

**FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS**

*with*

**INDEPENDENT AUDITORS' REPORT**

**YEARS ENDED JUNE 30, 2020 AND 2019**

Smith  Sullivan  
& Brown PC  
CERTIFIED PUBLIC ACCOUNTANTS

80 Flanders Road, Suite 200  Westborough, Massachusetts 01581  
Tel: 508.871.7178 Fax: 508.871.7179 [www.ssbcpa.com](http://www.ssbcpa.com)

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**REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2020 AND 2019**



**Mission Statement**

*The mission of the Family Nurturing Center of Massachusetts (FNC) is to work with others to build nurturing communities where children are cherished, families are supported and healthy development is promoted by all.*

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Family Nurturing Center of Massachusetts, Inc. and Affiliate  
Dorchester, Massachusetts

We have audited the accompanying consolidated financial statements of Family Nurturing Center of Massachusetts, Inc. and Affiliate (collectively the "Organizations") (Massachusetts nonprofit organizations), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years 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 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 Organization'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 Organization'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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Family Nurturing Center of Massachusetts, Inc. and Affiliate as of June 30, 2020 and 2019 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors  
Family Nurturing Center of Massachusetts, Inc. and Affiliate

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as whole. The consolidating statements on pages 31 - 37 are presented for purposes of additional analysis and are not a required part of the consolidated 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.

### **Other Information**

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The nonaccounting information shown on page 3, which is the responsibility of the management, is presented for purposes of additional analysis and is not a required part of the financial statements. The nonaccounting information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2020 on our consideration of Family Nurturing Center of Massachusetts, Inc. and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family Nurturing Center of Massachusetts, Inc. and Affiliate's internal control over financial reporting and compliance.

*Smith, Sullivan & Brown, PC*

Westborough, Massachusetts  
October 22, 2020

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

MANAGEMENT DISCUSSION OF STRATEGIC GOALS

JUNE 30, 2020

If FY 2019 was a year of growth and transition, FY 2020 can only be described as a year of surprise and re-positioning. Family Nurturing Center programming was off to a strong start. Our state contracts were all rolling over. We were entering the second year of two large three-year grants, one for capacity building and one to expand the services we and our sub-contracting partners were providing to families with young children across the city.

We were planning for our first ever gala event that was scheduled for March of 2020 and had received some large gifts from individuals and foundations. In January, we completed our five-year \$3.5 million capital campaign and moved into a brand new 12,800 square foot Family and Training Center. By the end of February, we were beginning our spring programs. On March 16<sup>th</sup>, after only a few sessions of our group programs, the Governor shut the state down in response to the COVID-19 pandemic.

The gala was postponed. FNC staff came together virtually for a week of planning and collaborating on how we could continue our programs using Zoom, Facebook, Google, Whats App, telephones and other social media formats. More importantly, we recognized that with schools closed, public transportation suspended, and many lower income wage earners out of work, families needed case management and in addition to concrete supports in the form of food, diapers, and other personal items.

FNC's Board of Directors were worried that the state and our other funders would not be able to maintain the commitments they made to support our work when FY 2020 began. Some FNC staff were concerned that families would not be interested in, or able to participate in, our programs virtually.

There were many issues that had to be addressed. FNC staff participated in training to develop the skills they needed to work virtually. FNC received a number of individual and foundation gifts specifically focused on meeting the concrete needs of families. Our state contracting agencies worked closely with us and continued to support our programming while we developed our capacity to serve families virtually. Foundations were universal in their flexibility around how we spent their grants. Families in general were more than willing to participate, although some had challenges related to technology or childcare.

This year's audit does not detail FNC's efforts to continue our mission in the face of the worst pandemic the world has seen in over 100 years. However, the numbers do reflect the fact that families, collaborating partners, state agencies, foundations and individuals all worked together to continue our mission...of building nurturing communities and promoting healthy child development.

Matt LiPuma  
Executive Director



FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS:</u>		
Cash and Cash Equivalents - Operating	\$ 1,035,040	\$ 250,598
Cash - Conditional Grant Advance	129,537	-
Accounts Receivable, Program Services	438,325	577,956
Grants Receivable, Current	280,858	287,661
Capital Campaign Pledges Receivable	4,100	46,550
Prepaid Expenses	88,519	68,543
Total Current Assets	<u>1,976,379</u>	<u>1,231,308</u>
<u>PROPERTY AND EQUIPMENT, NET</u>	<u>5,878,532</u>	<u>4,057,341</u>
<u>NON-CURRENT ASSETS:</u>		
Cash - Capital Campaign	80,375	236,315
Construction Disbursement Funds Held in Escrow	29,647	2,426,367
Board Designated Funds	65,450	65,450
Certificate of Deposit	34,550	34,550
Grants Receivable, Non-Current	-	175,000
Leveraged Loan Receivable	3,970,381	3,970,381
Intangible Assets, Net of Amortization	6,908	17,293
Total Non-Current Assets	<u>4,187,311</u>	<u>6,925,356</u>
<u>TOTAL ASSETS</u>	<u>\$ 12,042,222</u>	<u>\$ 12,214,005</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Accounts Payable and Accrued Expenses	\$ 79,817	\$ 118,051
Accounts Payable, Construction	-	549,657
Subcontracts Payable	120,391	100,380
Accrued Payroll and Related Costs	118,612	70,013
Conditional Grant Advance	129,537	-
Total Current Liabilities	<u>448,357</u>	<u>838,101</u>
<u>NON-CURRENT LIABILITIES:</u>		
NMTC Notes Payable	5,517,800	5,484,257
Construction Loan	1,746,020	1,750,000
Total Non-Current Liabilities	<u>7,263,820</u>	<u>7,234,257</u>
<u>TOTAL LIABILITIES</u>	<u>7,712,177</u>	<u>8,072,358</u>
<u>NET ASSETS:</u>		
Without Donor Restrictions	3,414,405	3,156,634
With Donor Restrictions	915,640	985,013
Total Net Assets	<u>4,330,045</u>	<u>4,141,647</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 12,042,222</u>	<u>\$ 12,214,005</u>

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

(With Summarized Consolidated Comparative Totals for 2019)

	<u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>CONSOLIDATED ACTIVITIES</u>	
			<u>2020</u>	<u>2019</u>
<b><u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u></b>				
<i>Support and Revenues:</i>				
Government Contracts and Awards	\$ 1,908,635	\$ -	\$ 1,908,635	\$ 1,852,515
Program Service Revenue	50,185	-	50,185	60,584
Foundation and Corporate Grants	81,716	823,054	904,770	1,805,651
Gifts, Contributions and Pledges	415,442	-	415,442	669,841
Paycheck Protection Program Grant	-	171,608	171,608	-
Donated Goods and Services	61,974	-	61,974	108,104
United Way Allocation	35,000	-	35,000	35,000
Interest Income	125,800	-	125,800	103,499
<i>Reclassification of Net Assets - Released from Restriction:</i>				
Program and Operating Expenses	<u>939,692</u>	<u>(939,692)</u>	<u>-</u>	<u>-</u>
<b><u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u></b>	<b><u>3,618,444</u></b>	<b><u>54,970</u></b>	<b><u>3,673,414</u></b>	<b><u>4,635,194</u></b>
<b><u>FUNCTIONAL EXPENSES:</u></b>				
<i>Program Services:</i>				
Family Nurturing and Training Programs	2,728,463	-	2,728,463	2,468,860
<i>Supporting Services:</i>				
Administrative	436,736	-	436,736	282,912
Fund Raising - Operations	319,817	-	319,817	213,882
Fund Raising - Capital Campaign	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,753</u>
<b><u>TOTAL FUNCTIONAL EXPENSES</u></b>	<b><u>3,485,016</u></b>	<b><u>-</u></b>	<b><u>3,485,016</u></b>	<b><u>3,016,407</u></b>
<b><u>CHANGE IN NET ASSETS BEFORE OTHER CHANGES</u></b>	<b><u>133,428</u></b>	<b><u>54,970</u></b>	<b><u>188,398</u></b>	<b><u>1,618,787</u></b>
<b><u>OTHER CHANGES IN NET ASSETS:</u></b>				
Loss on Sale of Building	-	-	-	(46,942)
Net Assets Released from Capital Restrictions	<u>124,343</u>	<u>(124,343)</u>	<u>-</u>	<u>-</u>
<b><u>TOTAL CHANGE IN NET ASSETS</u></b>	<b><u>257,771</u></b>	<b><u>(69,373)</u></b>	<b><u>188,398</u></b>	<b><u>1,571,845</u></b>
<b><u>NET ASSETS - BEGINNING OF YEAR</u></b>	<b><u>3,156,634</u></b>	<b><u>985,013</u></b>	<b><u>4,141,647</u></b>	<b><u>2,569,802</u></b>
<b><u>NET ASSETS - END OF YEAR</u></b>	<b><u>\$ 3,414,405</u></b>	<b><u>\$ 915,640</u></b>	<b><u>\$ 4,330,045</u></b>	<b><u>\$ 4,141,647</u></b>



FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

	<u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>OPERATIONS</u>	<u>CAPITAL</u> <u>CAMPAIGN</u>	<u>SUBTOTAL</u>	<u>TOTAL</u> <u>ACTIVITIES</u>
<b><u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u></b>					
<i>Support and Revenues:</i>					
Government Contracts and Awards	\$ 1,852,515	\$ -	\$ -	\$ -	\$ 1,852,515
Program Service Revenue	60,584	-	-	-	60,584
Foundation and Corporate Grants	166,794	866,357	772,500	1,638,857	1,805,651
Gifts, Contributions and Pledges	127,707	219,626	322,508	542,134	669,841
Donated Goods and Services	108,104	-	-	-	108,104
United Way Allocation	35,000	-	-	-	35,000
Interest Income	103,499	-	-	-	103,499
<i>Reclassification of Net Assets - Released from Restriction:</i>					
Program and Operating Expenses	667,084	(654,484)	(12,600)	(667,084)	-
<b><u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u></b>	<b><u>3,121,287</u></b>	<b><u>431,499</u></b>	<b><u>1,082,408</u></b>	<b><u>1,513,907</u></b>	<b><u>4,635,194</u></b>
<b><u>FUNCTIONAL EXPENSES:</u></b>					
<i>Program Services:</i>					
Family Nurturing and Training Programs	2,468,860	-	-	-	2,468,860
<i>Supporting Services:</i>					
Administrative	282,912	-	-	-	282,912
Fund Raising - Operations	213,882	-	-	-	213,882
Fund Raising - Capital Campaign	50,753	-	-	-	50,753
<b><u>TOTAL FUNCTIONAL EXPENSES</u></b>	<b><u>3,016,407</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>3,016,407</u></b>
<b><u>CHANGE IN NET ASSETS BEFORE OTHER CHANGES</u></b>	<b><u>104,880</u></b>	<b><u>431,499</u></b>	<b><u>1,082,408</u></b>	<b><u>1,513,907</u></b>	<b><u>1,618,787</u></b>
<b><u>OTHER CHANGES IN NET ASSETS:</u></b>					
Loss on Sale of Building	(46,942)	-	-	-	(46,942)
Net Assets Released from Capital Restrictions	2,298,902	-	(2,298,902)	(2,298,902)	-
<b><u>TOTAL CHANGE IN NET ASSETS</u></b>	<b><u>2,356,840</u></b>	<b><u>431,499</u></b>	<b><u>(1,216,494)</u></b>	<b><u>(784,995)</u></b>	<b><u>1,571,845</u></b>
<b><u>NET ASSETS - BEGINNING OF YEAR</u></b>	<b><u>799,794</u></b>	<b><u>270,648</u></b>	<b><u>1,499,360</u></b>	<b><u>1,770,008</u></b>	<b><u>2,569,802</u></b>
<b><u>NET ASSETS - END OF YEAR</u></b>	<b><u>\$ 3,156,634</u></b>	<b><u>\$ 702,147</u></b>	<b><u>\$ 282,866</u></b>	<b><u>\$ 985,013</u></b>	<b><u>\$ 4,141,647</u></b>

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020

*(With Summarized Consolidated Comparative Totals for 2019)*

	<u>PROGRAM</u>	<u>ADMINI-</u>	<u>FUND</u>	<u>TOTAL</u>	
	<u>SERVICES</u>	<u>STRATIVE</u>	<u>RAISING</u>	<u>FUNCTIONAL EXPENSES</u>	
				<u>2020</u>	<u>2019</u>
Salaries	\$ 1,061,962	\$ 161,667	\$ 179,420	\$ 1,403,049	\$ 1,288,184
Payroll Taxes	96,390	14,673	16,285	127,348	118,649
Fringe Benefits	151,805	23,111	25,648	200,564	183,681
Volunteer Services	39,806	-	-	39,806	95,790
Subcontracted Program Services	692,781	-	-	692,781	578,944
Consultants and Professional Fees	142,119	39,909	57,290	239,318	189,134
Occupancy Costs	117,986	28,256	10,566	156,808	64,276
Depreciation and Amortization Expense	72,828	22,705	1,466	96,999	17,615
Directors and Officers' Insurance	-	3,000	-	3,000	3,015
Liability Insurance	12,907	1,964	2,181	17,052	15,067
Program Supplies and Activities	200,267	-	-	200,267	121,350
Food and Meals	43,724	-	-	43,724	80,340
Client Transportation	6,668	-	-	6,668	30,255
Child Care for Program Participants	12,103	-	-	12,103	11,301
Computer Repairs, Upgrades and Maintenance	14,887	9,604	2,448	26,939	16,964
Equipment Lease/Rental	1,366	5,747	-	7,113	7,435
Office Supplies and Expenses	1,681	11,362	7,612	20,655	11,478
Postage and Shipping	927	1,418	946	3,291	2,135
Telephone and Communications	17,384	2,647	2,937	22,968	21,800
Dues, Fees and Subscriptions	4,807	17,876	3,146	25,829	18,170
Staff Development	9,982	-	-	9,982	20,878
Staff Travel	22,187	103	22	22,312	28,270
Charitable Events	-	-	9,750	9,750	12,925
Interest and Financing Costs	-	92,329	-	92,329	75,600
Miscellaneous	3,896	365	100	4,361	3,151
	<u>3,896</u>	<u>365</u>	<u>100</u>	<u>4,361</u>	<u>3,151</u>
<b>Total Functional Expenses</b>	<b><u>\$ 2,728,463</u></b>	<b><u>\$ 436,736</u></b>	<b><u>\$ 319,817</u></b>	<b><u>\$ 3,485,016</u></b>	<b><u>\$ 3,016,407</u></b>

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND RAISING</u> <u>OPERATIONS</u>	<u>CAPITAL</u>	<u>TOTAL</u> <u>FUNCTIONAL</u> <u>EXPENSES</u>
Salaries	\$ 1,021,284	\$ 112,397	\$ 123,602	\$ 30,901	\$ 1,288,184
Payroll Taxes	94,066	10,352	11,385	2,846	118,649
Fringe Benefits	145,624	16,027	17,624	4,406	183,681
Volunteer Services	95,790	-	-	-	95,790
Subcontracted Program Services	578,944	-	-	-	578,944
Consultants and Professional Fees	111,386	40,480	24,668	12,600	189,134
Occupancy Costs	50,959	5,608	7,709	-	64,276
Depreciation and Amortization Expense	13,965	1,537	2,113	-	17,615
Directors and Officers' Insurance	-	3,015	-	-	3,015
Liability Insurance	11,945	1,315	1,807	-	15,067
Program Supplies and Activities	121,350	-	-	-	121,350
Food and Meals	80,340	-	-	-	80,340
Client Transportation	30,255	-	-	-	30,255
Child Care for Program Participants	11,301	-	-	-	11,301
Computer Repairs, Upgrades and Maintenance	12,756	773	3,435	-	16,964
Equipment Lease/Rental	6,237	505	693	-	7,435
Office Supplies and Expenses	7,065	797	3,616	-	11,478
Postage and Shipping	1,278	449	408	-	2,135
Telephone and Communications	17,626	1,758	2,416	-	21,800
Dues, Fees and Subscriptions	7,829	9,456	885	-	18,170
Staff Development	20,878	-	-	-	20,878
Staff Travel	27,554	442	274	-	28,270
Charitable Events	-	-	12,925	-	12,925
Interest and Financing Costs	-	75,600	-	-	75,600
Miscellaneous	428	2,401	322	-	3,151
<b>Total Functional Expenses</b>	<b>\$ 2,468,860</b>	<b>\$ 282,912</b>	<b>\$ 213,882</b>	<b>\$ 50,753</b>	<b>\$ 3,016,407</b>

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	<u>2020</u>	<u>2019</u>
Change in Net Assets	\$ 188,398	\$ 1,571,845
<i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>		
Capital Campaign Contributions and Pledges	-	(1,095,008)
Depreciation and Amortization Expense	96,999	17,615
Imputed Interest - Deferred Financing Costs	16,772	-
Loss on Sale of Building	-	46,942
<i>(Increase) Decrease in Current Assets:</i>		
Accounts Receivable, Program Services	139,631	(333,357)
Grants Receivable, Current	6,803	(43,446)
Prepaid Expenses	(19,976)	(33,490)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	(38,235)	28,360
Subcontracts Payable	20,011	9,229
Accrued Payroll and Related Costs	48,599	5,534
Conditional Grant Advance	129,537	-
<i>(Increase) Decrease in Non-Current Assets:</i>		
Grants Receivable, Non-Current	175,000	(175,000)
Net Adjustment	575,141	(1,572,621)
<b><u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u></b>	<b><u>763,539</u></b>	<b><u>(776)</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Purchase of Certificate of Deposit	-	(100,000)
Purchase of Equipment and Fixtures	(224,643)	-
Cash Outlay for Pre-Development Costs	-	(22,550)
Cash Outlay for Land and Building Improvements	(2,216,047)	(3,086,577)
Net Cash Flows from Investing Activities	(2,440,690)	(3,209,127)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>		
Proceeds from NMTC Notes	-	5,693,900
Proceeds from Construction and Bridge Loans	-	2,037,872
Proceeds from Sale of Building	-	250,000
Proceeds from Capital Campaign	42,450	1,219,351
Cash Outlay to Fund Leveraged Loan	-	(3,970,381)
Cash Outlay for Deferred Financing Costs	-	(234,800)
Payments on Notes Payable (Sinking Fund)	(3,980)	(650,695)
Net Cash Flows from Financing Activities	38,470	4,345,247
<b><u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u></b>	<b><u>(1,638,681)</u></b>	<b><u>1,135,344</u></b>
<b><u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u></b>	<b><u>2,913,280</u></b>	<b><u>1,777,936</u></b>
<b><u>CASH AND CASH EQUIVALENTS - END OF YEAR</u></b>	<b><u>\$ 1,274,599</u></b>	<b><u>\$ 2,913,280</u></b>
<i>Presentation of Cash Balances :</i>		
Cash and Cash Equivalents - Operating	\$ 1,035,040	\$ 250,598
Cash - Conditional Grant Advance	129,537	-
Cash - Capital Campaign	80,375	236,315
Construction Disbursement Funds Held in Escrow	29,647	2,426,367
Total	<u>\$ 1,274,599</u>	<u>\$ 2,913,280</u>
<i>Supplemental Disclosures :</i>		
Interest and Finance Charges Paid	\$ 205,068	\$ 169,492

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 1      ORGANIZATION AND AFFILIATIONS

**Family Nurturing Center of Massachusetts, Inc.:**

Family Nurturing Center of Massachusetts, Inc. (the “Organization”, “Family Nurturing Center” or “FNC”) was incorporated in December 1998 under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code (“IRC”). Family Nurturing Center has been classified as an organization which is not a private foundation under Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes.

**Family Nurturing Support Corporation:**

Family Nurturing Support Corporation (“FNSC”) was formed as a Massachusetts nonprofit corporation on December 27, 2017 and is organized and operated for charitable purposes and qualifies as a tax-exempt not-for-profit corporation under Section 501(c)(3) of the IRC, as amended. FNSC is a Type III supporting organization operated for the benefit of, and functionally integrated with, FNC within the meaning of Section 509(a)(3)(iii) of the IRC. FNSC was created for the specific purpose of redeveloping the property located at 200 Bowdoin Street in Dorchester, Massachusetts (the “Property”) into a 12,800 square foot building (the “Project”) through a New Markets Tax Credit (“NMTC”) financing arrangement under Section 45D of the IRC, as amended. This financing was made possible by an allocation of \$5.87 million in NMTC authority by MHIC NE CDE II Subsidiary 50 LLC (the “MHIC CDE”), an affiliate of the Massachusetts Housing Investment Corporation, and a NMTC investment by Bank of America, N.A. in the BOA FNC Investment Fund, LLC (the “NMTC Investor”). As further described in Note 6, on September 21, 2018, FNC sold the Property to FNSC in conjunction with the closing of the NMTC transaction. Upon construction completion, in January 2020, FNC leased back the property.

The Bylaws of FNSC stipulate that FNC shall have the power of appointment and removal rights of two of the five board members of FNSC, but in no event shall FNC appoint more than two-fifths of the Directors. FNSC satisfies a three-part test under ASC 958-810-25-8 and is considered to be a special-purpose-entity (“SPE”) lessor. Accordingly, consolidated financial statements are required by Generally Accepted Accounting Principles in the United States of America (“US GAAP”).

NOTE 2      PROGRAM SERVICES

FY 2020 presented some significant challenges to FNC’s programs and the families we serve. After a strong start to the fiscal year, Covid-19 required FNC to re-think how it would deliver its programs, many of which are group and home based. We had moved into a new, expanded building in late January and had begun programming in that building late February. After school closings, partner space closings, and meeting size restrictions in the beginning of March, we let program participants in all of our programs know we would not be meeting or visiting as usual. Our Executive Team and Program Managers and their staffs met daily during the week of March 16th to develop alternative plans for staying in touch with, providing curriculum and resources for, and connecting with families. We made many adaptations to our programs. We worked virtually, we delivered food, diapers and other personal items to families and staffed distribution sites with our agency partners. We sent families gift cards to Stop and Shop, Target and other stores. As the needs of families shifted so did how we deliver services. We were moved by how the families with whom we partner also adjusted to the changes. About 80% of the families we screened wanted to participate in virtual group programs, home visits and parent child playgroups.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 2     *(Continued)*

Family Nurturing Center’s mission is to work with others to build nurturing communities where children are cherished, families are supported, and healthy human development is promoted by all. FNC offers family support and education programs to strengthen families and prevent child abuse and neglect, through **Nurturing Parenting Programs** and community-based **Family Support Networks**. In addition, FNC provides **Training and Technical Assistance** to other organizations who are interested in learning evidence-based parenting strategies.

**Nurturing Parenting Programs** are 12 - 15-week, research-validated, interactive parent support and education programs that involve the *whole* family. FNC is the statewide training and technical assistance center for Nurturing Programs, which build nurturing skills through group lessons and activities from a nationally recognized curriculum emphasizing empathy, empowerment, positive self-worth, and the use of dignified discipline for all family members. With public and private funding, FNC coordinates a variety of programs which may include: Birth & Foster Family Nurturing Program, Cape Verdean Nurturing Program, Parent & Teen Program, and at least three Nurturing Fathers’ Programs each year.

Last year, FNC coordinated 15 Nurturing Programs in the Boston area and served 325 participants.

The following goals guide our **Family Support Networks**, which provide a continuum of free, community-based programs for families:

1. Build parents' skills as their child’s first teacher and best nurturer;
2. Develop children’s early literacy, social/emotional, and other school-readiness skills, and
3. Connect families to community resources and each other.

**FNC Family Support Networks** are available in three Boston neighborhoods (Allston-Brighton, Dorchester and Roslindale/Hyde Park) and offer a full continuum of programs that include:

**Welcome Baby:**

A trained Home Visitor who lives in the community visits parents with newborns up to age 6 months, celebrating the birth and bringing parenting information, books for all family members to promote early literacy, a community resource guide, and a gift bag including a handmade baby blanket. The Visitor models family reading time, talks with new parents about their needs, and connects families to other services in the neighborhood, including ongoing home visiting. Visits are available in five languages. FNC provided 210 Welcome Baby visits in FY 2020.

**Parent/Baby and Parent/Child Playgroups:**

Parents, grandparents, and caregivers with babies, toddlers, and preschoolers can attend our Parent-Child Playgroups facilitated by an Early Childhood Specialist (“ECS”). Family members learn about “ages and stages” of child development; explore the fun and value of reading to their children; form friendships with other parents; and enjoy songs, games, art, and other activities to optimize their child’s social and emotional development.

The ECS also refers families to Early Intervention, speech and language assessments, Head Start, and other resources and activities. Staff and Parent Partners administer the Ages & Stages Questionnaire (ASQ) to help parents identify ways they can support their child’s healthy development. In FY 2020, FNC served 231 families in playgroups.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 2     *(Continued)*

**Boston ParentChild+ Program:**

The ParentChild+ Program is an intensive literacy-based home visiting program. The goals of this evidence-based, national home-visiting model for low-income parents and their children ages 18 months to 3 years are to promote school readiness and academic success by strengthening parent-child verbal interaction and reading and play activities in the home. The program builds parent-child attachment, school readiness, and school success for underserved families. A trained and closely supervised Early Learning Specialist meets twice a week with a parent/caretaker and their child in their home. Each week the visitor brings a toy or book and models how the parent can use the materials to support their child's early literacy. Referrals are made as necessary to Early Intervention and other support services. In FY 2020, FNC served 86 families.

**ParentChild+ Family Child Care Quality Enhancement Program:**

The ParentChild+ Family Childcare Quality Enhancement Program is based on the concepts of the PCHP+ home visiting model with parents. The curriculum has been adapted to support Family Child Care ("FCC") Providers who use it with the children in their care and also support families in using it at home.

The goals of this program are to:

- Strengthen the knowledge, skills and tools available to FCC educators to enhance the early literary and school readiness of young children;
- Increase the overall quality level of FCC programs through professional development that is provided in the FCC Home Setting with the children present. Professional development (coaching and mentoring) are provided by trained Early Literacy Specialists.
- Identify and support educators from diverse linguistic and cultural backgrounds, prioritizing FCC providers not affiliated with a FCC System, and
- Provide home visiting services to family childcare providers and the children enrolled in their homes.

In FY 2020, 8 Family Childcare providers were served in this 23-week program.

**Parenting Workshops, Support Groups, Resource and Referral, Parent Leadership:**

FNC offers parent workshops and support groups and provides resource and referral services through our community partners. FNC develops parents as leaders in doing outreach and education with their peers. Trained Parent Partners make home visits, do child development screenings (Ages and Stages Questionnaire), provide "child-watch" during programs, and facilitate and co-facilitate groups. Last year Parent Partners and FNC staff conducted 212 child development screenings.

Collaboration is the cornerstone of our community programming. In order to connect families to vital resources, it is critical for staff to be involved with other organizations in the community. Health centers, WIC offices, Early Intervention and Head Start make referrals to our programs and we do to theirs.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 2 *(Continued)*

**Training and Program Development Support:**

FNC is the statewide training and technical assistance center for the Nurturing Parenting and Nurturing Fathers programs in Massachusetts.

The FNC staff trained 266 professionals across the Commonwealth in program development and facilitation. 132 participated in our 3-day Nurturing Philosophy training and another 134 participated in trainings designed to address specific practice issues (facilitating children's groups, addressing trauma etc.).

Staff and program graduates are involved across Massachusetts in promoting fatherhood engagement. DCF social workers and staff from other agencies participate in Nurturing Program facilitator trainings.

Our Dorchester Family Support Network has two unique DCF-funded initiatives that are designed to engage the community in improving the health and well-being of neighborhood families:

**Dorchester CARES Community Coalition:**

The Dorchester CARES Community Coalition invites community parents and residents to get involved in making Dorchester a safe, healthy, nurturing community for families. Monthly meetings and special events are open to all in the neighborhood. Each year the coalition develops an action plan and designs programming to address the needs identified by Coalition members.

**Patch:**

Patch (the British word for neighborhood) is a partnership with the Department of Children and Families to support families who live in and near the Bowdoin Geneva neighborhood of Dorchester where our main office is located. A team of social workers and a supervisor are on-site at our Dorchester Office. They carry a reduced DCF caseload and provide prevention services to neighborhood families in need. They actively participate in community events and programming and are a resource to neighborhood schools and organizations who have questions about how to support families with open DCF cases.

**Boston Family Engagement Network**

In FY 2020, Family Nurturing Center received a third year of funding from the Department of Education and Care's Coordinated Family and Community Engagement Grant (\$806,425). This grant supports the work of the Boston Family Engagement Network, of which FNC is the lead agency.

The Boston Family Engagement Network is a network of nine community-based organizations who coordinate Boston families' access to programs and services that benefit their young children's (birth to eight years of age) healthy growth and development. FNC subcontracts with eight other neighborhood based nonprofit organizations to provide and coordinate programming. Subcontracts range from \$40,000 to \$60,000 per agency. The Neighborhoods served include: East Boston, Mattapan, Roslindale (includes Hyde Park and West Roxbury), Roxbury, Charlestown, Allston/Brighton, Jamaica Plain, Dorchester, and South Boston.

The Network provides a number of family support programs like those listed above (Welcome Baby, Parent Child Playgroups, Parenting Education and Resource and Referral).



FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 2     *(Continued)*

Funding for FNC's ParentChild+ home visiting program also is part of this grant (\$191,000 in FY 2020).

In October 2018, FNC also received a large three year grant from Boston Children's Hospital (**Boston Children's Collaboration for Community Health, Zero to Five Child Health Initiative**) to expand the work of the Boston Family Engagement Network's outreach to families and improve outcomes for children Birth-5 by building upon our developing citywide peer-to-peer parent leadership model, with a focus on young children's social-emotional health. This project had the following goals:

- Improve the health and well-being of children and families disproportionately impacted by inequities, health and the social determinants of health.
- Establish a diverse and equitable Parent Leadership Team in 8 Boston Family Engagement Network neighborhoods by identifying parents already involved in programs that support their role as their child's first teacher and moving them forward into Parent Partnership (supporting peers) and Parent Leadership (supporting Parent Partners) roles. This will build upon parent leadership capacity at the neighborhood level in early childhood systems, hence supporting the two generational approach of parent efficacy and healthy child development.

Collaboratively with the 8 parent leadership teams, BFEN creates a consistent and cohesive cadre of trainings to increase capacity in the social-emotional domain of child health through prevention and promotion strategies at the neighborhood level.

NOTE 3     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which affect significant elements of the Organization's consolidated financial statements are described below to enhance the usefulness of the financial statements to the reader. The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates; however, adherence to U.S. GAAP, has in management's opinion, resulted in reliable and consistent financial reporting by the Organization.

**Basis of Accounting:**

The Organization's policy is to maintain its books and prepare its consolidated financial statements on the accrual basis of accounting in accordance with U.S. GAAP. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred.

**Principles of Consolidation:**

The consolidated financial statements include the accounts of Family Nurturing Center of Massachusetts, Inc. and Family Nurturing Support Corporation. All material inter-affiliated transactions including transactions arising out of the lease of the building and certain furnishings and equipment to FNC and capital grants to FNSC are eliminated in the consolidated financial statements.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 3     *(Continued)*

**Financial Statement Presentation:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, the Organizations report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These classifications are related to the existence or absence of donor-imposed restrictions as follows:

*Net Assets Without Donor Restrictions* - consists of assets, public support and program revenues which are available and used for operations and programs. Net assets without donor restrictions represents the portion of net assets of the Organization that are not restricted by donor-imposed stipulations. Contributions are considered available for use unless specifically restricted by the donor. In addition, net assets within this classification may include funds which represent resources designated by the Board of Directors for specific purposes.

*Net Assets With Donor Restrictions* - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants or bequests and may include investment income earned on restricted funds. These net assets may also include resources which have a donor-imposed restriction which stipulates that a portion of the assets are to be maintained in perpetuity, but permits the Organization to expend part or all of the income derived from the donated assets.

**Cash and Cash Equivalents:**

For the purpose of these consolidated financial statements, the Organization considers equivalent to cash all money market funds and similar deposit accounts. For the years presented, *Cash and Cash Equivalents* includes a Fidelity Government Money Market Account.

**Accounts Receivable, Program Services:**

*Accounts Receivable, Program Services* represents amounts which are due to FNC from government funded program service agreements and, occasionally, training program revenues due from governmental agencies and other nonprofit organizations. The majority of these amounts have been confirmed and are considered fully collectible; consequently, these consolidated financial statements do not contain a provision for uncollectible accounts receivable. Therefore, if amounts due become uncollectible, a provision will be established at that time. There were no bad debts reported for the years presented.

**Grants Receivable:**

*Grants Receivable* reflects the balances due to FNC on grant commitments, some of which are restricted for specific program purposes, capital projects and/or time-restricted. The portion of grants receivable which is scheduled for payment in the coming fiscal year is classified as current, while commitments that exceed one year are classified as non-current. As of June 30, 2019, the non-current portion of grants receivable represents the third installment of a multi-year grant commitment that is due in FY 2021, and there were no non-current grants receivable as of June 30, 2020. Management considers these grant commitments to be fully collectible and therefore, has not established a reserve for uncollectible grants. If grants become uncollectible, a reserve will be established at that time. For the years presented, FNC did not report any losses on unpaid grant commitments.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 3      *(Continued)*

**Capital Campaign Pledges Receivable:**

*Capital Campaign Pledges Receivable* represent amounts due to FNC from individual donors which are classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. Promises to give with expected payment dates that extend beyond one year are discounted to their present value when such amounts are considered material. Management believes that all pledges are collectible, and therefore, no allowance for doubtful pledges has been established. If pledges are determined to be uncollectible in subsequent periods, an allowance will be established at that time. For the years presented, there were no uncollectible capital campaign pledges.

**Property and Equipment:**

Property, equipment, furnishings and improvement purchases in excess of \$5,000 are capitalized at cost, if purchased, or if donated, at fair value at the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment. Depreciation of property and equipment is computed using the straight-line method, and is charged against support and revenues over the estimated useful lives of the assets, as expressed in terms of years.

**Intangible Assets:**

Intangible assets reflects the acquisition and installation of a cloud-based network software and server and the development of a customized Salesforce database and outcomes measurement system. The intangible assets are amortized over a five-year period and are presented net of accumulated amortization totaling \$75,768 and \$65,382 as of June 30, 2020 and 2019, respectively. Amortization expense was \$10,386 and \$16,535 for the years ended June 30, 2020 and 2019, respectively. The expected future amortization expense is scheduled below:

<u>Fiscal Year Ending</u>	<u>Amount</u>
June 30, 2021	\$3,093
June 30, 2022	2,680
June 30, 2023	<u>1,135</u>
Total	<u>\$6,908</u>

**Construction Disbursement Funds Held in Escrow:**

As further detailed in Note 6, FNCS received loan proceeds totaling \$5,693,900 on September 21, 2018 as part of its NMTC financing. Pursuant to a Disbursement Agreement, the funds were deposited into a loan disbursement account with Eastern Bank, which, as the Disbursing Agent, performs oversight duties on behalf of the lender. The unspent funds serve as collateral on the loans until fully expended on the renovation project. The funds held in escrow include balances held in checking accounts as well as 30-day certificates of deposit. As of June 30, 2019, the escrowed funds included a certificate of deposit in the amount of \$2,000,000, bearing interest at the annual rate of 1.98%. The certificate of deposit matured on July 1, 2019, of which amount \$1,000,000 was renewed for an additional 30-day term and the balance was transferred into the disbursement account. As of June 30, 2020, the escrowed funds had been expended in accordance with the Disbursement Agreement. The balance of \$29,647 represents interest earned and accumulated during the construction period, which will be used to establish a reserve account.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 3     *(Continued)*

**Deferred Financing Costs:**

Fees totaling \$234,800 paid in connection with the financing for the NMTC transaction have been capitalized as deferred financing costs and are being amortized using the straight-line method (which approximates the interest method) over the seven-year NMTC compliance period. The amortization recognized for the year ended June 30, 2019 was \$25,157, which has been added to the capitalized construction period interest. Upon completion of the renovations, the annual amortization of \$33,543 will be added to the interest expense on the underlying debts. The amortization recognized for the year ended June 30, 2020 was \$33,543, of which amount half was capitalized and the remaining half was added to the operating interest expense. Deferred financing costs are presented net of amortization as a direct reduction from the NMTC notes payable on the consolidated statements of financial position.

**Revenue Recognition:**

Cost-Reimbursement Agreements

As more fully detailed in Note 8, a significant portion of FNC's revenue is derived from cost-reimbursable contracts and grants through the Massachusetts Department of Children and Families ("DCF") and the Department of Early Education and Care ("DEEC") which are conditional upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when FNC has incurred expenditures in compliance with specific contract or grant provisions. With respect to the CFCE DEEC agreement (see Note 8), FNC receives periodic advances from DEEC which are recognized as *Deferred Revenue*, a contract liability, until eligible costs are incurred and revenue is recognized. Otherwise, FNC invoices DCF and DEEC for reimbursement after such expenses have been incurred and except for the CFCE agreement, does not receive payment in advance of service delivery. As of June 30, 2020 and 2019, there is no obligation for deferred revenue or conditional grant advances arising from these agreements in the accompanying consolidated financial statements. For the years presented, the cost-reimbursement arrangements were billed in full within each respective fiscal year, leaving no conditional balances at year end.

Unit-Rate Agreements

As detailed in Note 2, FNC delivers nurturing programs in collaboration with DCF Regional Offices. These programs are conducted over a 12 - 15 week period and billed to DCF on a unit rate per group or session basis. FNC also provides technical assistance to DCF under a consulting agreement that is funded on a fixed monthly unit rate. Revenue is recognized as the services are provided and invoiced upon completion of the service delivery; accordingly, there are no contract liabilities arising out of unit rate agreements.

Program Service Revenue

FNC receives program revenue for the delivery of training and technical assistance programs which is recognized as services are delivered. When applicable, deposits received in advance are recognized as *Deferred Revenue*, a contract liability, in the accompanying Consolidated Statements of Financial Position.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 3     *(Continued)*

**Gifts, Grants and Contributions:**

As required by the FASB Accounting Standards Codification™, contributions are required to be recorded as receivables and revenues and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and right of return - are not recognized until the conditions on which they depend have been met. Contributions of assets other than cash are reported at their estimated fair value.

Multi-year commitments are recognized in the year during which the initial commitment was made. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions until the restrictions expire, at which time the assets are reclassified to net assets without donor restrictions.

**Donated Goods and Services:**

As required by the *FASB Accounting Standards Codification*™, FNC maintains a policy whereby contributions of donated non-cash assets are recorded at their fair values in the period received, and contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. These donations, to the extent recorded in the accompanying consolidated financial statements, do not have an impact on the change in net assets.

**Functional Expenses:**

Family Nurturing Center allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based upon space and time usage. In the accompanying Consolidated Statement of Functional Expenses, *Salaries, Payroll Taxes, Fringe Benefits, Occupancy Costs, Depreciation and Amortization Expense, Liability Insurance, and Computer Repairs, Upgrades and Maintenance* are allocated based on estimates of time and effort. Supporting services are those related to operating and managing Family Nurturing Center and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

*Administrative* - includes all activities related to Family Nurturing Center's internal management and accounting for program services.

*Fund Raising* - includes all activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of funds and volunteers for Family Nurturing Center's programs.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 3     *(Continued)*

*Capital Campaign* - FNC fundraised for a Capital Campaign which provided funding to renovate its Dorchester facility. Costs associated with raising funds to support the planned renovation project have been classified as *Capital Campaign* in the accompanying consolidated financial statements. The Capital Campaign concluded in FY 2019.

**Recent Accounting Guidance:**

*Recently Implemented Standards*

In May 2014, the FASB issued ASC Update No. 2014-09, (Topic 606) *Revenue from Contracts with Customers*. This ASU is a comprehensive new revenue recognition model that requires an organization to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This updated guidance impacts not-for-profit entities that have revenue transactions other than contributions. This standard was adopted by the Organization effective July 1, 2019. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognized revenue, and therefore no changes in the previously issued financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

In June 2018, the FASB issued ASC Update No. 2018-08, (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The ASU also provides additional guidance to help determine whether a contribution is conditional or unconditional. This standard was adopted by the Organization effective July 1, 2019. This ASU provides organizations with the option of applying the clarified guidance in the initial year of implementation on a prospective basis; therefore, the Organization has not restated its FY 2019 revenue balances or opening net assets for the years presented.

NOTE 4     PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of June 30, 2020 and 2019:

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2020 Net Book Value</u>
Land	-	\$ 250,000	\$ -	\$ 250,000
Building and Improvements	40	5,471,766	63,810	5,407,956
Furnishings and Equipment	5 - 10	<u>248,744</u>	<u>28,168</u>	<u>220,576</u>
Total		<u>\$5,970,510</u>	<u>\$91,978</u>	<u>\$5,878,532</u>

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 4 (Continued)

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2019 Net Book Value</u>
Land	-	\$ 250,000	\$ -	\$ 250,000
Construction in Progress	*	3,802,024	-	3,802,024
Equipment	10	<u>10,682</u>	<u>5,365</u>	<u>5,317</u>
Total		<u>\$4,062,706</u>	<u>\$5,365</u>	<u>\$4,057,341</u>

\* Construction of the Project commenced in September 2018 and was completed in January 2020. Upon completion of the Project, the Construction in Progress was placed into service and depreciation commenced in accordance with the policies described in Note 3.

During FY 2019, as part of the NMTC financing transaction described in Note 6, FNC sold its land and building to FNCS for \$250,000. The sale resulted in a loss in the amount of \$46,942, which is reported as *Loss on Sale of Building* in the accompanying Consolidated Statement of Activities for the year ended June 30, 2019.

Depreciation expense for the years ended June 30, 2020 and 2019 was \$86,613 and \$1,080, respectively.

NOTE 5 LEVERAGED LOAN RECEIVABLE

On September 21, 2018, FNC made a leveraged loan in the amount of \$3,970,381 to the NMTC Investor, a qualified equity investment fund (QEI) linked to FNC's financing obtained through the NMTC program. In order to fund the loan, FNC raised capital campaign funds and entered into financing transactions further detailed in Note 6. The loan is payable in monthly interest only payments at the fixed rate of 2.735% for the first seven years (the "Compliance Period") commencing on October 10, 2018. Starting on January 10, 2026, monthly payments of principal and interest of \$21,297 will be due through the maturity date of March 1, 2046.

After the Compliance Period, there are put and call agreements between FNC and the NMTC Investor. It is anticipated that the NMTC Investor will put their option and FNC will own the QEI funds at the end of the Compliance Period. However, if the NMTC Investor does not put their interest, FNCS plans to exercise its option to call. The value attributable to the put price is nominal; consequently, if exercised, the put would essentially result in forgiveness of these loans as well as extinguishment of FNCS's debt described in Note 6.

FNC received interest income payments totaling \$108,590 and \$75,410 during the fiscal years ended June 30, 2020 and 2019, respectively.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 6     DEBT AND FINANCING TRANSACTIONS

On September 21, 2018, FNC and FNSC successfully closed a NMTC transaction to finance the Project, which leveraged \$1,913,800 in loans from Eastern Bank, \$2,485,351 in FNC capital campaign contributions, and a net NMTC investment from the BOA FNC Investment Fund of \$1,723,519 to fund FNSC's total costs associated with the Project, estimated to be \$5,871,873. As part of this transaction, FNC sold its land and building to FNSC for \$250,000, paid in full its acquisition and pre-development debts due to Children's Investment Fund, and entered into a lease agreement with FNSC for a 25-year term that commenced upon completion of the construction of the Project and issuance of a final and unconditional certificate of occupancy (January 2020). In addition, FNC and FNSC executed the below notes and debt instruments with Eastern Bank and the MHIC CDE that are secured by a mortgage upon FNSC's fee interest in the Property (the MHIC CDE) or a leasehold mortgage secured by FNC's fee interest in the Property (Eastern Bank).

**Eastern Bank:**

Construction Loan

Construction financing in the amount of \$1,750,000 was provided to leverage a NMTC allocation to provide construction and permanent financing for the renovation of 200 Bowdoin Street, Dorchester. The note is collateralized by the assignment of leverage loan documents in the amount of \$3,970,381 between FNC and BOA FNC Investment Fund, LLC. From the date of the loan through April 20, 2020, payments of interest only are due monthly in arrears at the fixed annual rate of 5.19%. After April 20, 2020, monthly installments of \$9,680 are due, which includes interest and principal whereby the principal will be allocated to a sinking fund. The note matures on August 20, 2026, at which time the outstanding balance is due in full. As of June 30, 2019, the outstanding balance on the note was \$1,750,000, and there was no unpaid interest at that date. As of June 30, 2020, the outstanding principal balance was \$1,750,000, which is presented net of the amount held in the sinking fund of \$3,980. For the years ended June 30, 2020 and 2019, interest paid on this loan amounted to \$92,329 and \$68,623, respectively.

As of June 30, 2020, FNC has the following payment obligation to the sinking fund over the next five years:

<u>Fiscal Year Ended</u>	<u>Amount</u>
June 30, 2021	\$ 28,465
June 30, 2022	27,668
June 30, 2023	28,897
June 30, 2024	30,674
June 30, 2025	<u>32,305</u>
Total	<u>\$148,009</u>

Capital Campaign Pledge Bridge Financing

Eastern Bank agreed to provide FNC with bridge loan financing ("the Bridge Loan") not to exceed \$500,000, subject to interest at the rate of 4.9%, representing the FHLB 3-year Classic Advance Rate plus 1.95% per annum, and payable monthly in arrears. On September 21, 2018 FNC borrowed \$124,072 in bridge financing, which was secured by specific capital campaign pledges and was repaid in January 2019. As of June 30, 2019, there were no outstanding borrowings on the Bridge Loan and interest in the amount of \$1,858 was paid during FY 2019. The Bridge Loan was not used in FY 2020.



FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 6 (Continued)

Line-of-Credit

FNC had a working capital line-of-credit agreement with Eastern Bank with a borrowing limit of \$250,000. The advance rate is limited to an amount not to exceed 70% of accounts receivable that are due within 90 days and expires on December 31, 2020. The line-of-credit bears interest at the prime rate, which was 3.25% and 5.5% as of June 30, 2020 and 2019, respectively, is due upon demand, and is secured by all business assets. On September 21, 2018, FNC borrowed \$163,800, which was paid back in April 2019, and there was no outstanding balance on the line-of-credit as of June 30, 2019. For the year ended June 30, 2019, total interest paid on the line-of-credit amounted to \$5,119. For the year ended June 30, 2020, the line-of-credit was not used and there was no outstanding balance at year end.

**Children's Investment Fund, Inc.:**

FNC secured acquisition and pre-development financing from the Children's Investment Fund, which is administered by Community Economic Development Assistance Corporation ("CEDAC"), a public-private community development finance institution. During FY 2019 these notes were paid in full in connection with the above noted NMTC financing transaction.

Acquisition Promissory Note

FNC purchased its facility located at 200 Bowdoin Street, Dorchester, Massachusetts for \$250,000, which was financed by Children's Investment Fund, Inc. ("CIF") pursuant to a promissory note and mortgage dated October 2, 2013. The loan was structured as an interest only first mortgage on the property, payable quarterly at the rate of 5.25%, with the balance due in full upon the earlier of November 1, 2018, or refinancing. Interest in the amount of \$2,990 was paid during FY 2019 and is included in the *Occupancy Costs* in the accompanying Consolidated Statements of Functional Expenses.

Pre-Development Loan

FNC was approved for a pre-development technical assistance loan with a maximum potential borrowing limit of \$248,100, as approved by CEDAC. The note was secured by a mortgage on the underlying property and was subject to interest at the rate of 6%. As of June 30, 2018, the outstanding balance on the loan was \$235,285. The full balance of the note plus accrued interest was repaid at the construction financing.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 6      *(Continued)*

**New Market Tax Credit Notes Payable:**

On September 21, 2018, FNCS obtained financing in a NMTC transaction. Through this transaction, FNCS has secured low interest financing and the potential for future debt forgiveness. This program permits individual and corporate taxpayers to receive a credit against federal income taxes for making a QEI in qualified community development entities (CDEs). The CDE used substantially all of each QEI to make qualified low-income community investment (QLICI) loans on favorable terms to FNCS as a qualified low-income community business (QALICB). These loans made to FNCS by the MHIC CDE on September 21, 2018, and outstanding on June 30, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>
Promissory Note A-1	\$2,184,699	\$2,184,699
Promissory Note A-2	1,785,682	1,785,682
Promissory Note B-1	948,401	948,401
Promissory Note B-2	<u>775,118</u>	<u>775,118</u>
Total	5,693,900	5,639,900
Less: Unamortized Deferred Financing Costs	<u>(176,100)</u>	<u>(209,643)</u>
Net Long Term NMTC Notes Payable	<u>\$5,517,800</u>	<u>\$5,484,257</u>

Each of the above loans has a maturity date of December 1, 2052 and bears interest at the rate of 1.98%, payable monthly. The first seven-year term of the notes are defined as the Compliance Period, during which time only interest is paid. On September 21, 2025, the seventh anniversary of the loans, a lump sum principal payment of \$29,350 is due. Thereafter, the interest rate will increase to 6.98% and the loans will be amortized with aggregate monthly principal and interest payments of \$22,586 required through the maturity date. The loans may be repaid any time after the Compliance Period. Total interest paid on these notes amounted to \$87,686 for the year ended June 30, 2019, which has been capitalized as Construction in Progress. For the year ended June 30, 2020, the total interest paid was \$112,739, of which half was capitalized and the remaining balance was recorded as an operating interest expense.

NOTE 7      RESTRICTIONS AND DESIGNATIONS OF NET ASSETS

**Net Assets With Donor Restrictions:**

Net assets with donor restrictions includes the following unexpended contributions and grants restricted by donors as of June 30, 2020 and 2019:

<u>Nature of Restriction</u>	<u>2020</u>	<u>2019</u>
Capital Campaign	\$163,357	\$282,866
Community-Based Family Support Networks	577,283	247,147
Time Restricted	<u>175,000</u>	<u>455,000</u>
Total	<u>\$915,640</u>	<u>\$985,013</u>

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 7 (Continued)

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors were as follows:

<u>Nature of Restriction</u>	<u>2020</u>	<u>2019</u>
Community-Based Family Support Networks	\$ 414,036	\$ 654,484
Capitalized Construction Costs	124,343	2,298,902
Paycheck Protection Program	171,608	-
Time Restricted	280,000	-
Capital Campaign Operating Costs	<u>74,048</u>	<u>12,600</u>
Total	<u>\$1,064,035</u>	<u>\$2,965,986</u>

**Board-Designated Net Assets:**

As of June 30, 2020 and 2019, *Board Designated Funds* totaling \$65,450, for each of the years presented represents balances held a certificate of deposit. These funds represent liquid assets without donor restrictions, but designated by the Board of Directors to fund building renovations and capital repairs. In each year presented, FNC held a Certificate of Deposit in the amount of \$100,000, bearing interest at the annual rate of 1.55% with terms of one-year, which is automatically renewed. The Certificate of Deposit is comprised of the *Board Designated Funds* in addition to undesignated funds.

NOTE 8 GOVERNMENT FUNDED PROGRAM SERVICE CONTRACTS

**Commonwealth of Massachusetts - Department of Children and Families (DCF):**

DCF is the Organization's primary purchasing agency within the Commonwealth of Massachusetts' Purchase-of-Service system. The following programs were funded through DCF for the years presented:

FNC is party to a Community Education and Training contract with DCF under a Nurturing Program Development and Consulting Services agreement to provide technical assistance for nurturing family program development and implementation. Total revenue received under this DCF contract was \$300,000 for each of the years presented.

FNC also provides nurturing programs in conjunction with the Boston Regional and Coastal Regional DCF offices. During FY 2020 and 2019, these programs included Cape Verdean nurturing programs, Dimock Street Family programs, Chelsea Family programs, Birth, Foster and Kinship Nurturing Program, Hyde Park Family Programs and Nurturing Father's programs. These programs are funded by DCF on a unit rate per group or session basis, and provided revenue in the amount of \$219,014 and \$275,223 for the years ended June 30, 2020 and 2019, respectively.

FNC serves as the coordinating agency for the Dorchester Community Connections contract. The purpose of the program is to facilitate communication and collaboration between community residents and human service providers in Dorchester. This contract was administered on a cost-reimbursement basis and provided program funding in the amount of \$173,022 for each of the years presented.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 8 (Continued)

Effective with FY 2019, FNC became the coordinating agency for the Chelsea Community Connections contract, which operates under a contract similar in scope and contract administration to the above Dorchester contract. The total funding received for the years ended June 30, 2020 and 2019 for the Chelsea program amounted to \$124,460 and \$125,000, respectively.

Dorchester PATCH is a partnership between the DCF Park Street Area Office, the Department of Youth Services Metro Region and Family Nurturing Center. Together, these partners employ a community-based, family-centered approach to serve families in the Bowdoin-Geneva area of Dorchester. This contract was administered on a cost-reimbursement basis and provided program funding in the amount of \$92,750 for each of the years presented.

Total DCF funding was \$931,851 and \$965,995 for the years ended June 30, 2020 and 2019, respectively and included federal funds which were passed through DCF from the U.S. Department of Health and Human Services under the Promoting Safe and Stable Families program.

**Commonwealth of Massachusetts - Department of Early Education and Care (DEEC):**

Effective July 1, 2018, FNC became the lead agency for the Boston Family Engagement Network on the CFCE grant and administers subgrants on a cost-reimbursement basis to eight coordinating agencies that deliver a variety of parent support and education services to targeted neighborhoods (*See Note 2*). In addition, the Family Nurturing Center serves as the coordinating agency in the neighborhood of Allston-Brighton. The contract also funds services through the Parent-Child Home Program, a city-wide literacy-based home visiting program. Total revenues received by FNC under the CFCE Grant amounted to \$803,265 and \$806,425 for the years ended June 30, 2020 and 2019, respectively. FNC administered subgrants totaling \$413,870 and \$426,118 in each respective year to the eight coordinating agencies noted above, of which amounts, *Subcontracts Payable* totaling \$120,391 and \$100,380, respectively, are reported in the accompanying Consolidated Statements of Financial Position.

NOTE 9 DONATED GOODS AND SERVICES

The following represents donated goods and services for the years presented:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Toys, Blankets, Baby Items, Etc. (Program Supplies)	\$22,168	\$ 12,314
Nurturing Program Facilitators	39,806	93,760
Other Volunteer Services	-	2,030
Total	<u>\$61,974</u>	<u>\$108,104</u>

In-kind goods and services for the Welcome Baby Program include handmade blankets and other new items for families receiving Welcome Baby visits. Volunteer groups and individuals donate time to assemble gift bags and informational packets.

In addition to the in-kind goods and services recognized above, FNC operates its nurturing programs and playgroups in various locations throughout the Boston area. Most of this space is provided free of charge to FNC, and while not tracked, management estimates the annual value at approximately \$30,000.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 10    CONDITIONAL GRANTS

During FY 2019, Family Nurturing Center received a grant commitment from Boston Children’s Hospital in the aggregate amount of \$723,793, payable in three installments. The grant is restricted to expand and elevate parent leadership across the City of Boston. As of June 30, 2020 and 2019, \$240,880 and \$238,048, respectively, was recognized as *Foundation and Corporate Grants* Revenue in the accompanying Consolidated Statement of Activities. The remaining installment of \$244,865 due in FY 2021 is strictly conditional upon satisfactory program accomplishments, benchmarks and progress reports.

During FY 2020, FNC received a grant commitment from Tufts Medical Center in the amount of \$150,000, payable in three installments. The grant is restricted to behavior health programming for the Dorchester community. As of June 30, 2020, \$100,000 was recognized as *Foundation and Corporate Grants* Revenue in the accompanying Consolidated Statement of Activities. The remaining installments of \$50,000 per year due in FY 2021 and FY 2022 are strictly conditional upon satisfactory program accomplishments, benchmarks and progress reports.

As of June 30, 2020 and 2019, the aggregate conditional amount of the above commitments was \$344,865 and \$485,745, respectively. As the terms of the conditions had not been met, the support has not been recognized in the accompanying financial statements.

Refer to Note 15 for information pertaining to FNC’s Paycheck Protection Program Loan.

NOTE 11    OPERATING LEASE COMMITMENTS

**Facilities:**

*Presentation School Foundation Community Center, Brighton, MA*

FNC leases approximately 692 square feet of program space in the Presentation School, located at 640 Washington Street in Brighton, Massachusetts. The space is used to operate the Allston-Brighton Family Support Network. The lease requires monthly rental payments of \$923, or \$11,072 annually, and was scheduled to expire on December 31, 2021. Effective January 1, 2019, the lease term was extended through December 31, 2024 and the rent was increased to \$1,600 monthly, or \$19,200 annually.

*Yawkey Center, Dorchester, MA*

FNC entered into a lease agreement effective August 1, 2018 with Catholic Charitable Bureau of the Archdiocese of Boston, Inc. to lease office space within its facility located at 185 Columbia Road, Dorchester, Massachusetts (also known as Yawkey Center) as a temporary location during FNSC’s construction period. The initial term of the lease was for one year, payable in monthly installments of \$5,950 and required a security deposit of \$4,000. The cost of renting the temporary location totaled \$41,650 and \$65,450 for the years ended June 30, 2020 and 2019, respectively, and has been capitalized as part of the renovation project.

*Chelsea Community Connections Site*

FNC occupies program space on Hawthorne Street in Chelsea to operate the Chelsea Community Connections program under a lease which expired June 30, 2020 and, subsequent to year end, was renewed for a one-year term through June 30, 2021. Total rent paid during FY 2020 and FY 2019 amounted to \$21,900 and \$23,475, respectively.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 11 (Continued)

**Equipment:**

FNC entered into a 60-month copier equipment lease agreement during FY 2017. The monthly lease payments of \$476 are reported as *Equipment Lease/Rental* expense in the accompanying Consolidated Statements of Functional Expenses.

The future minimum lease payments arising from the above obligations is scheduled below:

<u>Fiscal Year Ended</u>	<u>Facilities</u>	<u>Equipment</u>	<u>Total</u>
June 30, 2021	\$19,200	\$ 5,712	\$24,912
June 30, 2022	19,200	5,712	24,912
June 30, 2023	19,200	-	19,200
June 30, 2024	19,200	-	19,200
June 30, 2025	<u>9,600</u>	<u>-</u>	<u>9,600</u>
Total	<u>\$86,400</u>	<u>\$11,424</u>	<u>\$97,824</u>

NOTE 12 OCCUPANCY

*Occupancy Costs* include the costs of renting and maintaining the above facilities as well as the costs to own and maintain its primary facility located at 200 Bowdoin Street in Dorchester. Each of these items is included in the Organization's occupancy costs and, as required by the *FASB Accounting Standards Codification*<sup>TM</sup>, is allocated on a functional basis to the various programs and supporting services according to the percentages derived from the usage of the space as expressed in terms of time devoted to the programs and services.

For the years presented, FNC subleased office and program space to a local nonprofit organization for \$350-\$400 per month. The occupancy costs are presented net of the sublease income in the accompanying Consolidated Statements of Functional Expenses.

The *Occupancy Costs* category includes the following costs:

<u>Occupancy Costs</u>	<u>2020</u>	<u>2019</u>
Rent	\$ 42,016	\$38,801
Mortgage Interest	73,140	2,990
Utilities	29,732	17,073
Repairs and Maintenance	12,855	7,058
Cleaning Service	<u>1,465</u>	<u>754</u>
Subtotal	159,208	66,676
Less: Sub-Lease Income	<u>(2,400)</u>	<u>(2,400)</u>
Net Occupancy Costs	<u>\$156,808</u>	<u>\$64,276</u>

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 13    EMPLOYEE BENEFIT PLANS

FNC maintains an employee benefit program, whereby each employee may elect to participate in a tax deferred 403(b) retirement plan administered by FNC. The plan allows full-time employees of the Organization to defer a percentage of their earnings in a tax-deferred retirement arrangement. The plan's contributions consisted only of employee salary deferrals, and therefore, the consolidated financial statements do not reflect a pension expense. FNC also offers a pre-tax cafeteria flexible spending account plan for out-of-pocket medical costs.

NOTE 14    CONCENTRATIONS

**Cash Concentrations:**

The Organization is subject to some credit risk through cash balances in checking and savings accounts which are placed with high credit quality financial institutions. Cash deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. At times during the year, the Organization's balances may exceed FDIC and other insured limits. The Organization had \$974,371 and \$2,782,644 in excess of federally insured and other insured limits as of June 30, 2020 and 2019 respectively; however, the Organization has not experienced any losses on uninsured cash balances and management considers credit risk on cash to be low.

**Revenue and Receivable Concentrations:**

As disclosed in Notes 3 and 8, FNC receives a significant amount of its revenue from government funded service contracts. For FY 2020 and FY 2019, approximately 50% and 38% of total support and revenue was attributable to reimbursement arrangements with the Commonwealth of Massachusetts Department of Children and Families and DEEC (previously the City of Boston Public Schools). As of June 30, 2020 and 2019, approximately 81% and 97% of FNC's accounts receivable from program services were due from these sources.

NOTE 15    CONTINGENCIES

**Surplus Revenue Retention Regulations:**

The Commonwealth of Massachusetts Division of Purchased Services' regulation, 808 CMR 1.19(3), *Not-for-Profit Surplus Revenue Retention*, allows social service providers to retain a surplus up to 20% of total revenues attributable to or generated by Commonwealth agreements for the provision of social services to clients of the Commonwealth and to use such surplus revenue for charitable purposes of the organization. Management concludes that FNC is in compliance with OSD requirements.

**New Market Tax Credit Recapture:**

The NMTC Investor is subject to 100% recapture of the New Market Tax Credits it receives for a period of seven years as provided in the Internal Revenue Code and applicable U.S. Treasury regulations. The Organization is required to be in compliance with various regulations and contractual provisions that apply to the New Market Tax Credit arrangement. Noncompliance with applicable requirements could result in the NMTC Investor's projected tax benefits not being realized and, therefore, require the Organization to indemnify the NMTC Investor for any loss or recapture of New Market Tax Credits related to the financing until such time as the recapture provisions have expired under the applicable statute of limitations. The Organization does not anticipate any credit recapture will be required in connection with this financing arrangement.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

*(Continued)*

NOTE 15    *(Continued)*

**Paycheck Protection Program:**

FNC received a loan in the amount of \$301,145 from Eastern Bank through the Paycheck Protection Program established by the U.S. CARES Act (the “PPP Loan”) on April 14, 2020. FNC has elected to account for the expected forgivable portion of this loan as a conditional grant commitment as permitted by the AICPA. FNC intends to apply for and receive full forgiveness of the loan, while any remaining balance would be repayable over a five-year term and subject to interest at the annual rate of 1%. The amount forgiven equals the amount incurred on qualifying costs (payroll, mortgage interest, rent utilities, as defined and subject to limitations) during the covered period. The amount forgiven is reduced if a) FNC decreases its staffing levels during the covered period, or b) reduces salaries/wages during the covered period; however, those reductions are subject to certain exemptions. FNC expects to meet the requirements for loan forgiveness. FNC must prepare and submit a loan forgiveness application to the lender, which is then reviewed by both the bank and the Small Business Administration (SBA) and then approved. FNC elects to use a 24-week covered period which will expire on October 14, 2020. As of June 30, 2020, FNC has incurred \$171,608 of qualifying costs which has been recognized as grant income for the fiscal year then ended. The unexpended funds totaling \$129,537 are reported on the accompanying consolidated statements of financial position as a *Conditional Grant Advance*, a current liability, as of June 30, 2020.

NOTE 16    LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization’s financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or because the governing board has set aside the funds for a specific contingency reserve, capital investment or other long-term investments or when restricted by donors for purposes more limited than general expenditures.

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$100,000, which it could draw upon. See Note 6 for information about the Organization’s line-of-credit. Additionally, the Organization has Board-Designated funds that, while the Organization does not intend to spend these for general operating purposes within the next year, these amounts could be made available for current operations, if necessary.

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to its ongoing activities of operating nurturing programs as well as the conduct of services undertaken to support those activities to be general expenditures.



FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

(Continued)

NOTE 16 (Continued)

	<u>2020</u>	<u>2019</u>
<i>Financial Assets:</i>		
Cash and Cash Equivalents	\$1,244,952	\$ 486,913
Accounts Receivable	438,325	577,956
Gifts, Grants and Pledges Receivable	284,958	509,211
Certificate of Deposit	100,000	100,000
Construction Disbursement Funds Held in Escrow	<u>29,647</u>	<u>2,426,367</u>
Total Financial Assets as of June 30	2,097,882	4,100,447
<i>Less Amounts Not Available to be Used Within One Year:</i>		
Non-Current Grants Receivable	-	(175,000)
Capital Campaign Pledges Receivable	(4,100)	(46,550)
Amounts Held for Construction	(29,647)	(2,426,367)
Capital Campaign Cash	(80,375)	(236,315)
Board Designated Fund/Certificate of Deposit	<u>(100,000)</u>	<u>(100,000)</u>
Financial Assets Available to Meet		
General Expenditures Within One Year	<u>\$1,883,760</u>	<u>\$ 1,116,215</u>

NOTE 17 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the combine financial statement date for potential adjustment to or disclosure in the consolidated financial statements. Therefore, Management has evaluated subsequent events through October 22, 2020, the date which the consolidated financial statements were available for issue, and noted the following event which met the disclosure criteria:

**Lease Extension:**

In July 2020, FNC extended its lease for program space to operate the Chelsea Community Connections program for a one-year term, expiring June 30, 2021, with monthly rent of \$1,885, or \$22,620 annually.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2020

	<u>FNC</u>	<u>FNSC</u>	<u>ELIM- INATIONS</u>	<u>CONSOLIDATED TOTAL</u>
<b><u>ASSETS</u></b>				
<b><u>CURRENT ASSETS:</u></b>				
Cash and Cash Equivalents - Operating	\$ 949,511	\$ 85,529	\$ -	\$ 1,035,040
Cash - Conditional Grant Advance	129,537	-	-	129,537
Accounts Receivable, Program Services	438,325	63,708	(63,708)	438,325
Grants Receivable, Current	280,858	-	-	280,858
Capital Campaign Pledges Receivable	4,100	-	-	4,100
Due from Family Nurturing Support Corp.	78,778	-	(78,778)	-
Prepaid Expenses	88,519	-	-	88,519
Total Current Assets	<u>1,969,628</u>	<u>149,237</u>	<u>(142,486)</u>	<u>1,976,379</u>
<b><u>PROPERTY AND EQUIPMENT, NET</u></b>	<u>4,237</u>	<u>5,874,295</u>	<u>-</u>	<u>5,878,532</u>
<b><u>NON-CURRENT ASSETS:</u></b>				
Cash - Capital Campaign	80,375	-	-	80,375
Construction Disbursement Funds Held in Escrow	-	29,647	-	29,647
Board Designated Funds	65,450	-	-	65,450
Certificate of Deposit	34,550	-	-	34,550
Leveraged Loan Receivable	3,970,381	-	-	3,970,381
Intangible Assets, Net of Amortization	6,908	-	-	6,908
Total Non-Current Assets	<u>4,157,664</u>	<u>29,647</u>	<u>-</u>	<u>4,187,311</u>
<b><u>TOTAL ASSETS</u></b>	<u>\$ 6,131,529</u>	<u>\$ 6,053,179</u>	<u>\$ (142,486)</u>	<u>\$ 12,042,222</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b><u>CURRENT LIABILITIES:</u></b>				
Accounts Payable and Accrued Expenses	\$ 136,578	\$ 6,947	\$ (63,708)	\$ 79,817
Subcontracts Payable	120,391	-	-	120,391
Accrued Payroll and Related Costs	118,612	-	-	118,612
Conditional Grant Advance	129,537	-	-	129,537
Due to Family Nurturing Center	-	78,778	(78,778)	-
Total Current Liabilities	<u>505,118</u>	<u>85,725</u>	<u>(142,486)</u>	<u>448,357</u>
<b><u>NON-CURRENT LIABILITIES:</u></b>				
NMTC Notes Payable	-	5,517,800	-	5,517,800
Construction Loan	1,746,020	-	-	1,746,020
Total Non-Current Liabilities	<u>1,746,020</u>	<u>5,517,800</u>	<u>-</u>	<u>7,263,820</u>
<b><u>TOTAL LIABILITIES</u></b>	<u>2,251,138</u>	<u>5,603,525</u>	<u>(142,486)</u>	<u>7,712,177</u>
<b><u>NET ASSETS:</u></b>				
Without Donor Restrictions	2,964,751	449,654	-	3,414,405
With Donor Restrictions	915,640	-	-	915,640
Total Net Assets	<u>3,880,391</u>	<u>449,654</u>	<u>-</u>	<u>4,330,045</u>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<u>\$ 6,131,529</u>	<u>\$ 6,053,179</u>	<u>\$ (142,486)</u>	<u>\$ 12,042,222</u>

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2019

	<u>FNC</u>	<u>FNCS</u>	<u>ELIM- INATIONS</u>	<u>CONSOLIDATED TOTAL</u>
<b><u>ASSETS</u></b>				
<b><u>CURRENT ASSETS:</u></b>				
Cash and Cash Equivalents - Operating	\$ 250,598	\$ -	\$ -	\$ 250,598
Accounts Receivable, Program Services	577,956	-	-	577,956
Grants Receivable, Current	287,661	-	-	287,661
Capital Campaign Pledges Receivable	46,550	-	-	46,550
Due from Family Nurturing Support Corp.	34,180	-	(34,180)	-
Prepaid Expenses	68,543	-	-	68,543
Total Current Assets	<u>1,265,488</u>	<u>-</u>	<u>(34,180)</u>	<u>1,231,308</u>
<b><u>PROPERTY AND EQUIPMENT, NET</u></b>	<u>5,317</u>	<u>4,052,024</u>	<u>-</u>	<u>4,057,341</u>
<b><u>NON-CURRENT ASSETS:</u></b>				
Cash - Capital Campaign	236,315	-	-	236,315
Construction Disbursement Funds Held in Escrow	-	2,426,367	-	2,426,367
Board Designated Funds	65,450	-	-	65,450
Certificate of Deposit	34,550	-	-	34,550
Grants Receivable, Non-Current	175,000	-	-	175,000
Leveraged Loan Receivable	3,970,381	-	-	3,970,381
Intangible Assets, Net of Amortization	17,293	-	-	17,293
Total Non-Current Assets	<u>4,498,989</u>	<u>2,426,367</u>	<u>-</u>	<u>6,925,356</u>
<b><u>TOTAL ASSETS</u></b>	<u>\$ 5,769,794</u>	<u>\$ 6,478,391</u>	<u>\$ (34,180)</u>	<u>\$ 12,214,005</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b><u>CURRENT LIABILITIES:</u></b>				
Accounts Payable and Accrued Expenses	\$ 118,051	\$ -	\$ -	\$ 118,051
Accounts Payable, Construction	-	549,657	-	549,657
Subcontracts Payable	100,380	-	-	100,380
Accrued Payroll and Related Costs	70,013	-	-	70,013
Due to Family Nurturing Center	-	34,180	(34,180)	-
Total Current Liabilities	<u>288,444</u>	<u>583,837</u>	<u>(34,180)</u>	<u>838,101</u>
<b><u>NON-CURRENT LIABILITIES:</u></b>				
NMTC Notes Payable	-	5,484,257	-	5,484,257
Construction Loan	1,750,000	-	-	1,750,000
Total Non-Current Liabilities	<u>1,750,000</u>	<u>5,484,257</u>	<u>-</u>	<u>7,234,257</u>
<b><u>TOTAL LIABILITIES</u></b>	<u>2,038,444</u>	<u>6,068,094</u>	<u>(34,180)</u>	<u>8,072,358</u>
<b><u>NET ASSETS:</u></b>				
Without Donor Restrictions	2,746,337	410,297	-	3,156,634
With Donor Restrictions	985,013	-	-	985,013
Total Net Assets	<u>3,731,350</u>	<u>410,297</u>	<u>-</u>	<u>4,141,647</u>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<u>\$ 5,769,794</u>	<u>\$ 6,478,391</u>	<u>\$ (34,180)</u>	<u>\$ 12,214,005</u>

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

	<u>FAMILY NURTURING CENTER</u>			<u>FNSC</u>		<u>CONSOLIDATED</u>
	<u>WITHOUT</u>	<u>WITH</u>	<u>FNC</u>	<u>WITHOUT</u>	<u>ELIM-</u>	<u>ACTIVITIES</u>
	<u>DONOR</u>	<u>DONOR</u>	<u>TOTAL</u>	<u>DONOR</u>	<u>INATIONS</u>	
	<u>RESTRICTIONS</u>	<u>RESTRICTIONS</u>		<u>RESTRICTIONS</u>		
<b><u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u></b>						
<i>Support and Revenues:</i>						
Government Contracts and Awards	\$ 1,908,635	\$ -	\$ 1,908,635	\$ -	\$ -	\$ 1,908,635
Program Service Revenue	50,185	-	50,185	63,708	(63,708)	50,185
Foundation and Corporate Grants	81,716	823,054	904,770	124,343	(124,343)	904,770
Gifts, Contributions and Pledges	415,442	-	415,442	-	-	415,442
Paycheck Protection Program Grant	-	171,608	171,608	-	-	171,608
Donated Goods and Services	61,974	-	61,974	-	-	61,974
United Way Allocation	35,000	-	35,000	-	-	35,000
Interest Income	115,821	-	115,821	9,979	-	125,800
<i>Reclassification of Net Assets - Released from Restrictions:</i>						
Program and Operating Expenses	939,692	(939,692)	-	-	-	-
<b><u>TOTAL SUPPORT, REVENUES</u></b>						
<b><u>AND RECLASSIFICATIONS</u></b>	<b><u>3,608,465</u></b>	<b><u>54,970</u></b>	<b><u>3,663,435</u></b>	<b><u>198,030</u></b>	<b><u>(188,051)</u></b>	<b><u>3,673,414</u></b>
<b><u>FUNCTIONAL EXPENSES:</u></b>						
<i>Program Services:</i>						
Family Nurturing and Training Programs	2,782,219	-	2,782,219	119,005	(172,761)	2,728,463
<i>Supporting Services:</i>						
Administrative	404,076	-	404,076	39,668	(7,008)	436,736
Fund Raising - Operations	328,099	-	328,099	-	(8,282)	319,817
<b><u>TOTAL FUNCTIONAL EXPENSES</u></b>	<b><u>3,514,394</u></b>	<b><u>-</u></b>	<b><u>3,514,394</u></b>	<b><u>158,673</u></b>	<b><u>(188,051)</u></b>	<b><u>3,485,016</u></b>
<b><u>CHANGE IN NET ASSETS</u></b>						
<b><u>BEFORE OTHER CHANGES</u></b>	<b><u>94,071</u></b>	<b><u>54,970</u></b>	<b><u>149,041</u></b>	<b><u>39,357</u></b>	<b><u>-</u></b>	<b><u>188,398</u></b>
<b><u>OTHER CHANGES IN NET ASSETS:</u></b>						
Net Assets Released from Capital Restrictions	124,343	(124,343)	-	-	-	-
<b><u>TOTAL CHANGE IN NET ASSETS</u></b>	<b><u>218,414</u></b>	<b><u>(69,373)</u></b>	<b><u>149,041</u></b>	<b><u>39,357</u></b>	<b><u>-</u></b>	<b><u>188,398</u></b>
<b><u>NET ASSETS - BEGINNING OF YEAR</u></b>	<b><u>2,746,337</u></b>	<b><u>985,013</u></b>	<b><u>3,731,350</u></b>	<b><u>410,297</u></b>	<b><u>-</u></b>	<b><u>4,141,647</u></b>
<b><u>NET ASSETS - END OF YEAR</u></b>	<b><u>\$ 2,964,751</u></b>	<b><u>\$ 915,640</u></b>	<b><u>\$ 3,880,391</u></b>	<b><u>\$ 449,654</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,330,045</u></b>

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>FAMILY NURTURING CENTER</u>			<u>FNSC</u>	<u>ELIM-</u>	<u>CONSOLIDATED</u>
	<u>WITHOUT</u>	<u>WITH</u>	<u>FNC</u>	<u>WITHOUT</u>		
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>	<u>DONOR</u>	<u>DONOR</u>	<u>TOTAL</u>	<u>DONOR</u>	<u>INATIONS</u>	<u>ACTIVITIES</u>
	<u>RESTRICTIONS</u>	<u>RESTRICTIONS</u>		<u>RESTRICTIONS</u>		
<i>Support and Revenues:</i>						
Government Contracts and Awards	\$ 1,852,515	\$ -	\$ 1,852,515	\$ -	\$ -	\$ 1,852,515
Program Service Revenue	60,584	-	60,584	-	-	60,584
Foundation and Corporate Grants	166,794	1,638,857	1,805,651	390,633	(390,633)	1,805,651
Gifts, Contributions and Pledges	127,707	542,134	669,841	-	-	669,841
Donated Goods and Services	108,104	-	108,104	-	-	108,104
United Way Allocation	35,000	-	35,000	-	-	35,000
Interest Income	83,835	-	83,835	19,664	-	103,499
<i>Reclassification of Net Assets - Released from Restrictions:</i>						
Program and Operating Expenses	667,084	(667,084)	-	-	-	-
<b><u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u></b>	<b><u>3,101,623</u></b>	<b><u>1,513,907</u></b>	<b><u>4,615,530</u></b>	<b><u>410,297</u></b>	<b><u>(390,633)</u></b>	<b><u>4,635,194</u></b>
<b><u>FUNCTIONAL EXPENSES:</u></b>						
<i>Program Services:</i>						
Family Nurturing and Training Programs	2,859,493	-	2,859,493	-	(390,633)	2,468,860
<i>Supporting Services:</i>						
Administrative	282,912	-	282,912	-	-	282,912
Fund Raising - Operations	213,882	-	213,882	-	-	213,882
Fund Raising - Capital Campaign	50,753	-	50,753	-	-	50,753
<b><u>TOTAL FUNCTIONAL EXPENSES</u></b>	<b><u>3,407,040</u></b>	<b><u>-</u></b>	<b><u>3,407,040</u></b>	<b><u>-</u></b>	<b><u>(390,633)</u></b>	<b><u>3,016,407</u></b>
<b><u>CHANGE IN NET ASSETS BEFORE OTHER CHANGES</u></b>	<b><u>(305,417)</u></b>	<b><u>1,513,907</u></b>	<b><u>1,208,490</u></b>	<b><u>410,297</u></b>	<b><u>-</u></b>	<b><u>1,618,787</u></b>
<b><u>OTHER CHANGES IN NET ASSETS:</u></b>						
Loss on Sale of Building	(46,942)	-	(46,942)	-	-	(46,942)
Net Assets Released from Capital Restrictions	2,298,902	(2,298,902)	-	-	-	-
<b><u>TOTAL CHANGE IN NET ASSETS</u></b>	<b><u>1,946,543</u></b>	<b><u>(784,995)</u></b>	<b><u>1,161,548</u></b>	<b><u>410,297</u></b>	<b><u>-</u></b>	<b><u>1,571,845</u></b>
<b><u>NET ASSETS - BEGINNING OF YEAR</u></b>	<b><u>799,794</u></b>	<b><u>1,770,008</u></b>	<b><u>2,569,802</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,569,802</u></b>
<b><u>NET ASSETS - END OF YEAR</u></b>	<b><u>\$ 2,746,337</u></b>	<b><u>\$ 985,013</u></b>	<b><u>\$ 3,731,350</u></b>	<b><u>\$ 410,297</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,141,647</u></b>

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020

*(With Summarized Consolidated Comparative Totals for 2019)*

	<u>FAMILY NURTURING CENTER</u>			<u>FNSC</u>			<u>TOTAL</u>	
	<u>PROGRAM SERVICES</u>	<u>ADMINI-STRATIVE</u>	<u>FUND RAISING</u>	<u>PROGRAM SERVICES</u>	<u>ADMINI-STRATIVE</u>	<u>ELIM-INATIONS</u>	<u>FUNCTIONAL EXPENSES 2020</u>	<u>2019</u>
Salaries	\$ 1,061,962	\$ 161,667	\$ 179,420	\$ -	\$ -	\$ -	\$ 1,403,049	\$ 1,288,184
Payroll Taxes	96,390	14,673	16,285	-	-	-	127,348	118,649
Fringe Benefits	151,805	23,111	25,648	-	-	-	200,564	183,681
Volunteer Services	39,806	-	-	-	-	-	39,806	95,790
Subcontracted Program Services	692,781	-	-	-	-	-	692,781	578,944
Consultants and Professional Fees	142,119	39,909	57,290	-	-	-	239,318	189,134
Occupancy Costs	111,549	16,979	18,848	54,855	18,285	(63,708)	156,808	64,276
Depreciation and Amortization Expense	8,678	1,322	1,466	64,150	21,383	-	96,999	17,615
Directors and Officers' Insurance	-	3,000	-	-	-	-	3,000	3,015
Liability Insurance	12,907	1,964	2,181	-	-	-	17,052	15,067
Program Supplies and Activities	200,267	-	-	-	-	-	200,267	121,350
Food and Meals	43,724	-	-	-	-	-	43,724	80,340
Client Transportation	6,668	-	-	-	-	-	6,668	30,255
Child Care for Program Participants	12,103	-	-	-	-	-	12,103	11,301
Computer Repairs, Upgrades and Maintenance	14,887	9,604	2,448	-	-	-	26,939	16,964
Equipment Lease/Rental	1,366	5,747	-	-	-	-	7,113	7,435
Office Supplies and Expenses	1,681	11,362	7,612	-	-	-	20,655	11,478
Postage and Shipping	927	1,418	946	-	-	-	3,291	2,135
Telephone and Communications	17,384	2,647	2,937	-	-	-	22,968	21,800
Dues, Fees and Subscriptions	4,807	17,876	3,146	-	-	-	25,829	18,170
Staff Development	9,982	-	-	-	-	-	9,982	20,878
Staff Travel	22,187	103	22	-	-	-	22,312	28,270
Charitable Events	-	-	9,750	-	-	-	9,750	12,925
Interest and Financing Costs	-	92,329	-	-	-	-	92,329	75,600
Grants to FNSC	124,343	-	-	-	-	(124,343)	-	-
Miscellaneous	3,896	365	100	-	-	-	4,361	3,151
<b>Total Functional Expenses</b>	<b>\$ 2,782,219</b>	<b>\$ 404,076</b>	<b>\$ 328,099</b>	<b>\$ 119,005</b>	<b>\$ 39,668</b>	<b>\$ (188,051)</b>	<b>\$ 3,485,016</b>	<b>\$ 3,016,407</b>

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020

	<u>FNC</u>	<u>FNSC</u>	<u>ELIM- INATIONS</u>	<u>TOTAL</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>				
Change in Net Assets	\$ 149,041	\$ 39,357	\$ -	\$ 188,398
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>				
Depreciation and Amortization Expense	11,465	85,534	-	96,999
Imputed Interest - Deferred Financing Costs	-	16,772	-	16,772
<i>(Increase) Decrease in Current Assets:</i>				
Accounts Receivable, Program Services	139,631	(63,708)	63,708	139,631
Grants Receivable, Current	6,803	-	-	6,803
Due from Family Nurturing Support Corp.	(44,598)	-	44,598	-
Prepaid Expenses	(19,976)	-	-	(19,976)
<i>Increase (Decrease) in Current Liabilities:</i>				
Accounts Payable and Accrued Expenses	18,527	6,946	(63,708)	(38,235)
Subcontracts Payable	20,011	-	-	20,011
Accrued Payroll and Related Costs	48,599	-	-	48,599
Conditional Grant Advance	129,537	-	-	129,537
Due to Family Nuturing Center	-	44,598	(44,598)	-
<i>(Increase) Decrease in Non-Current Assets:</i>				
Grants Receivable, Non-Current	175,000	-	-	175,000
Net Adjustment	484,999	90,142	-	575,141
<b><u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>	<b><u>634,040</u></b>	<b><u>129,499</u></b>	<b><u>-</u></b>	<b><u>763,539</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>				
Purchase of Equipment and Fixtures	-	(224,643)	-	(224,643)
Cash Outlay for Building Improvements	-	(2,216,047)	-	(2,216,047)
Net Cash Flows from Investing Activities	-	(2,440,690)	-	(2,440,690)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>				
Proceeds from Capital Campaign	42,450	-	-	42,450
Payments on Notes Payable (Sinking Fund)	(3,980)	-	-	(3,980)
Net Cash Flows from Financing Activities	38,470	-	-	38,470
<b><u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u></b>	<b><u>672,510</u></b>	<b><u>(2,311,191)</u></b>	<b><u>-</u></b>	<b><u>(1,638,681)</u></b>
<b><u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u></b>	<b><u>486,913</u></b>	<b><u>2,426,367</u></b>	<b><u>-</u></b>	<b><u>2,913,280</u></b>
<b><u>CASH AND CASH EQUIVALENTS - END OF YEAR</u></b>	<b><u>\$ 1,159,423</u></b>	<b><u>\$ 115,176</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,274,599</u></b>
<i>Presentation of Cash Balances :</i>				
Cash and Cash Equivalents - Operating	\$ 949,511	\$ 85,529	\$ -	\$ 1,035,040
Cash - Conditional Grant Advance	129,537	-	-	129,537
Cash - Capital Campaign	80,375	-	-	80,375
Construction Disbursement Funds Held in Escrow	-	29,647	-	29,647
Total	<u>\$ 1,159,423</u>	<u>\$ 115,176</u>	<u>\$ -</u>	<u>\$ 1,274,599</u>
<i>Supplemental Disclosures :</i>				
Interest and Finance Charges Paid	<u>\$ 92,329</u>	<u>\$ 112,739</u>	<u>\$ -</u>	<u>\$ 205,068</u>

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>FNC</u>	<u>FNSC</u>	<u>ELIM- INATIONS</u>	<u>TOTAL</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>				
Change in Net Assets	\$ 1,161,548	\$ 410,297	\$ -	\$ 1,571,845
<i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>				
Capital Campaign Contributions and Pledges	(1,095,008)	-	-	(1,095,008)
Non-Cash Grant	390,633	(390,633)	-	-
Depreciation and Amortization Expense	17,615	-	-	17,615
Loss on Sale of Building	46,942	-	-	46,942
<i>(Increase) Decrease in Current Assets:</i>				
Accounts Receivable, Program Services	(333,357)	-	-	(333,357)
Grants Receivable, Current	(43,446)	-	-	(43,446)
Due from Family Nurturing Support Corp.	(34,180)	-	34,180	-
Prepaid Expenses	(33,490)	-	-	(33,490)
<i>Increase (Decrease) in Current Liabilities:</i>				
Accounts Payable and Accrued Expenses	28,360	-	-	28,360
Subcontracts Payable	9,229	-	-	9,229
Accrued Payroll and Related Costs	5,534	-	-	5,534
Due to Family Nuturing Center	-	34,180	(34,180)	-
<i>(Increase) Decrease in Non-Current Assets:</i>				
Grants Receivable, Non-Current	(175,000)	-	-	(175,000)
Net Adjustment	(1,216,168)	(356,453)	-	(1,572,621)
<b><u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u></b>	<b><u>(54,620)</u></b>	<b><u>53,844</u></b>	<b><u>-</u></b>	<b><u>(776)</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>				
Purchase of Certificate of Deposit	(100,000)	-	-	(100,000)
Cash Outlay for Pre-Development Costs	(22,550)	-	-	(22,550)
Cash Outlay for Land and Building Improvements	-	(3,086,577)	-	(3,086,577)
Net Cash Flows from Investing Activities	(122,550)	(3,086,577)	-	(3,209,127)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>				
Proceeds from NMTC Notes	-	5,693,900	-	5,693,900
Proceeds from Construction and Bridge Loans	2,037,872	-	-	2,037,872
Proceeds from Sale of Building	250,000	-	-	250,000
Proceeds from Capital Campaign	1,219,351	-	-	1,219,351
Cash Outlay to Fund Leveraged Loan	(3,970,381)	-	-	(3,970,381)
Cash Outlay for Deferred Financing Costs	-	(234,800)	-	(234,800)
Payments on Notes Payable	(650,695)	-	-	(650,695)
Net Cash Flows from Financing Activities	(1,113,853)	5,459,100	-	4,345,247
<b><u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u></b>	<b><u>(1,291,023)</u></b>	<b><u>2,426,367</u></b>	<b><u>-</u></b>	<b><u>1,135,344</u></b>
<b><u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u></b>	<b><u>1,777,936</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,777,936</u></b>
<b><u>CASH AND CASH EQUIVALENTS - END OF YEAR</u></b>	<b><u>\$ 486,913</u></b>	<b><u>\$ 2,426,367</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,913,280</u></b>
<i>Presentation of Cash Balances :</i>				
Cash and Cash Equivalents - Operating	\$ 250,598	\$ -	\$ -	\$ 250,598
Cash - Capital Campaign	236,315	-	-	236,315
Construction Disbursement Funds Held in Escrow	-	2,426,367	-	2,426,367
Total	<u>\$ 486,913</u>	<u>\$ 2,426,367</u>	<u>\$ -</u>	<u>\$ 2,913,280</u>
<i>Supplemental Disclosures :</i>				
Interest and Finance Charges Paid	\$ 81,806	\$ 87,686	\$ -	\$ 169,492