual interest rate is 4.37%. Additional monthly escrow remittances include payments of \$9,877 for real estate taxes and \$2,400 for insurance.

Annual maturities of debt for the ensuing five years are summarized as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 92,903
2022	96,902
2023	101,223
2024	105,736
2025	110,451
Later Years	<u>8,387,024</u>
Total	<u>\$ 8,894,239</u>

CHINESE ECONOMIC DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

F. NOTES PAYABLE (Continued)

NOTE PAYABLE – CEDC REALTY CORP. GOVERNMENT LOAN

On April 30, 2020 because of the pandemic CEDC Realty Corp. applied for and received a Payback Protection Program Loan (PPP) from the U. S. Small Business Administration for \$34,300. The repayment of said loan, if not forgiven, will be paid ratably over five years and bear interest at one percent.

During fiscal 2021, the Realty Corp. was informed the PPP loan was forgiven.

NOTE PAYABLE – MORTGAGE NOTES

The terms of the mortgage notes and other contract documents require the establishment of restricted deposits and funded reserves to be held and invested by the mortgagee. These financial instruments potentially subject Oxford and Realty to a concentration of credit risk.

To summarize annual maturities for the following five years for all long-term debt is as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 197,776
2022	176,062
2023	182,083
2024	187,596
2025	193,312
Later Years	<u>10,001,329</u>
Total	<u>\$ 10,938,158</u>

G. RESERVE FOR REPLACEMENT

As required under the terms of a regulatory agreement, Oxford is required to make monthly payments to a replacement reserve account for capital improvements and repairs. This account is held at Mass Housing and withdrawals require their approval.

Balance at Beginning of Year:	\$ 744,088
Deposits:	5,122
Interest Earned:	437
Withdrawals:	-
Balance at End of Year:	<u>\$ 749,647</u>

H. RENTAL INCOME

Realty and Oxford Place leases to residential tenants are generally non-cancelable for a term of one year with an option to renew. Realty also leases to commercial tenants. Current three-month rental income, the residential and commercial were \$747,104.

Realty future minimum lease payments to be received under existing non-cancelable operating leases for commercial tenants are as follows:

CHINESE ECONOMIC DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

H. RENTAL INCOME (Continued)

Year Ending	
<u>December 31</u>	
2021	\$ 1,057,958
2022	\$ 997,405
2023	\$ 1,096,543
2024	\$ 904,952
2025	\$ 790,633
Later Years	\$ 4,271,006

With regard to Oxford rentals, HUD is subsidizing tenants' rents under its Housing Assistance Payment program. This program restricts assistance to those tenants who qualify by meeting certain HUD established criteria, including maximum income limitations. The assistance contract obligates HUD to provide rent subsidies through 2020. Approximately 87% of rents were received from the HUD subsidy program.

I. RENTAL EXPENSE

With regard to real estate tax, Oxford entered into a Chapter 121A agreement with the City of Boston and the Commonwealth of Massachusetts, which exempts all real and personal properties from local taxation. This alternative tax, which approximates 12% of rental income, resulted in a liability of \$98,245, which is to be included for 2020 payment of which is due by March 15th of the following year to the Commonwealth of Massachusetts and by April 1st to the City of Boston.

Oxford's management agent is Trinity Management LLC. The management fee charged to Oxford during the year was \$72 per unit per month. At 39 units, the Project's monthly management fee is \$2,808. Total management fee for the three-months ended December 31, 2020 was \$8,395.

J. INCOME TAXES

The income tax obligation, for Realty, reported within these statements is summarized as follow:

<u>Provision</u>	<u>2020</u>
Current:	
Federal	\$ 33,000
State	11,263
Total current	<u>\$ 44,263</u>

For Realty, a deferred tax asset exists as a result of a charitable donation to CEDC and other organized charities made. For the three-months ended December 31, 2020 there were no donations made. The corporation was eligible to deduct approximately \$20,000 for the three-months ended December 31, 2020. As such, the remaining amount of the prior year donations to be deducted in future periods will total approximately \$805,000. As such, Realty has recorded a deferred tax asset associated with the tax benefit that will be derived from donation in the amount of \$235,000. At present, a valuation allowance was not required. Pursuant to FASB-ASC 740 and Accounting Standards Update No. 2015-17; said deferred tax asset is classified as a noncurrent asset on the consolidated statement of financial position.

CHINESE ECONOMIC DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

J. INCOME TAXES (Continued)

CEDC, Inc., for the period ended December 31, 2020, was exempted from taxation on income pursuant to Internal Revenue Code Section 501(c)(3).

FASB ASC 740 clarifies accounting for income taxes, by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, measurement and classification of amounts relating to uncertain tax positions, accounting for and disclosure of interest and penalties, accounting in interim periods, disclosures and transition relating to the adoption of the new accounting standard. For the period ended December 31, 2020, management is of the opinion that there were no transactions that warrant disclosure under said provision.

Generally, the taxing agencies have a three year statute to examine tax filings, hence the tax returns submitted for the fiscal years ended September 30, 2020, 2019 and 2018 could be selected for inquiry and examination.

As of the date of this report, neither CEDC, Oxford, nor Realty has been notified of any impending tax examination by either US Treasury or Commonwealth of Massachusetts.

K. FINANCIAL INSTRUMENTS

CEDC and Realty et.al. maintain cash balances at several banks. The Federal Deposit Insurance Corporation, (FDIC), insurance limitations increased to \$250,000 effective October 3, 2008. CEDC and Realty et al maintain cash accounts at Santander Bank, United Bank, Citizens Bank, Santander Bank, Avidia Bank, Eastern Bank and Fidelity Savings Bank; these institutions provide insurance; however, corporate cash balances can and do exceed said limitation. It is the opinion of management that the risk of loss is minimal.

L. ECONOMIC DEPENDENCY

Realty leases a substantial portion of the building to one tenant (Sovereign Bank). During the period ended December 31, 2020, rental income from that tenant aggregated \$138,096. The term of the lease is 5 years, expiring on September 1, 2021. The entire organization is economically dependent upon the Boston realty market to ensure its financial success. The potential future minimum rent from said tenant for the year 2021 is \$370,416.

M. PENSION PLAN

CEDC has established a 401-K plan for the benefit of employees. The entity provides a matching contribution of up to three percent of annual compensation, subject to certain limitations, for those employees participating in the plan. During the year ended December 31, 2020, CEDC contributed \$1,394 to the 401-K plan on behalf of its employees.

N. OTHER BUSINESS RELATED ISSUE

CEDC has statutory authority as contained in the bylaws of Mei Wah Village, Inc., a nonprofit entity; to appoint fifty percent of their Board of Directors. A second independent nonprofit organization has authority to appoint the remaining Board of Directors to Mei Wah Village, Inc. Since the scope of authority is specifically limited in the bylaws of Mei Wah Village, Inc., to only appoint Directors and the operations are autonomous without common ownership; consolidation of financial reporting is not required.

CHINESE ECONOMIC DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

N. OTHER BUSINESS RELATED ISSUE (Continued)

CEDC Oxford Ping On LLC was established on June 2, 2010. The purpose of the entity was to acquire, hold, and develop a parcel of land located at 10-12-14 Oxford Street, Boston, Massachusetts into affordable housing to benefit residents of the local area. As such, Chinese Economic Development Council, Inc., deeded the land to said entity on September 28, 2012 and development of the parcel commenced therein after. Construction endeavors concluded in May 2016 and have provided sixty-six residential rental units to lower income local residents.

The managing member of CEDC Oxford Ping On LLC is Oxford Ping On Managing Member LLC. Said manager has two members: Chinese Economic Development Council, Inc. that owns at least seventy-nine percent (79%) interest and Kwong Kow Chinese School, Inc. that owns at least twenty-one percent (21%) of the managing member interest. Oxford Ping On Managing Member LLC is paid via an incentive management agreement, an amount equal to ninety percent of the net cash flow. Oxford Ping On Managing Member holds a .009% interest in the capital, income, losses, credits and cash flow of the entity.

As specifically defined in an agreement executed on April 21, 2016. Said compensation is paid from residual cash flow after lenders and investor members are satisfied.

The development project of CEDC Oxford Ping On LLC was eligible to receive Massachusetts low income housing tax credits relative to their construction of affordable housing. Under the state tax credit purchase and transfer agreement, CEDC Oxford Ping On LLC allocated 100% of the state low income housing tax credits to their managing member and the managing member donated said credits to CEDC.

In September 2016, CEDC., sold the credits to RBC Tax Credit Equity LLC for \$1,604,175 and simultaneously used said proceeds to make a sponsor loan to CEDC Oxford Ping On LLC.

In order to gain advantage of the tax credits, there is a fifteen-year compliance period pursuant to Internal Revenue Code Section 42(i)(1) which must be met. In the Second Amended and Restated Operating Agreement dated April 21, 2016, a purchase option and right of first refusal is provided to CEDC and Oxford Ping On Managing Member LLC to acquire title to said building upon the tolling of the fifteen year period. Costs expended by CEDC and Subsidiary on behalf of Oxford Ping On Managing Member LLC were partially financed by the loan proceeds that included capitalized interest and other related disbursements.

O. CEDC REALTY CORP. – CAPITAL STRUCTURE

CEDC Realty Corp. has authorized, issued and outstanding common stock consisting of 25,000 shares with a par value of one cent. All equity is controlled by Chinese Economic Development Council, Inc.

P. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash, Cash Equivalents and Short Term Investments	<u>\$ 4,138,246</u>
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CHINESE ECONOMIC DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

Q. EXPENSE REPORTING BY NATURE AND FUNCTION

FASB 958 requires all nonprofit organizations to present an analysis of expenses by both nature and function. The consolidating statements of activities for the period ended December 31, 2020, (Schedule 2), report each entity's expenses by nature and function. Each entity has essentially only one function: Oxford operates a low-income housing complex; Realty operates a multi-use building and CEDC is a nonprofit entity operating for the benefit of the Asian community. As such, said consolidating statements of activities reflect the primary function of each entity.

R. CURRENT VULNERABILITY DUE TO CONCENTRATIONS

CEDC Realty and Oxford operate residential and commercial realty in Boston, Massachusetts. The entities operate in a heavily regulated environment. The operations of Oxford are subject to administrative directives, rules and regulations of the federal, state and local regulatory agencies, including, but not limited to U.S. Department of Housing and Urban Development (HUD). Such administrative, rules and regulations are subject to change by an act of Congress or an administrative change mandated by or passed through HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with any changes.

S. FAIR VALUE OF INVESTMENTS

The entities follow the accounting standards pertaining to Fair Value Measurements for qualifying assets and liabilities. The standards define fair value, establish a framework for measuring fair value under U.S. GAAP and expand disclosures about fair value measurements. The standards establish a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value.

The three levels of the fair value framework under the standards are as follows:

Level I: Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date. The entities currently have Level I assets that are measured as fair values on a recurring basis.

Level II: Inputs other than quoted prices that are observable for the assets either directly or indirectly including inputs in market that are not considered to be active. The entities currently have no Level II assets or liabilities that are measured as fair values on a recurring basis.

Level III: Inputs that are unobservable. The entities currently have no Level III assets or liabilities that are measured as fair values on a recurring basis.

T. SUBSEQUENT EVENTS

On January 30, 2020, The World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the Covid-19 outbreak) and risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the Covid-19 as a pandemic, based on the rapid increase in exposure globally.

The full impact of the Covid-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organizations' financial condition, liquidity, and future results of operations. Management is actively monitoring the global

CHINESE ECONOMIC DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

T. SUBSEQUENT EVENTS (Continued)

situation on its financial condition, liquidity, tenants, industry, and workforce. Given the daily evolution of the Covid-19 and global responses to curb its spread the Organizations' are notable to estimate the effects of the Covid-19 outbreak on its results of operations, financial condition or the liquidity of fiscal years 2020 and 2021.

Management has evaluated all events subsequent to the statement of financial position date of December 31, 2020 through the date that the financial statements were available to be issued, August 23, 2021, and has determined that there were no subsequent event requiring disclosure under FASB ASC 85.

Supplementary Information

Chinese Economic Development Council, Inc. and Subsidiaries
Consolidating Statements of Financial Position
As of December 31, 2020

	<u>Oxford Place</u>	<u>CEDC Realty</u>	<u>CEDC Council</u>	<u>Elimination</u>	<u>Total</u>
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 308,125	\$ 1,557,760	\$ 2,098,074	\$ -	\$ 3,963,959
Cash Reserved or Escrowed	485,850	130,322	-	-	616,172
Accounts Receivable - Net	-	-	50,000	(50,000)	-
Prepaid Expenses - Other	44,199	26,438	-	-	70,637
Short Term Investments	174,287	-	-	-	174,287
Total Current Assets	<u>\$ 1,012,461</u>	<u>\$ 1,714,520</u>	<u>\$ 2,148,074</u>	<u>\$ (50,000)</u>	<u>\$ 4,825,055</u>
Property and Equipment					
Land	\$ 89,718	\$ 53,502	\$ -	\$ -	\$ 143,220
Building and Improvement	4,141,504	9,508,629	-	-	13,650,133
Furniture and Equipment	522,917	266,706	5,425	-	795,048
Total Property and Equipment	<u>\$ 4,754,139</u>	<u>\$ 9,828,837</u>	<u>\$ 5,425</u>	<u>\$ -</u>	<u>\$ 14,588,401</u>
Accumulated Depreciation	<u>(3,037,845)</u>	<u>(4,675,122)</u>	<u>(5,425)</u>	<u>-</u>	<u>(7,718,392)</u>
Net Property and Equipment	<u>\$ 1,716,294</u>	<u>\$ 5,153,715</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,870,009</u>
Other Assets					
Notes Receivable	\$ -	\$ 1,377,831	\$ 2,258,326	\$ -	\$ 3,636,157
Deferred Tax Assets	-	235,000	-	-	235,000
Reserve for Replacement Escrow	749,647	-	-	-	749,647
Organizational and Financing Costs - Net	542,504	-	-	-	542,504
Due from Affiliate	-	131,335	-	(131,335)	-
Total Other Assets	<u>\$ 1,292,151</u>	<u>\$ 1,744,166</u>	<u>\$ 2,258,326</u>	<u>\$ (131,335)</u>	<u>\$ 5,163,308</u>
Total Assets	<u>\$ 4,020,906</u>	<u>\$ 8,612,401</u>	<u>\$ 4,406,400</u>	<u>\$ (181,335)</u>	<u>\$ 16,858,372</u>
Liabilities and Net Assets					
Current Liabilities					
Loans Payable and Current Portion of LT Debt	\$ 92,903	\$ 78,860	\$ 26,013	\$ -	\$ 197,776
Accounts Payable	14,255	50,000	-	(50,000)	14,255
Accrued Expenses	152,290	78,900	-	-	231,190
Accrued Interest	32,387	-	-	-	32,387
Accrued Corporate Income Tax	-	59,000	-	-	59,000
Security Deposits Payable	13,947	130,323	-	-	144,270
Deferred Rent Income	39,669	25,419	-	-	65,088
Other Current Liabilities	24,232	231,708	119,707	(119,707)	255,940
Other Liabilities	-	-	26,136	(11,628)	14,508
Total Current Liabilities	<u>\$ 369,683</u>	<u>\$ 654,210</u>	<u>\$ 171,856</u>	<u>\$ (181,335)</u>	<u>\$ 1,014,414</u>
Long Term Debt					
Loan Payable - Avidia Bank - Net	\$ -	\$ 1,911,606	\$ -	\$ -	\$ 1,911,606
Loan Payable Mortgage - Net	8,801,336	-	-	-	8,801,336
Loan Payable - PPP	-	27,440	-	-	27,440
Other Liabilities	-	-	-	-	-
Total Long Term Debt	<u>\$ 8,801,336</u>	<u>\$ 1,939,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,740,382</u>
Total Liabilities	<u>\$ 9,171,019</u>	<u>\$ 2,593,256</u>	<u>\$ 171,856</u>	<u>\$ (181,335)</u>	<u>\$ 11,754,796</u>
Net Assets					
Net Assets Without Donor Restrictions	<u>\$ (5,150,113)</u>	<u>\$ 6,019,145</u>	<u>\$ 4,234,544</u>	<u>\$ -</u>	<u>\$ 5,103,576</u>
Total Net Assets	<u>\$ (5,150,113)</u>	<u>\$ 6,019,145</u>	<u>\$ 4,234,544</u>	<u>\$ -</u>	<u>\$ 5,103,576</u>
Total Liabilities and Net Assets	<u>\$ 4,020,906</u>	<u>\$ 8,612,401</u>	<u>\$ 4,406,400</u>	<u>\$ (181,335)</u>	<u>\$ 16,858,372</u>

See Independent Auditors' Report.
See Accompanying Notes to the Financial Statements.

Chinese Economic Development Council, Inc. and Subsidiaries
Consolidating Statements of Activities
For Period Ended December 31, 2020

	<u>Oxford Place</u>	<u>CEDC Realty</u>	<u>CEDC Council</u>	<u>Elimination</u>	<u>Total</u>
Revenues					
Rental Income	\$ 271,848	\$ 473,931	\$ -	\$ -	\$ 745,779
Laundry	634	691	-	-	1,325
Total Revenues	<u>\$ 272,482</u>	<u>\$ 474,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 747,104</u>
Operating Expenses					
Payroll Expenses	\$ 12,609	\$ 46,681	\$ -	\$ -	\$ 59,290
Payroll Taxes and Employee Benefits	1,833	4,947	-	-	6,780
Health and Dental	1,395	4,615	-	-	6,010
Payroll Service Fees	-	998	-	-	998
Advertising	-	558	-	-	558
Auto Expenses	-	154	-	-	154
Insurance	9,533	6,102	-	-	15,635
Office Expenses	2,857	992	-	-	3,849
Postage	53	150	-	-	203
Bank Service Charges	-	51	-	-	51
Professional Fees	12,312	9,027	-	-	21,339
Training and Education	636	-	-	-	636
Dues and Subscriptions	55	-	-	-	55
Repairs and Maintenance	29,416	39,038	-	-	68,454
Elevator Maintenance	1,245	1,800	-	-	3,045
Pest Control	396	-	-	-	396
Trash Removal	-	3,043	-	-	3,043
Tax and Licenses	-	110	-	-	110
Real Estate Fees	32,749	64,241	196	-	97,186
Travel	-	1,349	-	-	1,349
Telephone	1,543	2,114	-	-	3,657
Utilities	21,007	24,156	-	-	45,163
Penalty	-	200	-	-	200
Depreciation and Amortization	26,223	54,602	-	-	80,825
Total Operating Expenses	<u>\$ 153,862</u>	<u>\$ 264,928</u>	<u>\$ 196</u>	<u>\$ -</u>	<u>\$ 418,986</u>
Income from Operations					
Before Taxes and Other Revenues / (Expenses)	<u>\$ 118,620</u>	<u>\$ 209,694</u>	<u>\$ (196)</u>	<u>\$ -</u>	<u>\$ 328,118</u>
Other Revenues / (Expenses)					
Investment Income / (Loss) - Net	\$ (5,095)	\$ -	\$ -	\$ -	\$ (5,095)
Interests / Dividends Income	436	2,714	2,041	-	5,191
Interest Expense	(97,253)	(20,977)	-	-	(118,230)
Miscellaneous Income	-	38	-	-	38
Total Other Revenue / (Expense)	<u>\$ (101,912)</u>	<u>\$ (18,225)</u>	<u>\$ 2,041</u>	<u>\$ -</u>	<u>\$ (118,096)</u>
Corporate Income Tax					
Corporate Federal Tax	\$ -	\$ 33,000	\$ -	\$ -	\$ 33,000
Corporate State Tax	-	11,263	-	-	11,263
Total Corporate Income Tax	<u>\$ -</u>	<u>\$ 44,263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,263</u>
Change in Net Assets - Without Donor Restrictions	<u>\$ 16,708</u>	<u>\$ 147,206</u>	<u>\$ 1,845</u>	<u>\$ -</u>	<u>\$ 165,759</u>
Net Assets, Beginning of Period	<u>\$ (5,166,821)</u>	<u>\$ 5,871,939</u>	<u>\$ 4,232,699</u>	<u>\$ -</u>	<u>\$ 4,937,817</u>
Net Assets, End of Period	<u>\$ (5,150,113)</u>	<u>\$ 6,019,145</u>	<u>\$ 4,234,544</u>	<u>\$ -</u>	<u>\$ 5,103,576</u>