

CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

COMPARATIVE STATEMENTS OF FINANCIAL POSITION  
December 31, 2005 and 2004

LIABILITIES AND NET ASSETS

	<u>2005</u>	<u>2004</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 125,859	\$ 159,608
Accrued interest payable	180	135
Lines of credit	127,630	139,481
Due to affiliate	43,935	43,318
Security deposits	10,412	8,512
Deferred revenue	<u>11,000</u>	<u>13,250</u>
TOTAL CURRENT LIABILITIES	<u>319,016</u>	<u>364,304</u>
LONG-TERM LIABILITIES		
Note payable - net of current portion	<u>647,735</u>	<u>554,234</u>
TOTAL LONG-TERM LIABILITIES	<u>647,735</u>	<u>554,234</u>
TOTAL LIABILITIES	<u>966,751</u>	<u>918,538</u>
NET ASSETS -- Temporarily restricted	<u>2,482,688</u>	<u>2,298,187</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,449,439</u></u>	<u><u>\$ 3,216,725</u></u>

See accompanying notes to financial statements and independent auditors' report.

CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

COMPARATIVE STATEMENTS OF ACTIVITIES  
For the Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Rental and parking income	\$ 202,000	\$ 201,861
Contributions	30,550	950
Membership dues	9,000	4,600
Insurance proceeds	259	73,640
Grant and program income	141,057	-
Miscellaneous income	17,430	13,236
	400,296	294,287
TOTAL SUPPORT AND REVENUE	400,296	294,287
Net Assets Released from Restrictions	131,300	111,950
	531,596	406,237
TOTAL SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS	531,596	406,237
EXPENSES		
Program Services	230,545	232,253
Management and General	124,494	79,928
	355,039	312,181
TOTAL EXPENSES	355,039	312,181
NET CHANGE IN UNRESTRICTED NET ASSETS	\$ 176,557	\$ 94,056
TEMPORARILY RESTRICTED NET ASSETS		
Rental Income	128,034	139,715
Investment Return	13,110	14,706
Net Assets Released from Restriction	(131,300)	(111,950)
	9,844	42,471
NET CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	9,844	42,471
TOTAL INCREASE IN NET ASSETS	\$ 186,401	\$ 136,527

See accompanying notes to financial statements and independent auditors' report.

CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

COMPARATIVE STATEMENTS OF CHANGES IN NET ASSETS  
For the Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
NET ASSETS, beginning of year	\$ 2,298,187	\$ 2,161,660
· Increase in net assets	186,401	136,527
· Prior period adjustment	(1,900)	-
	<hr/>	<hr/>
NET ASSETS, end of year	<u>\$ 2,482,688</u>	<u>\$ 2,298,187</u>

See accompanying notes to financial statements and independent auditors' report.

CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

COMPARATIVE STATEMENTS OF CASH FLOWS  
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 186,401	\$ 136,527
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Prior period adjustment	(1,900)	-
Depreciation and amortization	7,105	15,563
Deferred revenue	(2,250)	(3,350)
Finance costs written-off	-	15,114
Accrued long-term interest payable	5,501	4,234
(Increase) decrease in:		
Rents receivable	6,766	18,434
Other receivable	(1,180)	-
Increase (decrease) in:		
Accounts payable	(33,749)	(88,992)
Accrued interest payable	45	135
(Advances)/repayments to affiliates	(392)	(300)
Security deposits	1,900	6,735
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>168,247</u>	<u>104,100</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed asset additions	(66,000)	(60,979)
Increase in notes receivable	(38,493)	(90,000)
Decrease in restricted reserve and escrow account	35,499	78,167
NET CASH USED IN INVESTING ACTIVITIES	<u>(68,994)</u>	<u>(72,812)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	88,000	550,000
Repayments of long-term debt	-	(495,961)
Repayments to credit line	(11,851)	(32,197)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>76,149</u>	<u>21,842</u>
NET INCREASE IN CASH	<u>175,402</u>	<u>53,130</u>
CASH, Beginning	<u>373,622</u>	<u>320,492</u>
CASH, Ending	<u>\$ 549,024</u>	<u>\$ 373,622</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 7,405</u>	<u>\$ 37,156</u>

See accompanying notes to financial statements and independent auditors' report.

CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

NOTES TO COMPARATIVE FINANCIAL STATEMENTS  
December 31, 2005 and 2004

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Chinese Consolidated Benevolent Association of New England, Inc. (CCBA) is a non-profit corporation originally organized as a social service agency to serve, unite and promote the Chinese community in New England. Today, CCBA serves as an umbrella organization to network and collaborate with other Asian community organizations; to promote Chinese culture and tradition; to further the cause of freedom and democracy; to safeguard human and civil rights and to enhance the general welfare of the Chinese community. CCBA also initiates and coordinates charitable events and educational activities for the Chinese community and is engaged in developing and maintaining affordable housing for Asian families.

CCBA Realty Corporation is a wholly-owned subsidiary of CCBA. The entity was organized in 1986 to serve as the managing general partner of CCBA Limited Partnership (CCBALP). CCBALP was formed in 1986 as a Massachusetts limited partnership to develop, operate and own Waterford Place, a 40 unit affordable housing complex located in the Chinatown neighborhood of Boston. Waterford Place is regulated by Mass Housing.

CCBA Tai Tung Management, Inc., (Tai Tung Village) was formed on July 21, 1994 as a non-profit corporation under Chapter 180 of the General Laws of the Commonwealth of Massachusetts. The Corporation is a wholly-owned subsidiary of CCBA. The Corporation was formed to purchase and own Tai Tung Village Apartments, a 214 unit affordable housing complex located in Boston's Chinatown. Tai Tung Village Apartments is regulated by HUD with respect to rental charges, operating methods and distributions, with its net assets unavailable for use by CCBA while HUD is involved.

Basis of Accounting

The financial statements of CCBA have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, CCBA is required to report 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.

CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

NOTES TO COMPARATIVE FINANCIAL STATEMENTS  
December 31, 2005 and 2004

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, (continued)

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. 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.

Property and Equipment

Property and equipment are stated at cost, if purchased, or if donated, at fair market value at the date of receipt. Betterments which materially add to the value of related assets or materially extend the useful life of assets are capitalized. Normal building maintenance and minor equipment purchased are included as expenses of the general fund.

Depreciation is computed on a straight line basis over the assets estimated useful lives. At December 31, 2005 and 2004, property and equipment consisted of the following:

	<u>2005</u>	<u>2004</u>
Land	\$ 378,681	\$ 378,681
Buildings	992,000	992,000
Building improvements	178,126	112,126
fixtures	57,098	57,098
Less: Accumulated depreciation	(1,057,194)	(1,050,427)
	<u>\$ 548,711</u>	<u>\$ 489,478</u>

Income Taxes

CCBA is a qualified tax-exempt organization under Internal Revenue Code Section 501(c)(3) and, accordingly, no income tax provision as been made in these financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

NOTES TO COMPARATIVE FINANCIAL STATEMENTS  
December 31, 2005 and 2004

NOTE B – CONCENTRATION OF CREDIT RISK

CCBA had cash on deposit with three financial institutions that potentially subjects the organization to a credit risk. The amount of cash and cash equivalent at December 31, 2005 and 2004 exceeded the \$100,000 federally insured limits by \$171,549 and \$99,600 respectively.

CCBA also has escrow and reserve accounts of \$264,712 and \$217,924 at December 31, 2005 and escrow and reserve accounts of \$259,024 and \$251,721 at December 31, 2004 on deposit with Mass Housing and U.S. Bank, respectively.

NOTE C – RESTRICTED ESCROW AND RESERVE ACCOUNTS – WATERFORD PLACE

Escrow Fund – Mass Housing

Pursuant to various agreements, CCBA provided a letter of credit collateral to Mass Housing for CCBALP (Waterford Place). At December 31, 2005 and 2004, an escrow account in the amount of \$264,712 and \$259,024, respectively was held at Mass Housing.

Residual Fund Reserve

The purpose of the Residual Fund is to collateralize the obligation of CCBA and CCBA Realty Corporation regarding operating deficits under the CCBALP partnership agreement and guaranty. (See Note F) The funds held in trust and invested by U.S. Bank are governed by the Residual Fund Escrow Agreement. On November 25, 2005, CCBA's Board of Directors authorized a payment for \$38,494 to Community Investment, Inc., CCBA Limited Partnership's vendor. The advance has been recorded and added to their operating deficit contribution loan. At December 31, 2005 and 2004, the balance of the Residual Fund Reserve Account, inclusive of interest earned, were \$217,924 and \$251,720, respectively.

NOTE D – INVESTMENTS

Investment in CCBA Tai Tung Management, Inc.

As explained in Note A, CCBA Tai Tung Management, Inc. is a wholly-owned subsidiary of CCBA. In 1994, CCBA invested \$970,849 to purchase Tai Tung Village Apartments, a 214 unit affordable housing complex.

Investment in CCBA Realty Corporation

As explained in Note A, CCBA Realty Corporation is a wholly-owned subsidiary of CCBA. The subsidiary is a 1% managing general partner of CCBALP (Waterford Place), a 40 unit affordable housing complex.

CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

NOTES TO COMPARATIVE FINANCIAL STATEMENTS  
December 31, 2005 and 2004

NOTE E – NOTES PAYABLE

Short-Term Debts

CCBA has a business line of credit note with Cathay Bank. The note has an annual interest rate of 2.00% in excess of the rate paid on the Time Deposit - the Tuff's Scholarship Fund, held as collateral for this loan. At December 31, 2005 and 2004, the line of credit balances were \$38,150 and \$50,000, respectively.

CCBA also has a business line of credit with Bank of America. The note has an interest rate of prime rate plus 0. It is collateralized by the SCM Fund, a restricted fund. At December 31, 2005 and 2004, the line of credit balances were \$89,481 and \$89,481, respectively.

Long-Term Debt

On August 13, 2003, CCBA borrowed \$550,000 from Abacus Federal Savings Bank to pay off the Kwong Kow Chinese School judgment. The note was for five years with an interest rate of the Wall Street Journal Prime Rate with a limited minimum rate of 6% per annum.

On March 25, 2004, the above loan was refinanced and paid-off with a \$550,000 loan from CI Associates LLC. The loan is for a 30 year term with an simple interest rate of 1% per annum. The loan does not require any payment of interest or principal with maturity. CI Associates LLC assigned all interest in this loan to the Chinatown Charitable Trust, the governing body of the Chinatown Community Development Fund. At December 31, 2005 and 2004, the outstanding principal and interest balance were \$559,734 and \$554,234, respectively.



CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

NOTES TO COMPARATIVE FINANCIAL STATEMENTS  
December 31, 2005 and 2004

NOTE F – RELATED PARTY TRANSACTIONS

Guarantees

Pursuant to various agreements with CCBALP (Waterford Place), CCBA agreed to guarantee the obligations and performance of CCBA Realty Corp. CCBA Realty Corp as the sole general partner of CCBALP, agreed to guarantee the funding of operating deficits of the partnership up to a maximum of \$800,000. CCBA has a guarantee obligation which will not exceed \$700,000 and in addition, has established a \$100,000 promissory note between CCBA and CCBA Realty Corp. Both are limited to the funds held in the Residual Fund Escrow Agreement. (See Note C) Any funds advanced by CCBA to CCBA Realty Corp for operating deficit contributions shall take the form of unsecured loans. CCBA shall be repaid, without interest, to the extent that and at such time as CCBA Realty Corp receives a distribution pursuant to the Partnership Agreement.

Due From CCBA Realty Corporation and CCBA Limited Partnership

Pursuant to various fee agreements between the CCBALP and CCBA, CCBA earned fees in connection with the organization, syndication and guarantees of the partnership and the development, start-up and operations of the project. At December 31, 2005 and 2004, the fee receivables were \$11,029 and \$11,029, respectively.

CCBA of New England, Inc. incurred costs on behalf of CCBA Realty Corporation and CCBALP. At December 31, 2005 and 2004, CCBA was owed \$6,600 and \$5,591 relating to these costs.

Note Receivable – CCBA Realty Corp's Operating Deficit Contribution (ODC) Loan

As a condition to closing the Mass Housing Operating Deficit Loan, the general partner (CCBA Realty Corporation) was required to establish an Owner's Operating Deficit Escrow to help fund operating deficits. According to the partnership agreement, Operating Deficit Contributions shall be repayable, without interest, out of net cash flow of the Partnership. In order to provide the general partner with available cash to fund the Owner's Operating Deficit Escrow, CCBA lent the monies to the general partner. During the year of 2005 and 2004, \$38,494 and \$90,000 were advanced to CCBA Realty Corporation. (Refer to Note C) At December 31, 2005 and 2004, \$713,483 and \$674,989 respectively had been advanced to the general partner as an operating deficit contribution.

Note Receivable – CCBALP's Water Remediation Loan

CCBALP – Waterford Place suffered from persistent water leaks and incurred repair costs, including legal and other professional fees. To fund the repairs, CCBA loaned \$131,494 to the Partnership. The loan is non-interest bearing. The outstanding balance is due on December 31, 2010. At December 31, 2005 and 2004, \$131,494 remains outstanding on this note.

CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

NOTES TO COMPARATIVE FINANCIAL STATEMENTS  
December 31, 2005 and 2004

NOTE G – DESCRIPTION OF RENTAL LEASING ARRANGEMENTS

CCBA owns and leases several of its properties located in the Chinatown area. The following are brief descriptions of each leasing arrangement.

50 Herald Street (SCM Building): On December 13, 2004, CCBA extended their lease with 88 Supermarket, Inc. for ten years retroactive back to August 1, 2003 and terminating on July 31, 2013. The annual rental rate is \$128,034 payable in equal monthly installments of \$10,670. The lessee will also pay sixteen months (August 1, 2004 – November 30, 2005) of retroactive rent increases totaling \$37,379. Rental income earned during the year was \$128,034.

90 Tyler Street (Old Quincy School): Rental income earned during the year was \$154,800.

Parking spaces at 90 Tyler Street: rental of parking spaces. Rental income received during the year was \$28,000.

Parking lot at Oxford Street: Leasing of land to a commercial parking lot company with an annual renewable lease. Rental income earned during the year was \$19,200.

NOTE H – FINAL JUDGMENT ON LITIGATION

On February 19, 2000, twelve community organizations and family associations filed an action in Suffolk County Superior Court against CCBA for wrongful membership suspension in the CCBA. On October 31, 2003, the court ordered reinstatement of the suspended organizations with full membership status. The court also ordered CCBA to pay the plaintiff's legal fees of approximately \$150,000. At December 31, 2005 and 2004, the balances of legal fees owed were \$0 and \$75,000.

NOTE I – USE OF RESTRICTED FUNDS

The SCM Building Fund is comprised principally of rental income derived from leasing the SCM Building located on 50 Herald Street, Boston, MA. The building was purchased in 1985 by funds donated by New England Medical Center and Tufts College in exchange for community support on issues with the BRA.

Pursuant to an understanding with New England Medical Center and Tufts College and CCBA, the income from rental of the building and the proceeds from the sale (if any) are to be used solely to increase the availability of adequate and affordable housing within the Chinatown community. The SCM Building Fund has been classified as temporarily restricted net assets in these financial statements.

CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

NOTES TO COMPARATIVE FINANCIAL STATEMENTS  
December 31, 2005 and 2004

NOTE I – USE OF RESTRICTED FUNDS (CONTINUED)

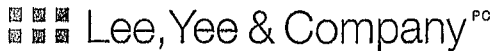
During 2005 and 2004, CCBA used \$128,320 and \$109,416, respectively, from the SCM Building Fund to meet obligations of an operating nature. The non-compliance with donor-imposed restriction should not lead to a material loss of revenue or could cause CCBA to be unable to continue as a going concern. Accordingly, contingent liabilities have not been recorded.

NOTE J – RECLASSIFICATIONS

Certain amounts in the 2004 financial statements have been reclassified to conform with the 2005 financial statement presentation.

NOTE K – CONTINGENT LIABILITY

CCBA has been named in a lawsuit along with others by Bowers Management, LLC (Bowers) and Steven Kwong. Bowers initiated an action against CCBA, CCBA Tai Tung Management, Inc. and certain individuals whom the plaintiff allege were members of the CCBA Board of Directors for wrongful termination of its property management contract and asserts claims of breach of contract, breach of duty of good faith and fair dealing, declaratory relief and violation of M.G.L. C. 93A. CCBA has entered a counterclaim and the matter is proceeding in the discovery stage. As of December 31, 2005, CCBA has expended \$104,905 in legal fees relating to terminating the Bower's contract, defending and counter-suiting the claim. Management cannot predict the outcome of the pending lawsuit or estimate the amount of any loss that may result. Accordingly, no provision of any contingent liability that may result has been made in the financial statements.



Lee, Yee & Company<sup>PC</sup>

Certified Public Accountants

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Gary F. Yee, CPA

Richard H. Lee, CPA, MST

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of  
Chinese Consolidated Benevolent Association of New England, Inc.

Our report on the audit of the comparative financial statements of Chinese Consolidated Benevolent Association of New England, Inc. for the years ended December 31, 2005 and 2004 appears on page 1. This audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supporting information included in the report (shown on page 15) is presented for purposes of additional analysis and is not required part of the basic financial statements of Chinese Consolidated Benevolent Association of New England, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Lee, Yee & Company, P.C.

February 10, 2005



CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

COMPARATIVE STATEMENT OF FUNCTIONAL EXPENSES  
For the Years Ended December 31, 2005 and 2004

<u>EXPENSES</u>	<u>PROGRAM SERVICES</u>	<u>MNGT AND GENERAL</u>	<u>TOTAL EXPENSES 12/31/05</u>	<u>TOTAL EXPENSES 12/31/04</u>
Advertising	\$ 2,896	\$ 1,560	\$ 4,456	\$ 2,410
Amortization	220	118	338	1,839
Depreciation	4,399	2,368	6,767	13,724
Donations	-	200	200	750
Financing costs	-	-	-	20,527
Insurance	10,818	5,825	16,643	11,215
Interest	8,418	4,532	12,950	22,367
Legal & professional fees	121,388	13,487	134,875	106,810
License & dues	-	140	140	-
Office expense	6,125	3,298	9,423	12,021
Payroll taxes	1,154	621	1,775	1,269
Penalty	-	-	-	860
Real estate taxes	10,460	-	10,460	10,867
Repairs & maintenance	17,462	9,402	26,864	27,651
Salaries & stipends	24,012	12,929	36,941	30,147
Chinatown safety program	50,580	-	50,580	-
Other program & events	9,431	-	9,431	10,099
Utilities	21,577	11,619	33,196	39,625
<b>TOTAL EXPENSES</b>	<b>\$ 288,940</b>	<b>\$ 66,099</b>	<b>\$ 355,039</b>	<b>\$ 312,181</b>

See auditors' report on supplementary information.

**CHINESE CONSOLIDATED BENEVOLENT  
ASSOCIATION OF NEW ENGLAND, INC.**

**Financial Statements**

From January 1, 2006 to September 30, 2006  
(Short year due to change in year end reporting period)

**D R A F T**

CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

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(Short year due to change in year end reporting period)

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Chinese Consolidated Benevolent Association of New England, Inc.

We have audited the accompanying statement of financial position of the Chinese Consolidated Benevolent Association of New England, Inc. (CCBA) as of September 30, 2006 and the related statements of activities and changes in net assets, and cash flows for the nine month period ended September 30, 2006. During the year, CCBA changed its annual reporting period from December 31st to September 30<sup>th</sup>, henceforth, the organization is reporting a short year. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 Chinese Consolidated Benevolent Association of New England, Inc. as of September 30, 2006, and the changes in its net assets and its cash flows for the nine months then ended in conformity with accounting principles generally accepted in the United States of America.

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Lee, Yee & Company, P.C.  
February 10, 2007



CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

STATEMENT OF FINANCIAL POSITION  
September 30, 2006

ASSETS

CURRENT ASSETS	
Cash – unrestricted	\$ 231,501
Cash – restricted	302,093
Rent receivable	33,220
Fee receivable	11,029
Other receivable	17,000
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TOTAL CURRENT ASSETS	594,843
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RESTRICTED RESERVES AND ESCROWS	
Residual fund reserve	120,486
Escrow – Mass Housing	270,672
Security deposits	10,499
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TOTAL RESTRICTED RESERVES AND ESCROWS	401,657
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FIXED ASSETS	
Land	378,681
Building and improvements	1,457,636
Equipment and furniture	57,098
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TOTAL FIXED ASSETS	1,893,415
Less accumulated depreciation	(1,064,967)
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NET FIXED ASSETS	828,448
	<hr/>
OTHER ASSETS	
Investments	970,999
Due from affiliates	7,086
Notes receivable – affiliates	945,701
Finance costs, net	9,330
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TOTAL OTHER ASSETS	1,933,116
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TOTAL ASSETS	\$ 3,758,064

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See accompanying notes to financial statements and independent auditors' report.

CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

STATEMENT OF FINANCIAL POSITION  
September 30, 2006

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 250,818
Accrued expense	1,243
Lines of credit	124,412
Due to affiliate	74,243
Security deposits	11,367
Deferred revenue	1,650
TOTAL CURRENT LIABILITIES	<u>463,733</u>
LONG-TERM LIABILITIES	
Note payable - net of current portion	<u>858,410</u>
TOTAL LONG-TERM LIABILITIES	<u>858,410</u>
TOTAL LIABILITIES	<u>1,322,143</u>
NET ASSETS – Temporarily restricted	<u>2,435,921</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,758,064</u>

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~~See accompanying notes to financial statements and independent auditors' report.~~

CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

STATEMENT OF ACTIVITIES  
From January 1, 2006 to September 30, 2006  
(Short year due to change in year end reporting period)

**UNRESTRICTED NET ASSETS**

SUPPORT AND REVENUE

Rental and Parking Income	\$ 126,742
Contributions	100
Membership Dues	8,400
Grant and Program Income	46,636
Miscellaneous Income	9,407

TOTAL SUPPORT AND REVENUE	191,285
Net Assets Released from Restrictions	95,025

TOTAL SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS	286,310
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EXPENSES

Program Services	151,435
Management and General	200,387

TOTAL EXPENSES	351,822
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NET CHANGE IN UNRESTRICTED NET ASSETS	(65,512)
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**TEMPORARILY RESTRICTED NET ASSETS**

Rental Income	96,026
Investment Return	17,744
Net Assets Released from Restriction	(95,025)

NET CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	18,745
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TOTAL DECREASE IN NET ASSETS	\$ (\$46,767)
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See accompanying notes to financial statements and independent auditors' report.

CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

STATEMENT OF CHANGES IN NET ASSETS  
From January 1, 2006 to September 30, 2006  
(Short year due to change in year end reporting period)

NET ASSETS, beginning of year	\$ 2,482,688
Increase in net assets	(46,767)
	<hr/>
NET ASSETS, end of year	<u>\$ 2,435,921</u>

D R A F T

See accompanying notes to financial statements and independent auditors' report.

CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

STATEMENT OF CASH FLOWS  
September 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	\$ (46,768)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation and amortization	8,027
Deferred revenue	(9,350)
Accrued long-term interest payable	7,643
(Increase) decrease in:	
Rents receivable	(8,720)
Other receivable	(15,820)
Increase (decrease) in:	
Accounts payable	124,959
Accrued interest payable	1,063
(Advances)/repayments to affiliates	29,823
Security deposits	955
	<u>91,812</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	
CASH FLOWS FROM INVESTING ACTIVITIES	
Fixed asset additions	(287,510)
Increase in notes receivable	(100,725)
Decrease in restricted reserve and escrow account	81,179
	<u>(307,056)</u>
NET CASH USED IN INVESTING ACTIVITIES	
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from long-term debt	250,000
Repayments of long-term debt	(46,968)
Repayments to credit line	(3,218)
	<u>199,814</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	
NET DECREASE IN CASH	
	<u>(15,430)</u>
CASH, Beginning	
	<u>549,024</u>
CASH, Ending	
	<u>\$ 533,594</u>
Cash paid during the year for interest	
	<u>\$ 8,799</u>

D R A F T

See accompanying notes to financial statements and independent auditors' report.

CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS  
September 30, 2006

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Chinese Consolidated Benevolent Association of New England, Inc. (CCBA) is a non-profit corporation originally organized as a social service agency to serve, unite and promote the Chinese community in New England. Today, CCBA serves as an umbrella organization to network and collaborate with other Asian community organizations; to promote Chinese culture and tradition; to further the cause of freedom and democracy; to safeguard human and civil rights and to enhance the general welfare of the Chinese community. CCBA also initiates and coordinates charitable events and educational activities for the Chinese community and is engaged in developing and maintaining affordable housing for Asian families.

CCBA Realty Corporation is a wholly-owned subsidiary of CCBA. The entity was organized in 1986 to serve as the managing general partner of CCBA Limited Partnership (CCBALP). CCBALP was formed in 1986 as a Massachusetts limited partnership to develop, operate and own Waterford Place, a 40 unit affordable housing complex located in the Chinatown neighborhood of Boston. Waterford Place is regulated by Mass Housing.

CCBA Tai Tung Management, Inc., (Tai Tung Village) was formed on July 21, 1994 as a non-profit corporation under Chapter 180 of the General Laws of the Commonwealth of Massachusetts. The Corporation is a wholly-owned subsidiary of CCBA. The Corporation was formed to purchase and own Tai Tung Village Apartments, a 214 unit affordable housing complex located in Boston's Chinatown. Tai Tung Village Apartments is regulated by HUD with respect to rental charges, operating methods and distributions, with its net assets unavailable for use by CCBA while HUD is involved.

Basis of Accounting

The financial statements of CCBA have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. During the year, CCBA changed its annual reporting period from December 31<sup>st</sup> to September 30<sup>th</sup>, henceforth, the organization is reporting a short year from January 1, 2006 to September 30, 2006.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, CCBA is required to report 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.

CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS  
September 30, 2006

NOTE A – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES. (continued)

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. 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.

Property and Equipment

Property and equipment are stated at cost, if purchased, or if donated, at fair market value at the date of receipt. Betterments which materially add to the value of related assets or materially extend the useful life of assets are capitalized. Normal building maintenance and minor equipment purchased are included as expenses of the general fund.

Depreciation is computed on a straight line basis over the assets estimated useful lives. At September 30, 2006, property and equipment consisted of the following:

Land	\$ 378,681
Buildings	992,000
Building improvements	465,636
Fixtures	57,098
Less: Accumulated depreciation	(1,064,967)
	<u>\$ 828,448</u>

D R A F T

Income Taxes

CCBA is a qualified tax-exempt organization under Internal Revenue Code Section 501(c)(3) and, accordingly, no income tax provision as been made in these financial statements.

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 CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS  
September 30, 2006

NOTE B – CONCENTRATION OF CREDIT RISK

CCBA had cash on deposit with three financial institutions that potentially subjects the organization to a credit risk. The amount of cash and cash equivalent at September 30, 2006 exceeded the \$100,000 federally insured limits by \$201,128.

CCBA also has escrow account of \$270,672 and reserve account of \$120,486 at September 30, 2006 on deposit with Mass Housing and U.S. Bank, respectively.

NOTE C – RESTRICTED ESCROW AND RESERVE ACCOUNTS – WATERFORD PLACE

Escrow Fund – Mass Housing

Pursuant to various agreements, CCBA provided a letter of credit collateral to Mass Housing for CCBALP (Waterford Place). At September 30, 2006, an escrow account in the amount of \$270,672 was held at Mass Housing.

Residual Fund Reserve

The purpose of the Residual Fund is to collateralize the obligation of CCBA and CCBA Realty Corporation regarding operating deficits under the CCBALP partnership agreement and guaranty. (See Note F) The funds held in trust and invested by U.S. Bank are governed by the Residual Fund Escrow Agreement. On May 10, 2006, CCBA's Board of Directors authorized a payment for \$100,725 to CCBALP for covering operating deficits and other miscellaneous reimbursements. The advance has been recorded and added to their operating deficit contribution loan. At September 30, 2006, the balance of the Residual Fund Reserve Account, inclusive of interest earned, was \$120,486.

NOTE D – INVESTMENTS

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Investment in CCBA Tai Tung Management, Inc.

As explained in Note A, CCBA Tai Tung Management, Inc. is a wholly-owned subsidiary of CCBA. In 1994, CCBA invested \$970,849 to purchase Tai Tung Village Apartments, a 214 unit affordable housing complex.

Investment in CCBA Realty Corporation

As explained in Note A, CCBA Realty Corporation is a wholly-owned subsidiary of CCBA. The subsidiary is a 1% managing general partner of CCBALP (Waterford Place), a 40 unit affordable housing complex.



CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS  
September 30, 2006

NOTE E – NOTES PAYABLE

Short-Term Debts

CCBA has a business line of credit note with Cathay Bank. The note has an annual interest rate of 2.00% in excess of the rate paid on the Time Deposit - the Tuft's Scholarship Fund, held as collateral for this loan. At September 30, 2006, the line of credit balances was \$34,932.

CCBA also has a business line of credit with Bank of America. The note has an interest rate of prime rate plus zero. It is collateralized by the SCM Fund, a restricted fund. At September 30, 2006, the line of credit balances was \$89,481.

Long-Term Debt

On March 25, 2004, CCBA refinanced and paid-off a long-term debt with a \$550,000 loan from CI Associates LLC. The loan is for a 30 year term with a simple interest rate of 1% per annum. The loan does not require any payment of interest or principal until maturity. CI Associates LLC assigned all interest in this loan to the Chinatown Charitable Trust, the governing body of the Chinatown Community Development Fund. At September 30, 2006, the outstanding principal and interest balance was \$565,234.

In 2005, CCBA received a \$88,000 from Kwong Kow Chinese School, Inc. (a tenant of CCBA) with annual interest rate of 4% for a 20 month period. The monthly rent payments received from Kwong Kow Chinese School, Inc. are used to repay the loan.

On June 31, 2006, CCBA received a second mortgage of \$250,000 from Chinatown Charitable Trust c/o Boston Redevelopment Authority with annual interest rate of 5% and maturity date of June 30, 2011. Principal and interest payments are due monthly. Both mortgages are secured by CCBA's building located at 90 Tyler Street.

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CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS  
September 30, 2006

NOTE F – RELATED PARTY TRANSACTIONS

Guarantees

Pursuant to various agreements with CCBALP (Waterford Place), CCBA agreed to guarantee the obligations and performance of CCBA Realty Corp. CCBA Realty Corp as the sole general partner of CCBALP, agreed to guarantee the funding of operating deficits of the partnership up to a maximum of \$800,000. CCBA has a guarantee obligation which will not exceed \$700,000 and in addition, has established a \$100,000 promissory note between CCBA and CCBA Realty Corp. Both are limited to the funds held in the Residual Fund Escrow Agreement. (See Note C) Any funds advanced by CCBA to CCBA Realty Corp for operating deficit contributions shall take the form of unsecured loans. CCBA shall be repaid, without interest, to the extent that and at such time as CCBA Realty Corp receives a distribution pursuant to the Partnership Agreement.

Due From CCBA Realty Corporation and CCBA Limited Partnership

Pursuant to various fee agreements between the CCBALP and CCBA, CCBA earned fees in connection with the organization, syndication and guarantees of the partnership and the development, start-up and operations of the project. At September 30, 2006, the fee receivable was \$11,029.

CCBA of New England, Inc. incurred costs on behalf of CCBA Realty Corporation and CCBALP. At September 30, 2006, CCBA was owed \$4,686 and \$2,400 relating to these costs.

Note Receivable – CCBA Realty Corp's Operating Deficit Contribution (ODC) Loan

As a condition established by Mass Housing, the general partner (CCBA Realty Corporation) was required to establish an Owner's Operating Deficit Escrow to help fund operating deficits. According to the partnership agreement, Operating Deficit Contributions shall be repayable, without interest, out of net cash flow of the Partnership. In order to provide the general partner with available cash to fund the Owner's Operating Deficit Escrow, CCBA loaned the monies to the general partner. During the year of 2006, \$100,725 was advanced to CCBALP. At September 30, 2006, \$814,208 had been advanced to the general partner as an operating deficit contribution (Refer to Note C).

Note Receivable – CCBALP's Water Remediation Loan

CCBALP – Waterford Place suffered from persistent water leaks and incurred repair costs, including legal and other professional fees. To fund the repairs, CCBA loaned \$131,494 to the Partnership. The loan is non-interest bearing. The outstanding balance is due on December 31, 2010. At September 30, 2006, \$131,494 remains outstanding on this note.

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CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS  
September 30, 2006

NOTE G – DESCRIPTION OF RENTAL LEASING ARRANGEMENTS

CCBA owns and leases several of its properties located in the Chinatown area. The following are brief descriptions of each leasing arrangement.

50 Herald Street (SCM Building): On December 13, 2004, CCBA extended their lease with 88 Supermarket, Inc. for ten year retroactive back to August 1, 2003 and terminating on July 31, 2013. The annual rental rate is \$128,034 payable in equal monthly installments of \$10,670. Rental income earned during the year was \$96,026.

90 Tyler Street (Old Quincy School): Rental income earned during the year was \$91,005.

Parking spaces at 90 Tyler Street: rental of parking spaces. Rental income received during the year was \$21,337.

Parking lot at Oxford Street: Leasing of land to a commercial parking lot company with an annual renewable lease. Rental income earned during the year was \$14,400.

NOTE H – USE OF RESTRICTED FUNDS

The SCM Building Fund is comprised principally of rental income derived from leasing the SCM Building located on 50 Herald Street, Boston, MA. The building was purchased in 1985 by funds donated by New England Medical Center and Tufts College in exchange for community support on issues with the BRA.

Pursuant to an understanding with New England Medical Center and Tufts College and CCBA, the income from rental of the building and the proceeds from the sale (if any) are to be used solely to increase the availability of adequate and affordable housing within the Chinatown community. The SCM Building Fund has been classified as temporarily restricted net assets in these financial statements.

During 2006, CCBA used \$98,475 from the SCM Building Fund to meet obligations of an operating nature. The non-compliance with donor-imposed restriction should not lead to a material loss of revenue or could cause CCBA to be unable to continue as a going concern. Accordingly, contingent liabilities have not been recorded.

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CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

NOTES TO FINANCIAL STATEMENTS  
September 30, 2006

NOTE I – CONTINGENCT LIABILITY

CCBA has been named in a lawsuit along with others by Bowers Management, LLC (Bowers) and Steven Kwong. Bowers initiated an action against CCBA, CCBA Tai Tung Management, Inc. and certain individuals whom the plaintiff allege were members of the CCBA Board of Directors for wrongful termination of its property management contract and asserts claims of breach of contract, breach of duty of good faith and fair dealing, declaratory relief and violation of M.G.L. C. 93A. CCBA has entered a counterclaim and the matter is proceeding in the discovery stage. As of September 30, 2006, CCBA has expended \$223,388 in legal fees relating to terminating the Bower's contract, defending and counter-suiting the claim. Management cannot predict the outcome of the pending lawsuit or estimate the amount of any loss that may result. Accordingly, no provision of any contingent liability that may result has been made in the financial statements.

D R A F T

**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of  
Chinese Consolidated Benevolent Association of New England, Inc.

Our report on the audit of the financial statements of Chinese Consolidated Benevolent Association of New England, Inc. for the nine month period ended September 30, 2006 (short year) appears on page 1. This audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supporting information included in the report (shown on page 15) is presented for purposes of additional analysis and is not required part of the basic financial statements of Chinese Consolidated Benevolent Association of New England, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

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Lee, Yee & Company, P.C.  
February 10, 2007

CHINESE CONSOLIDATED BENEVOLENT ASSOCIATION  
OF NEW ENGLAND, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
From January 1, 2006 to September 30, 2006  
(Short year due to change in year end reporting period)

<u>EXPENSES</u>	<u>PROGRAM SERVICES</u>	<u>MNGT AND GENERAL</u>	<u>TOTAL EXPENSES 9/30/06</u>
Advertising	\$ 413	\$ 223	\$ 636
Amortization	-	254	254
Depreciation	-	7,773	7,773
Donations	-	50	50
Financing costs	10,132	5,456	15,588
Insurance	11,426	6,152	17,578
Interest	4,068	452	4,520
Legal & professional fees	17,100	153,896	170,996
License & dues	1,456	162	1,618
Office expense	-	265	265
Payroll taxes	3,828	2,062	5,890
Penalty	1,877	1,011	2,888
Real estate taxes	7,772	-	7,772
Repairs & maintenance	3,619	1,949	5,568
Salaries & stipends	20,447	11,010	31,457
Chinatown safety program	45,291	-	45,291
Other program & events	6,044	-	6,044
Utilities	17,962	9,672	27,634
TOTAL EXPENSES	<u>\$ 151,435</u>	<u>\$ 200,387</u>	<u>\$ 351,822</u>

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See auditors' report on supplementary information.