

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED JUNE 30, 2022 AND 2021

Smith  Sullivan
& Brown PC
CERTIFIED PUBLIC ACCOUNTANTS

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FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021



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, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Family Nurturing Center of Massachusetts, Inc. and Affiliate (collectively the "Organization") (Massachusetts nonprofit organizations), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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.

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, 2022 and 2021 and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Family Nurturing Center of Massachusetts, Inc. and Affiliate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Nurturing Center of Massachusetts, Inc. and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Family Nurturing Center of Massachusetts, Inc. and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Nurturing Center of Massachusetts, Inc. and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 29 – 36 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is 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 consolidating information has been subjected to the auditing procedures applied in the audits 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 consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

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

Other Information

Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The nonaccounting information shown on page 4, which is the responsibility of the management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The nonaccounting information has not been subjected to the auditing procedures applied in the audit of the consolidated 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 25, 2022 on our consideration of Family Nurturing Center of Massachusetts, Inc.'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 solely 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 the effectiveness of Family Nurturing Center of Massachusetts, Inc.'s 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.'s internal control over financial reporting and compliance.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
October 25, 2022

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

MANAGEMENT DISCUSSION OF STRATEGIC GOALS

JUNE 30, 2022

Fiscal Year 2022 (FY 2022) was a year of significant change for Family Nurturing Center of MA:

In January, Matt LiPuma, FNC's Executive Director of 17 years, retired. Sheridan Haines steered the Organization briefly as Interim Executive Director over the winter, and I joined the team in mid-March. A leadership transition is a moment for reflection, taking stock, and thinking about the future, and FNC has experienced all of this in the past year.

Alongside this transition, FNC continues to grow. This year, the Board and Executive Team focused on investments in organizational infrastructure, adding staff capacity in finance, operations, and administration. We end the year with 58 employees (37.5 full time equivalents), new human resources policies, and a roadmap for continued strengthening of internal systems.

FNC's financial performance was strong, despite the discontinuation of the Paycheck Protection Program loan which bolstered the budget in FY 2021. FNC had a 25% increase in program revenue from the prior year, exceeding projections by 14%. Please see the Statements of Activities on page 6.

This was also a strong year for fundraising, with the Organization surpassing goals for both restricted and unrestricted private revenue. In March 2022, FNC held its first in-person gala, which was attended by over 130 people. We believe this marks the beginning of a new annual tradition for FNC, and a means of raising visibility and resources for the Organization.

FNC offered increased in-person programming this year, with Covid-19 safety measures in place, while continuing to offer virtual programming, as well. Despite the inherent challenges of delivering human services during a pandemic, it was a strong year programmatically; please see pages 10 - 14 for a summary of FNC's FY 2022 programming, including descriptions of new programs and numbers of people served.

With the return of in-person programming came the return of on-site work; the majority of employees worked hybrid schedules over the last year. Employees based in Dorchester returned to the newly-built building, which opened just months prior to the start of the pandemic. The return to in-person work necessitated new safety protocols and continued monitoring of public health recommendations.

In regard to the new building, FNC continues to pay rent to the Family Nurturing Support Corporation, the separate entity established in order to participate in the New Markets Tax Credit program. We will do so until August 2026, the end of the 7-year compliance period, when FNC will begin to make payments toward the \$1.75 million mortgage. The new facility generates an annual depreciation expense of approximately \$185K, which is an unfunded noncash expense that generates an annual loss for FNSC and is not a reflection of the FNC activities, which reports an operating surplus of \$41K. Please refer to the consolidating statement of activities on page 31 to better understand the activities of FNC.

As we look toward next year, we anticipate continuing to offer both in-person and virtual programming and supporting hybrid work for FNC employees. Even in the face of the ongoing pandemic, we are preparing for a new year with a larger budget and staff than any year in FNC's history.

Emma Tobin
Executive Director



FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
<u>CURRENT ASSETS:</u>		
Cash and Cash Equivalents - Operating	\$ 1,080,487	\$ 1,230,403
Accounts Receivable, Program Services	513,791	236,521
Grants Receivable	80,180	69,850
Prepaid Expenses	42,680	54,263
Total Current Assets	<u>1,717,138</u>	<u>1,591,037</u>
<u>PROPERTY AND EQUIPMENT, NET</u>	<u>5,507,618</u>	<u>5,693,046</u>
<u>NON-CURRENT ASSETS:</u>		
Cash Held for Capital Projects	187,564	187,574
Board Designated Funds	101,695	101,594
Leveraged Loan Receivable	3,970,381	3,970,381
Intangible Assets, Net of Amortization	1,134	3,815
Total Non-Current Assets	<u>4,260,774</u>	<u>4,263,364</u>
<u>TOTAL ASSETS</u>	<u>\$ 11,485,530</u>	<u>\$ 11,547,447</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Accounts Payable and Accrued Expenses	\$ 100,452	\$ 69,773
Subcontracts Payable	66,327	88,741
Accrued Payroll and Related Costs	135,198	100,501
Deferred Revenue	8,441	-
Total Current Liabilities	<u>310,418</u>	<u>259,015</u>
<u>NON-CURRENT LIABILITIES:</u>		
NMTC Notes Payable	5,584,880	5,551,340
Construction Loan	1,694,941	1,721,146
Total Non-Current Liabilities	<u>7,279,821</u>	<u>7,272,486</u>
<u>TOTAL LIABILITIES</u>	<u>7,590,239</u>	<u>7,531,501</u>
<u>NET ASSETS:</u>		
Without Donor Restrictions	3,084,577	3,309,613
With Donor Restrictions	810,714	706,333
Total Net Assets	<u>3,895,291</u>	<u>4,015,946</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 11,485,530</u>	<u>\$ 11,547,447</u>

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	<u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>TOTAL</u> <u>ACTIVITIES</u>	<u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>TOTAL</u> <u>ACTIVITIES</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>						
<i>Support and Revenues:</i>						
Government Contracts and Awards	\$ 2,390,843	\$ -	\$ 2,390,843	\$ 1,932,965	\$ -	\$ 1,932,965
Program Service Revenue	170,818	-	170,818	131,600	-	131,600
Foundation and Corporate Grants	83,584	889,959	973,543	88,685	837,546	926,231
Gifts, Contributions and Pledges	229,938	-	229,938	270,407	-	270,407
Gala Event Proceeds	229,304	-	229,304	-	-	-
Less: Cost of Direct Benefit to Donors	(47,413)	-	(47,413)	-	-	-
Paycheck Protection Program Grant	-	-	-	-	129,537	129,537
Donated Goods and Services	81,178	-	81,178	77,058	-	77,058
United Way Allocation	32,200	-	32,200	32,202	-	32,202
Interest Income	110,757	-	110,757	111,250	-	111,250
<i>Reclassification of Net Assets - Released from Restrictions:</i>						
Program and Operating Expenses	<u>785,578</u>	<u>(785,578)</u>	<u>-</u>	<u>1,176,390</u>	<u>(1,176,390)</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>4,066,787</u>	<u>104,381</u>	<u>4,171,168</u>	<u>3,820,557</u>	<u>(209,307)</u>	<u>3,611,250</u>
<u>EXPENSES:</u>						
<i>Program Services:</i>						
Family Nurturing and Training Programs	3,310,956	-	3,310,956	3,091,575	-	3,091,575
<i>Supporting Services:</i>						
Administrative	533,569	-	533,569	436,115	-	436,115
Fund Raising - Operations	<u>447,298</u>	<u>-</u>	<u>447,298</u>	<u>397,659</u>	<u>-</u>	<u>397,659</u>
<u>TOTAL EXPENSES</u>	<u>4,291,823</u>	<u>-</u>	<u>4,291,823</u>	<u>3,925,349</u>	<u>-</u>	<u>3,925,349</u>
<u>CHANGE IN NET ASSETS</u>	(225,036)	104,381	(120,655)	(104,792)	(209,307)	(314,099)
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>3,309,613</u>	<u>706,333</u>	<u>4,015,946</u>	<u>3,414,405</u>	<u>915,640</u>	<u>4,330,045</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 3,084,577</u>	<u>\$ 810,714</u>	<u>\$ 3,895,291</u>	<u>\$ 3,309,613</u>	<u>\$ 706,333</u>	<u>\$ 4,015,946</u>

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

(With Summarized Consolidated Comparative Totals for 2021)

	<u>PROGRAM</u>	<u>ADMINI-</u>	<u>FUND</u>	<u>TOTAL</u>	<u>DIRECT</u>	<u>TOTAL</u>	
	<u>SERVICES</u>	<u>STRATIVE</u>	<u>RAISING</u>	<u>EXPENSES PER</u>	<u>EVENT</u>	<u>FUNCTIONAL EXPENSES</u>	
				<u>STATEMENT OF</u>	<u>EXPENSE</u>	<u>2022</u>	<u>2021</u>
				<u>ACTIVITES</u>			
Salaries	\$ 1,447,177	\$ 198,287	\$ 247,397	\$ 1,892,861	\$ -	\$ 1,892,861	\$ 1,558,015
Payroll Taxes	131,591	18,030	22,496	172,117	-	172,117	133,663
Fringe Benefits	227,309	31,145	38,859	297,313	-	297,313	240,874
Volunteer Services	42,615	-	6,000	48,615	-	48,615	47,714
Subcontracted Program Services	559,927	-	-	559,927	-	559,927	641,451
Consultants and Professional Fees	144,427	116,109	25,716	286,252	-	286,252	269,713
Occupancy Costs	214,062	29,330	36,594	279,986	-	279,986	243,915
Depreciation and Amortization Expense	143,817	19,706	24,586	188,109	-	188,109	188,579
Directors and Officers' Insurance	-	4,427	-	4,427	-	4,427	3,000
Liability Insurance	15,673	2,147	2,679	20,499	-	20,499	22,580
Direct Client Assistance	170,458	-	-	170,458	-	170,458	198,925
Program Supplies and Activities	113,889	-	-	113,889	-	113,889	137,080
Food and Meals	23,281	-	-	23,281	-	23,281	8,510
Client Transportation	8,107	-	-	8,107	-	8,107	191
Computer Repairs, Upgrades and Maintenance	10,110	1,138	1,419	12,667	-	12,667	26,115
Equipment Lease/Rental	9,152	1,254	1,564	11,970	-	11,970	9,429
Office Supplies and Expenses	6,774	1,697	10,283	18,754	-	18,754	21,699
Postage and Shipping	2,501	343	427	3,271	-	3,271	5,366
Telephone and Communications	11,520	1,578	1,969	15,067	-	15,067	23,122
Dues, Fees and Subscriptions	9,655	15,716	4,112	29,483	-	29,483	20,233
Staff Development	3,690	-	-	3,690	-	3,690	5,846
Meetings, Conferences and Events	3,478	-	15,448	18,926	47,413	66,339	-
Staff Travel	11,368	1,015	149	12,532	-	12,532	8,503
Interest and Financing Costs	-	89,956	-	89,956	-	89,956	91,288
Bad Debt Expense	-	-	-	-	-	-	7,943
Miscellaneous Expense	375	1,691	7,600	9,666	-	9,666	11,595
Total Functional Expenses	\$ 3,310,956	\$ 533,569	\$ 447,298	\$ 4,291,823	\$ 47,413	\$ 4,339,236	\$ 3,925,349

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL</u> <u>EXPENSES</u>
Salaries	\$ 1,188,765	\$ 151,128	\$ 218,122	\$ 1,558,015
Payroll Taxes	101,985	12,965	18,713	133,663
Fringe Benefits	183,787	23,365	33,722	240,874
Volunteer Services	37,714	-	10,000	47,714
Subcontracted Program Services	641,451	-	-	641,451
Consultants and Professional Fees	164,511	78,493	26,709	269,713
Occupancy Costs	186,107	23,660	34,148	243,915
Depreciation and Amortization Expense	143,886	18,292	26,401	188,579
Directors and Officers' Insurance	-	3,000	-	3,000
Liability Insurance	17,229	2,190	3,161	22,580
Direct Client Assistance	198,925	-	-	198,925
Program Supplies and Activities	137,080	-	-	137,080
Food and Meals	8,510	-	-	8,510
Client Transportation	191	-	-	191
Computer Repairs, Upgrades and Maintenance	20,453	2,317	3,345	26,115
Equipment Lease/Rental	7,194	915	1,320	9,429
Office Supplies and Expenses	10,520	1,320	9,859	21,699
Postage and Shipping	4,095	520	751	5,366
Telephone and Communications	17,642	2,243	3,237	23,122
Dues, Fees and Subscriptions	7,795	5,249	7,189	20,233
Staff Development	5,546	-	300	5,846
Staff Travel	8,189	290	24	8,503
Interest and Financing Costs	-	91,288	-	91,288
Bad Debt Expense	-	7,943	-	7,943
Miscellaneous Expenses	-	10,937	658	11,595
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Functional Expenses	<u>\$ 3,091,575</u>	<u>\$ 436,115</u>	<u>\$ 397,659</u>	<u>\$ 3,925,349</u>

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ (120,655)	\$ (314,099)
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>		
Interest Income from Certificate of Deposit	(101)	(1,594)
Depreciation and Amortization Expense	188,109	188,579
Imputed Interest - Deferred Financing Costs	33,540	33,540
<i>(Increase) Decrease in Current Assets:</i>		
Accounts Receivable, Program Services	(277,270)	265,512
Grants Receivable	(10,330)	215,108
Prepaid Expenses	11,583	34,256
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	30,679	(73,752)
Subcontracts Payable	(22,414)	(31,650)
Accrued Payroll and Related Costs	34,697	(18,111)
Conditional Grant Advance	-	(129,537)
Deferred Revenue	8,441	-
Net Adjustment	(3,066)	482,351
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>(123,721)</u>	<u>168,252</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Payments on Notes Payable (Sinking Fund)	(26,205)	(24,874)
Net Cash Flows from Financing Activities	(26,205)	(24,874)
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>(149,926)</u>	<u>143,378</u>
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	<u>1,417,977</u>	<u>1,274,599</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$ 1,268,051</u>	<u>\$ 1,417,977</u>
<i>Presentation of Cash Balances:</i>		
Cash and Cash Equivalents - Operating	\$ 1,080,487	\$ 1,230,403
Cash Held for Capital Projects	187,564	187,574
Total Cash Balances	<u>\$ 1,268,051</u>	<u>\$ 1,417,977</u>
<i>Supplemental Disclosures:</i>		
Interest and Finance Charges Paid	<u>\$ 202,695</u>	<u>\$ 204,027</u>

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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 IRC 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. However, as the primary purpose for FNSC is to support FNC, consolidated financial statements are required by Generally Accepted Accounting Principles in the United States of America (“U.S. GAAP”).

NOTE 2 PROGRAM SERVICES

Family Nurturing Center continued with all programming and training despite the ongoing impact of the COVID-19 pandemic in FY 2022. Programs and services were delivered virtually through Zoom, Facebook, and video chat. When guidelines and weather permitted, families in most parent-child groups met outdoors to connect in person. We continued to offer the programs described below and collaborated with our partners to deliver them in ways that were safe for families and staff.

FNC’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.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 2 (Continued)

Nurturing Parenting Programs are 12-15-session, 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 including Family Nurturing Programs; a Birth, Foster and Kinship Nurturing Program (in English and this year, a newly translated one in Spanish); a Cape Verdean Nurturing Program; and a number of Nurturing Fathers' Programs each year. Last year, FNC coordinated or supported 20 Nurturing Programs in the Boston area and served 267 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 for families with young children that include:

Welcome Baby:

A trained Home Visitor who lives in the community visits parents with newborns up to age eight 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. In FY 2022, FNC provided 251 Welcome Baby "visits" by phone and followed calls with pick-up or delivery of gift bags.

Parent/Baby and Parent/Child Playgroups:

Parents, grandparents, and caregivers with babies, toddlers, and preschoolers attend 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-emotional development.

The ECS also refers families to Early Intervention, speech and language assessments, Head Start, and other resources and activities. In FY 2022, FNC served 211 families (481 parents and children) in playgroups.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(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 Early Learning Specialist meets twice a week with a parent/caretaker and their child in their home (virtually during the pandemic). 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 2022, FNC engaged 94 families remotely, via video chat and Zoom. Materials were delivered monthly. Parents are invited and encouraged to participate with their child in two cycles of the program.

With private funding, FNC was also able to offer the PC+ Family Child Care Quality Enhancement Program to a small number of family childcare providers; this will continue through December 2022.

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, facilitate and co-facilitate groups, and administer child development screenings (Ages and Stages Questionnaires or ("ASQ"s). Last year, Parent Partners and FNC staff conducted 169 child development screenings, including ASQ-SEs (social-emotional) and several follow-up re-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, Head Start, etc. make referrals to our programs, and we refer families to theirs in turn.

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 over 1,100 professionals across the Commonwealth in Program development and facilitation (1,738 including individuals who participated in multiple trainings/workshops). They participated in our three-day Nurturing Philosophy training, as well as trainings designed to address specific practice issues (facilitating children's groups, addressing trauma, etc.). In FY 2022, with funding from the Boston Public Health Commission, FNC trained barbers and hairstylists in positive parenting practices, as they engage directly and regularly with community residents.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 2 *(Continued)*

FNC receives significant contract funding from the MA Department of Children and Families (“DCF”) to support Nurturing Program facilitator training for social workers in its area offices across Massachusetts. FNC staff and program graduates are involved with DCF also in promoting fatherhood engagement statewide.

Coalition and Community Building

FNC 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 DCF 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.

In FY 2022, FNC applied for funding in collaboration with other Dorchester agencies for two large community grants, for which FNC is the fiscal agent:

Healthy Bowdoin Geneva - Beth Israel Deaconess Healthy Neighborhoods Initiative Award: \$395,000 (\$40k in planning, \$355k in implementation over 18 months)

Healthy Bowdoin Geneva is a coalition of neighborhood stakeholders designed to promote social cohesion in the neighborhood to build its capacity to address community challenges. To that end, HBG will:

- Host and promote community-wide events
- Create more effective referral processes
- Devise a multilingual resource guide for residents
- Build the neighborhood’s capacity for outreach
- Strengthen existing collaborative efforts
- Engage residents in community projects, including an intergenerational leadership program

Bowdoin CARES - Executive Office of Housing and Economic Development Community Empowerment Reinvestment Grant Award: \$112,235. Bowdoin CARES is a coalition of neighborhood stakeholders working together to decrease residents’ likelihood of criminal legal system involvement through education, increased access to community resources, and social cohesion within Bowdoin Geneva, an area at disproportionately high risk of incarceration.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 2 *(Continued)*

Activities:

- Nurturing Fathers’ Program at Casa Esperanza (substance use recovery house)
- Outreach & after school programming for teens
- ESL for Cape Verdean immigrants
- Teen substance use workshops
- Community discussions
- Family Restoration Day

Boston Family Engagement Network:

In FY 2022, Family Nurturing Center received a fifth year of funding from the MA Department of Early Education and Care’s Coordinated Family and Community Engagement (“CFCE”) Grant (\$859K). This grant supports the work of the Boston Family Engagement Network (“BFEN”), of which FNC is the lead agency.

The BFEN is a network of nine community-based organizations that 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). Funding for FNC’s citywide ParentChild+ home visiting program also is part of the grant.

FNC continues to leverage its Parent Partner and Parent Leadership work with funding through Boston Public Schools’ Universal Pre-Kindergarten project. FY 2022 was the third year of a collaboration that supported BFEN Parent Partners reaching out to families with children eligible for K-1 seats across the city. This work focused on family engagement and outreach to those families whose first language is not English or who may have been recently arrived. In addition, a subcontract from the Boston Opportunity Agenda supports a project designed to train Parent Leaders as coaches who then support less experienced Parent Screeners in their efforts to administer Ages and Stages Questionnaire child development screenings with Boston families. The Boston Foundation is the fiscal agent for Boston Opportunity Agenda; the funds to the BOA come through a Boston Children’s Hospital Collaboration for Community Health grant.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The consolidated financial statements of the Family Nurturing Center of Massachusetts, Inc. and Affiliate have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 3 *(Continued)*

Estimates:

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.

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.

Financial Statement Presentation:

The Organization reports 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 defined below.

Net Assets Without Donor Restrictions - Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. In addition, net assets within this classification include funds which represent resources designated by the Board of Directors for specific purposes.

Net Assets With Donor Restrictions - Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. As of June 30, 2022 and 2021, the Organization has no net assets that are required to be maintained in perpetuity. The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

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. As of June 30, 2022, cash equivalents also includes donated marketable securities valued at \$39,205, pending liquidation.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 3 *(Continued)*

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. Bad Debts arising from uncollected training fees amounted to \$7,943 for the year ended June 30, 2021, while there were no bad debts for the year ended June 30, 2022.

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. Management considers these grant commitments to be fully collectible and therefore, has not established a reserve for uncollectible grants. For the years presented, FNC did not report any losses on unpaid grant commitments.

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.

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of the property. There were no impairment losses recognized in the years presented.

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 \$81,541 and \$78,861 as of June 30, 2022 and 2021, respectively. Amortization expense was \$2,681 and \$3,093 for the years ended June 30, 2022 and 2021, respectively. The remaining future amortization expense is expected to be \$1,134 for the year ended June 30, 2023, at which time, the intangible assets will be fully amortized.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(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. Through the construction period, the amortization of the deferred financing costs were added to the capitalized construction costs and upon completion, the annual amortization of \$33,540 is added to the interest expense on the underlying debts. 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 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, 2022 and 2021, 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, 2022 AND 2021

(Continued)

NOTE 3 *(Continued)*

Gifts, Grants and Contributions:

The Organization is the beneficiary of contributions in the form of grants from other organizations, donations of cash and financial assets from individuals and contributions of nonfinancial assets. Contributions, including promises to give, without donor conditions are recognized as revenue at their estimated fair value at the date of donation and classified as either with or without donor restrictions depending on the donor's stipulations or lack thereof. Unconditional, multi-year commitments are recognized in the year during which the initial commitment is made at the amount that the organization reasonably expects to collect. 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. Amounts receivable from donors are evaluated yearly for collectability and an allowance for uncollectible pledges is recorded as necessary.

Conditional donations are those that have a measurable performance or other barrier and include a right of return of the assets or right of release of the donor from further obligation if the conditions are not met. Conditional donations are not recognized until the associated barriers are met. Any cash received before the conditions or barriers are met it is reported as a refundable advance. When the conditions are met the revenue is reported as contributions without restrictions unless there are further restrictions over and above those associated with the donor conditions.

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

Special events revenue and sponsorships received in advance of the event is reported as deferred revenue and advances, a liability, until the event takes place.

Donations of Nonfinancial Assets:

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. FNC relies heavily upon volunteer involvement in direct service, outreach and administrative capacities. FNC also relies upon donations from the general public of program supplies, materials, clothing, food and personal items for program participants.

Functional Expenses:

Family Nurturing Center allocates its expenses on a functional basis among its various programs and support services. 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.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 3 (Continued)

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.

Recent Accounting Guidance:

Recently Implemented Standards

On September 17, 2020, the FASB issued ASU 2020-07 *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to increase transparency in reporting nonprofit gifts-in-kind in the Organization's financial statements. This standard was adopted by the Organization effective July 1, 2021. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognized and recorded donated goods and services, 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.

NOTE 4 PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of June 30, 2022 and 2021:

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2022 Net Book Value</u>
Land	-	\$ 250,000	\$ -	\$ 250,000
Building and Improvements	40	5,471,766	337,398	5,134,368
Furnishings and Equipment	5 - 10	<u>248,744</u>	<u>125,494</u>	<u>123,250</u>
Total		<u>\$5,970,510</u>	<u>\$462,892</u>	<u>\$5,507,618</u>

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2021 Net Book Value</u>
Land	-	\$ 250,000	\$ -	\$ 250,000
Building and Improvements	40	5,471,766	200,604	5,271,162
Furnishings and Equipment	5 - 10	<u>248,744</u>	<u>76,860</u>	<u>171,884</u>
Total		<u>\$5,970,510</u>	<u>\$277,464</u>	<u>\$5,693,046</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$185,428 and \$185,486, 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.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 5 *(Continued)*

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 per year during the fiscal years ended June 30, 2022 and 2021.

NOTE 6 DEBT AND FINANCING TRANSACTIONS

On September 21, 2018, FNC and FNCS 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 FNCS's total costs associated with the Project, which were approximately \$6 million. As part of this transaction, FNC sold its land and building to FNCS for \$250,000, paid in full its acquisition and pre-development debts, and entered into a lease agreement with FNCS for a 25-year term that commenced upon completion of the construction in January 2020. In addition, FNC and FNCS executed the below notes and debt instruments with Eastern Bank and the MHIC CDE that are secured by a mortgage upon FNCS'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 were 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, which is projected to be approximately \$1,563,195, is due in full. As of June 30, 2022 and 2021, the outstanding principal balance was \$1,750,000, which is presented net of the amount held in the sinking fund of \$55,059 and \$28,854, respectively. For the years ended June 30, 2022 and 2021, interest paid on this loan amounted to \$89,956 and \$91,288, respectively.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 6 *(Continued)*

As of June 30, 2022, 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, 2023	\$ 28,897
June 30, 2024	30,674
June 30, 2025	32,305
June 30, 2026	34,026
June 30, 2027	<u>5,844</u>
Total	<u>\$131,746</u>

Line-of-Credit

FNC maintains 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 January 31, 2023. The line-of-credit bears interest at the prime rate, which was 3.25% as of June 30, 2022 and 2021, is due upon demand, and is secured by all business assets. For the years ended June 30, 2022 and 2021, the line-of-credit was not used, and there was no outstanding balance at each respective year end.

New Markets Tax Credit Notes Payable:

On September 21, 2018, FNSC obtained financing in a NMTC transaction. Through this transaction, FNSC 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 FNSC as a Qualified Low-Income Community Business (“QALICB”). These loans were made to FNSC by the MHIC CDE on September 21, 2018, and outstanding as of June 30, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</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	5,693,900
Less: Unamortized Deferred Financing Costs	<u>(109,020)</u>	<u>(142,560)</u>
Net Long Term NMTC Notes Payable	<u>\$5,584,880</u>	<u>\$5,551,340</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 \$112,739 for each of the years presented.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

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, 2022 and 2021:

<u>Nature of Restriction</u>	<u>2022</u>	<u>2021</u>
Capital Campaign	\$187,564	\$157,912
Community-Based Family Support Networks	621,829	542,190
COVID-19 Relief	<u>1,321</u>	<u>6,231</u>
Total	<u>\$810,714</u>	<u>\$706,333</u>

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>2022</u>	<u>2021</u>
Community-Based Family Support Networks	\$780,167	\$ 724,921
Paycheck Protection Program	-	129,537
Time Restricted	-	175,000
COVID-19 Relief	5,411	141,488
Capital Campaign Operating Costs	-	<u>5,444</u>
Total	<u>\$785,578</u>	<u>\$1,176,390</u>

Board Designated Net Assets:

As of June 30, 2022 and 2021, *Board Designated Funds* totaling \$101,695 and \$101,594, respectively, represents balances held in a certificate of deposit. These funds represent liquid assets without donor restrictions, but designated by the Board of Directors for specific purposes. As of June 30, 2022 and 2021, FNC held a Certificate of Deposit in the amount of \$101,695 and \$101,594, respectively, bearing interest at 0.10% with one-year terms, and which is automatically renewed.

NOTE 8 GOVERNMENT FUNDED PROGRAM SERVICE CONTRACTS

Commonwealth of Massachusetts - Department of Children and Families:

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.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 8 *(Continued)*

FNC also provides nurturing programs in conjunction with the Boston Regional and Coastal Regional DCF offices. During FY 2022 and 2021, 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 \$306,074 and \$255,808 for the years ended June 30, 2022 and 2021, 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 \$203,022 and \$173,022 for the years ended June 30, 2022 and 2021, respectively.

FNC serves as the coordinating agency for the Chelsea Community Connections program, 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, 2022 and 2021 for the Chelsea program amounted to \$155,000 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 \$107,750 and \$92,699 for the years ended June 30, 2022 and 2021, respectively.

FNC received supplemental program support from DCF in the amount of \$74,855 for FY 2022. Total DCF funding was \$1,146,700 and \$965,149 for the years ended June 30, 2022 and 2021, 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:

FNC serves as 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 \$911,190 and \$854,889 for the years ended June 30, 2022 and 2021, respectively. FNC administered subgrants totaling \$415,763 and \$396,207 in each respective year to the eight coordinating agencies noted above, of which amounts, *Subcontracts Payable* totaling \$66,327 and \$88,741, respectively, are reported in the accompanying Consolidated Statements of Financial Position.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 9 DONATED GOODS AND SERVICES

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

<u>Description</u>	<u>2022</u>	<u>2021</u>
Toys, Blankets, Baby Items, Etc. (Program Supplies)	\$32,563	\$28,165
Nurturing Program Facilitators	41,160	38,399
Other Volunteer Services	<u>7,455</u>	<u>10,494</u>
Total	<u>\$81,178</u>	<u>\$77,058</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. The blankets, toys, diapers and other donated items are valued individually using estimated costs for identical or similar products in similar condition at the time of donation.

Nurturing Program Facilitators and other volunteers are valued at \$17.50 per hour, consistent with the pay rate FNC compensates staff for compatible service.

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.

NOTE 10 CONDITIONAL GRANTS

Beth Israel Deaconess Medical Center and Tufts Medical Center:

During FY 2022, FNC received a conditional grant commitment from Beth Israel Deaconess Medical Center in the amount of \$395,000, payable in three installments. The grant is restricted for health initiatives in the Bowdoin Geneva neighborhood of Dorchester. Through June 20, 2022, revenue in the amount of \$155,279 was recognized as *Foundation and Corporate Grants* Revenue in the Consolidated Statements of Activities. The remaining installments of \$239,721 due in FY 2023 is strictly conditional upon satisfactory program accomplishments, benchmarks and progress reports.

During FY 2020, FNC received a conditional 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. Through June 30, 2022 and 2021, cumulative revenue in the amount of \$125,000 and \$75,000, respectively, was recognized as *Foundation and Corporate Grants* Revenue in the Consolidated Statements of Activities. The remaining installment of \$25,000 due in FY 2023 is strictly conditional upon satisfactory program accomplishments, benchmarks and progress reports.

As of June 30, 2022 and 2021, the aggregate conditional amount of the above commitment was \$264,721 and \$75,000, respectively. As the terms of the conditions had not been met, the support has not been recognized in the accompanying consolidated financial statements.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

NOTE 10 (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 elected to account for the expected forgivable portion of this loan as a conditional grant commitment as permitted by the AICPA. FNC elected to use a 24-week covered period which expired on October 14, 2020. As of June 30, 2020, FNC incurred \$171,608 of qualifying costs which was recognized as grant income for the fiscal year then ended, while the remaining balance of \$129,537 was recognized as grant revenue for the fiscal year ended June 30, 2021. FNC applied for and received forgiveness of the PPP Loan within FY 2021.

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 pursuant to a lease agreement that expires December 31, 2024. The space is used to operate the Allston-Brighton Family Support Network. The lease requires monthly rent payments of \$1,600, or \$19,200 annually.

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, 2021 and was renewed for a one-year term through June 30, 2022. Total rent paid during FY 2022 and FY 2021 amounted to \$23,275 and \$21,485, respectively.

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.

In FY 2021, FNC entered into two 60-month copier lease agreements. The combined monthly lease payments of \$948 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, 2023	\$19,200	\$11,376	\$30,576
June 30, 2024	19,200	11,376	30,576
June 30, 2025	9,600	11,376	20,976
June 30, 2026	-	<u>3,668</u>	<u>3,668</u>
Total	<u>\$48,000</u>	<u>\$37,796</u>	<u>\$85,796</u>

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

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 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.

The *Occupancy Costs* category includes the following costs:

<u>Occupancy Costs</u>	<u>2022</u>	<u>2021</u>
Rent	\$ 40,025	\$ 38,425
Mortgage Interest	146,279	146,279
Utilities	28,112	22,981
Repairs and Maintenance	62,770	34,530
Cleaning Service	<u>2,800</u>	<u>1,700</u>
Total Occupancy Costs	<u>\$279,986</u>	<u>\$243,915</u>

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 \$968,401 and \$1,131,916 in excess of federally insured and other insured limits as of June 30, 2022 and 2021 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 2022 and FY 2021, approximately 50% of total support and revenue was attributable to reimbursement arrangements with the Commonwealth of Massachusetts Department of Children and Families and DEEC. As of June 30, 2022 and 2021, approximately 31% and 74% of FNC's accounts receivable from program services were due from these sources.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(Continued)

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 Markets Tax Credit Recapture:

The NMTC Investor is subject to 100% recapture of the New Markets 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 Markets 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 Markets 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.

NOTE 16 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of June 30, 2022 and 2021, 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 \$250,000, 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, 2022 AND 2021

(Continued)

NOTE 16 (Continued)

	<u>2022</u>	<u>2021</u>
<i>Financial Assets:</i>		
Cash and Cash Equivalents	\$1,268,051	\$1,417,977
Accounts Receivable, Program Services	513,791	236,521
Grants Receivable	80,180	69,850
Certificate of Deposit	<u>101,695</u>	<u>101,594</u>
Total Financial Assets as of June 30th	1,963,717	1,825,942
<i>Less Amounts Not Available to be Used Within One Year:</i>		
Capital Campaign Pledges Receivable	-	(4,100)
Amounts Held for Capital Projects	(187,564)	(187,574)
Board Designated Fund/Certificate of Deposit	<u>(101,695)</u>	<u>(101,594)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$1,674,458</u>	<u>\$1,532,674</u>

NOTE 17 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the consolidated financial statements. Therefore, Management has evaluated subsequent events through October 25, 2022, the date which the consolidated financial statements were available for issue, and no events which met the criteria for recognition or disclosure.

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2022

	<u>FNC</u>	<u>FNSC</u>	<u>ELIM- INATIONS</u>	<u>CONSOLIDATED TOTAL</u>
<u>ASSETS</u>				
<u>CURRENT ASSETS:</u>				
Cash and Cash Equivalents - Operating	\$ 984,907	\$ 95,580	\$ -	\$ 1,080,487
Accounts Receivable, Program Services	513,791	-	-	513,791
Grants Receivable	80,180	-	-	80,180
Prepaid Expenses	42,680	-	-	42,680
Total Current Assets	1,621,558	95,580	-	1,717,138
<u>PROPERTY AND EQUIPMENT, NET</u>	2,136	5,505,482	-	5,507,618
<u>NON-CURRENT ASSETS:</u>				
Cash Held for Capital Projects	187,564	-	-	187,564
Board Designated Funds	101,695	-	-	101,695
Leveraged Loan Receivable	3,970,381	-	-	3,970,381
Intangible Assets, Net of Amortization	1,134	-	-	1,134
Total Non-Current Assets	4,260,774	-	-	4,260,774
<u>TOTAL ASSETS</u>	\$ 5,884,468	\$ 5,601,062	\$ -	\$ 11,485,530
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES:</u>				
Accounts Payable and Accrued Expenses	\$ 55,652	\$ 44,800	\$ -	\$ 100,452
Subcontracts Payable	66,327	-	-	66,327
Accrued Payroll and Related Costs	135,198	-	-	135,198
Deferred Revenue	8,441	-	-	8,441
Total Current Liabilities	265,618	44,800	-	310,418
<u>NON-CURRENT LIABILITIES:</u>				
NMTC Notes Payable	-	5,584,880	-	5,584,880
Construction Loan	1,694,941	-	-	1,694,941
Total Non-Current Liabilities	1,694,941	5,584,880	-	7,279,821
<u>TOTAL LIABILITIES</u>	1,960,559	5,629,680	-	7,590,239
<u>NET ASSETS:</u>				
Without Donor Restrictions	3,113,195	(28,618)	-	3,084,577
With Donor Restrictions	810,714	-	-	810,714
Total Net Assets	3,923,909	(28,618)	-	3,895,291
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 5,884,468	\$ 5,601,062	\$ -	\$ 11,485,530

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2021

	<u>FNC</u>	<u>FNSC</u>	<u>ELIM- INATIONS</u>	<u>CONSOLIDATED TOTAL</u>
<u>ASSETS</u>				
<u>CURRENT ASSETS:</u>				
Cash and Cash Equivalents - Operating	\$ 1,150,937	\$ 79,466	\$ -	\$ 1,230,403
Accounts Receivable, Program Services	236,521	-	-	236,521
Grants Receivable	69,850	-	-	69,850
Prepaid Expenses	54,263	-	-	54,263
Total Current Assets	1,511,571	79,466	-	1,591,037
<u>PROPERTY AND EQUIPMENT, NET</u>	3,157	5,689,889	-	5,693,046
<u>NON-CURRENT ASSETS:</u>				
Cash Held for Capital Projects	157,912	29,662	-	187,574
Board Designated Funds	101,594	-	-	101,594
Leveraged Loan Receivable	3,970,381	-	-	3,970,381
Intangible Assets, Net of Amortization	3,815	-	-	3,815
Total Non-Current Assets	4,233,702	29,662	-	4,263,364
<u>TOTAL ASSETS</u>	\$ 5,748,430	\$ 5,799,017	\$ -	\$ 11,547,447
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES:</u>				
Accounts Payable and Accrued Expenses	\$ 59,773	\$ 10,000	\$ -	\$ 69,773
Subcontracts Payable	88,741	-	-	88,741
Accrued Payroll and Related Costs	100,501	-	-	100,501
Total Current Liabilities	249,015	10,000	-	259,015
<u>NON-CURRENT LIABILITIES:</u>				
NMTC Notes Payable	-	5,551,340	-	5,551,340
Construction Loan	1,721,146	-	-	1,721,146
Total Non-Current Liabilities	1,721,146	5,551,340	-	7,272,486
<u>TOTAL LIABILITIES</u>	1,970,161	5,561,340	-	7,531,501
<u>NET ASSETS:</u>				
Without Donor Restrictions	3,071,936	237,677	-	3,309,613
With Donor Restrictions	706,333	-	-	706,333
Total Net Assets	3,778,269	237,677	-	4,015,946
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 5,748,430	\$ 5,799,017	\$ -	\$ 11,547,447

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>FAMILY NURTURING CENTER</u>			<u>FNSC</u>		
	<u>WITHOUT</u>	<u>WITH</u>		<u>WITHOUT</u>	<u>ELIM-</u>	<u>CONSOLIDATED</u>
	<u>DONOR</u>	<u>DONOR</u>	<u>FNC</u>	<u>DONOR</u>	<u>INATIONS</u>	<u>ACTIVITIES</u>
	<u>RESTRICTIONS</u>	<u>RESTRICTIONS</u>	<u>TOTAL</u>	<u>RESTRICTIONS</u>		
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>						
<i>Support and Revenues:</i>						
Government Contracts and Awards	\$ 2,390,843	\$ -	\$ 2,390,843	\$ -	\$ -	\$ 2,390,843
Program Service Revenue	170,818	-	170,818	139,000	(139,000)	170,818
Foundation and Corporate Grants	113,236	889,959	1,003,195	-	(29,652)	973,543
Gifts, Contributions and Pledges	229,938	-	229,938	-	-	229,938
Gala Event Proceeds	229,304	-	229,304	-	-	229,304
Less: Cost of Direct Benefit to Donors	(47,413)	-	(47,413)	-	-	(47,413)
Paycheck Protection Program Grant	-	-	-	-	-	-
Donated Goods and Services	81,178	-	81,178	-	-	81,178
United Way Allocation	32,200	-	32,200	-	-	32,200
Interest Income	110,757	-	110,757	-	-	110,757
<i>Reclassification of Net Assets - Released from Restrictions:</i>						
Program and Operating Expenses	785,578	(785,578)	-	-	-	-
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>4,096,439</u>	<u>104,381</u>	<u>4,200,820</u>	<u>139,000</u>	<u>(168,652)</u>	<u>4,171,168</u>
<u>FUNCTIONAL EXPENSES:</u>						
<i>Program Services:</i>						
Family Nurturing and Training Programs	3,163,219	-	3,163,219	283,661	(135,924)	3,310,956
<i>Supporting Services:</i>						
Administrative	469,919	-	469,919	78,211	(14,561)	533,569
Fund Raising - Operations	422,042	-	422,042	43,423	(18,167)	447,298
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>4,055,180</u>	<u>-</u>	<u>4,055,180</u>	<u>405,295</u>	<u>(168,652)</u>	<u>4,291,823</u>
<u>CHANGE IN NET ASSETS</u>	<u>41,259</u>	<u>104,381</u>	<u>145,640</u>	<u>(266,295)</u>	<u>-</u>	<u>(120,655)</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>3,071,936</u>	<u>706,333</u>	<u>3,778,269</u>	<u>237,677</u>	<u>-</u>	<u>4,015,946</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 3,113,195</u>	<u>\$ 810,714</u>	<u>\$ 3,923,909</u>	<u>\$ (28,618)</u>	<u>\$ -</u>	<u>\$ 3,895,291</u>

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>FAMILY NURTURING CENTER</u>			<u>FNSC</u>	<u>ELIM- INATIONS</u>	<u>CONSOLIDATED ACTIVITIES</u>
	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>FNC TOTAL</u>	<u>WITHOUT DONOR RESTRICTIONS</u>		
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>						
<i>Support and Revenues:</i>						
Government Contracts and Awards	\$ 1,932,965	\$ -	\$ 1,932,965	\$ -	\$ -	\$ 1,932,965
Program Service Revenue	131,600	-	131,600	139,000	(139,000)	131,600
Foundation and Corporate Grants	88,685	837,546	926,231	-	-	926,231
Gifts, Contributions and Pledges	270,407	-	270,407	-	-	270,407
Paycheck Protection Program Grant	-	129,537	129,537	-	-	129,537
Donated Goods and Services	77,058	-	77,058	-	-	77,058
United Way Allocation	32,202	-	32,202	-	-	32,202
Interest Income	111,235	-	111,235	15	-	111,250
<i>Reclassification of Net Assets - Released from Restrictions:</i>						
Program and Operating Expenses	<u>1,176,390</u>	<u>(1,176,390)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>3,820,542</u>	<u>(209,307)</u>	<u>3,611,235</u>	<u>139,015</u>	<u>(139,000)</u>	<u>3,611,250</u>
<u>FUNCTIONAL EXPENSES:</u>						
<i>Program Services:</i>						
Family Nurturing and Training Programs	2,940,961	-	2,940,961	256,671	(106,057)	3,091,575
<i>Supporting Services:</i>						
Administrative	402,373	-	402,373	47,225	(13,483)	436,115
Fund Raising - Operations	<u>370,023</u>	<u>-</u>	<u>370,023</u>	<u>47,096</u>	<u>(19,460)</u>	<u>397,659</u>
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>3,713,357</u>	<u>-</u>	<u>3,713,357</u>	<u>350,992</u>	<u>(139,000)</u>	<u>3,925,349</u>
<u>TOTAL CHANGE IN NET ASSETS</u>	<u>107,185</u>	<u>(209,307)</u>	<u>(102,122)</u>	<u>(211,977)</u>	<u>-</u>	<u>(314,099)</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>2,964,751</u>	<u>915,640</u>	<u>3,880,391</u>	<u>449,654</u>	<u>-</u>	<u>4,330,045</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 3,071,936</u>	<u>\$ 706,333</u>	<u>\$ 3,778,269</u>	<u>\$ 237,677</u>	<u>\$ -</u>	<u>\$ 4,015,946</u>

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	FAMILY NURTURING CENTER					FNCS					
	<u>PROGRAM SERVICES</u>	<u>ADMINISTRATIVE</u>	<u>FUND RAISING</u>	<u>DIRECT EVENT EXPENSE</u>	<u>FNC TOTAL</u>	<u>PROGRAM SERVICES</u>	<u>ADMINISTRATIVE</u>	<u>FUND RAISING</u>	<u>FNCS TOTAL</u>	<u>ELIMINATIONS</u>	<u>TOTAL</u>
Salaries	\$ 1,447,177	\$ 198,287	\$ 247,397	\$ -	\$ 1,892,861	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,892,861
Payroll Taxes	131,591	18,030	22,496	-	172,117	-	-	-	-	-	172,117
Fringe Benefits	227,309	31,145	38,859	-	297,313	-	-	-	-	-	297,313
Volunteer Services	42,615	-	6,000	-	48,615	-	-	-	-	-	48,615
Subcontracted Program Services	559,927	-	-	-	559,927	-	-	-	-	-	559,927
Consultants and Professional Fees	144,427	75,409	25,716	-	245,552	-	40,700	-	40,700	-	286,252
Occupancy Costs	207,312	28,405	35,440	-	271,157	113,022	15,486	19,321	147,829	(139,000)	279,986
Depreciation and Amortization Expense	2,830	388	484	-	3,702	140,987	19,318	24,102	184,407	-	188,109
Directors and Officers' Insurance	-	4,427	-	-	4,427	-	-	-	-	-	4,427
Liability Insurance	15,673	2,147	2,679	-	20,499	-	-	-	-	-	20,499
Direct Client Assistance	170,458	-	-	-	170,458	-	-	-	-	-	170,458
Program Supplies and Activities	113,889	-	-	-	113,889	-	-	-	-	-	113,889
Food and Meals	23,281	-	-	-	23,281	-	-	-	-	-	23,281
Client Transportation	8,107	-	-	-	8,107	-	-	-	-	-	8,107
Computer Repairs, Upgrades and Maintenance	10,110	1,138	1,419	-	12,667	-	-	-	-	-	12,667
Equipment Lease/Rental	9,152	1,254	1,564	-	11,970	-	-	-	-	-	11,970
Office Supplies and Expenses	6,774	1,697	10,283	-	18,754	-	-	-	-	-	18,754
Postage and Shipping	2,501	343	427	-	3,271	-	-	-	-	-	3,271
Telephone and Communications	11,520	1,578	1,969	-	15,067	-	-	-	-	-	15,067
Dues, Fees and Subscriptions	9,655	13,009	4,112	-	26,776	-	2,707	-	2,707	-	29,483
Staff Development	3,690	-	-	-	3,690	-	-	-	-	-	3,690
Meetings, Conferences and Events	3,478	-	15,448	47,413	66,339	-	-	-	-	-	66,339
Staff Travel	11,368	1,015	149	-	12,532	-	-	-	-	-	12,532
Interest and Financing Costs	-	89,956	-	-	89,956	-	-	-	-	-	89,956
Grants to FNC	-	-	-	-	-	29,652	-	-	29,652	(29,652)	-
Miscellaneous Expenses	375	1,691	7,600	-	9,666	-	-	-	-	-	9,666
Total Functional Expenses	\$ 3,163,219	\$ 469,919	\$ 422,042	\$ 47,413	\$ 4,102,593	\$ 283,661	\$ 78,211	\$ 43,423	\$ 405,295	\$ (168,652)	\$ 4,339,236

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	FAMILY NURTURING CENTER				FNCS				ELIM- INATIONS	TOTAL
	<u>PROGRAM SERVICES</u>	<u>ADMINI- STRATIVE</u>	<u>FUND RAISING</u>	<u>FNC TOTAL</u>	<u>PROGRAM SERVICES</u>	<u>ADMINI- STRATIVE</u>	<u>FUND RAISING</u>	<u>FNCS TOTAL</u>		
Salaries	\$ 1,188,765	\$ 151,128	\$ 218,122	\$ 1,558,015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,558,015
Payroll Taxes	101,985	12,965	18,713	133,663	-	-	-	-	-	133,663
Fringe Benefits	183,787	23,365	33,722	240,874	-	-	-	-	-	240,874
Volunteer Services	37,714	-	10,000	47,714	-	-	-	-	-	47,714
Subcontracted Program Services	641,451	-	-	641,451	-	-	-	-	-	641,451
Consultants and Professional Fees	164,511	63,968	26,709	255,188	-	14,525	-	14,525	-	269,713
Occupancy Costs	176,195	22,400	32,329	230,924	115,969	14,743	21,279	151,991	(139,000)	243,915
Depreciation and Amortization Expense	3,184	405	584	4,173	140,702	17,887	25,817	184,406	-	188,579
Directors and Officers' Insurance	-	3,000	-	3,000	-	-	-	-	-	3,000
Liability Insurance	17,229	2,190	3,161	22,580	-	-	-	-	-	22,580
Direct Client Assistance	198,925	-	-	198,925	-	-	-	-	-	198,925
Program Supplies and Activities	137,080	-	-	137,080	-	-	-	-	-	137,080
Food and Meals	8,510	-	-	8,510	-	-	-	-	-	8,510
Client Transportation	191	-	-	191	-	-	-	-	-	191
Computer Repairs, Upgrades and Maintenance	20,453	2,317	3,345	26,115	-	-	-	-	-	26,115
Equipment Lease/Rental	7,194	915	1,320	9,429	-	-	-	-	-	9,429
Office Supplies and Expenses	10,520	1,320	9,859	21,699	-	-	-	-	-	21,699
Postage and Shipping	4,095	520	751	5,366	-	-	-	-	-	5,366
Telephone and Communications	17,642	2,243	3,237	23,122	-	-	-	-	-	23,122
Dues, Fees and Subscriptions	7,795	5,179	7,189	20,163	-	70	-	70	-	20,233
Staff Development	5,546	-	300	5,846	-	-	-	-	-	5,846
Staff Travel	8,189	290	24	8,503	-	-	-	-	-	8,503
Interest and Financing Costs	-	91,288	-	91,288	-	-	-	-	-	91,288
Bad Debt Expense	-	7,943	-	7,943	-	-	-	-	-	7,943
Miscellaneous Expenses	-	10,937	658	11,595	-	-	-	-	-	11,595
Total Functional Expenses	\$ 2,940,961	\$ 402,373	\$ 370,023	\$ 3,713,357	\$ 256,671	\$ 47,225	\$ 47,096	\$ 350,992	\$ (139,000)	\$ 3,925,349

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>FNC</u>	<u>FNSC</u>	<u>ELIM- INATIONS</u>	<u>TOTAL</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Change in Net Assets	\$ 145,640	\$ (266,295)	\$ -	\$ (120,655)
<i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>				
Interest Income from Certificate of Deposit	(101)	-	-	(101)
Depreciation and Amortization Expense	3,702	184,407	-	188,109
Imputed Interest - Deferred Financing Costs	-	33,540	-	33,540
<i>(Increase) Decrease in Current Assets:</i>				
Accounts Receivable, Program Services	(277,270)	-	-	(277,270)
Grants Receivable	(10,330)	-	-	(10,330)
Prepaid Expenses	11,583	-	-	11,583
<i>Increase (Decrease) in Current Liabilities:</i>				
Accounts Payable and Accrued Expenses	(4,121)	34,800	-	30,679
Subcontracts Payable	(22,414)	-	-	(22,414)
Accrued Payroll and Related Costs	34,697	-	-	34,697
Deferred Revenue	8,441	-	-	8,441
Net Adjustment	(255,813)	252,747	-	(3,066)
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>(110,173)</u>	<u>(13,548)</u>	<u>-</u>	<u>(123,721)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>				
Payments on Notes Payable (Sinking Fund)	(26,205)	-	-	(26,205)
Net Cash Flows from Financing Activities	(26,205)	-	-	(26,205)
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>(136,378)</u>	<u>(13,548)</u>	<u>-</u>	<u>(149,926)</u>
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	<u>1,308,849</u>	<u>109,128</u>	<u>-</u>	<u>1,417,977</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$ 1,172,471</u>	<u>\$ 95,580</u>	<u>\$ -</u>	<u>\$ 1,268,051</u>
<i>Presentation of Cash Balances :</i>				
Cash and Cash Equivalents - Operating	\$ 984,907	\$ 95,580	\$ -	\$ 1,080,487
Cash Held for Capital Projects	187,564	-	-	187,564
Total Cash Balances	<u>\$ 1,172,471</u>	<u>\$ 95,580</u>	<u>\$ -</u>	<u>\$ 1,268,051</u>
<i>Supplemental Disclosures :</i>				
Interest and Finance Charges Paid	\$ 89,956	\$ 112,739	\$ -	\$ 202,695

FAMILY NURTURING CENTER OF MASSACHUSETTS, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>FNC</u>	<u>FNSC</u>	<u>ELIM- INATIONS</u>	<u>TOTAL</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Change in Net Assets	\$ (102,122)	\$ (211,977)	\$ -	\$ (314,099)
<i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>				
Interest Income from Certificate of Deposit	(1,594)	-	-	(1,594)
Depreciation and Amortization Expense	4,173	184,406	-	188,579
Imputed Interest - Deferred Financing Costs	-	33,540	-	33,540
<i>(Increase) Decrease in Current Assets:</i>				
Accounts Receivable, Program Services	201,804	63,708	-	265,512
Grants Receivable, Current	215,108	-	-	215,108
Due from Family Nurturing Support Corp.	78,778	-	(78,778)	-
Prepaid Expenses	34,256	-	-	34,256
<i>Increase (Decrease) in Current Liabilities:</i>				
Accounts Payable and Accrued Expenses	(76,805)	3,053	-	(73,752)
Subcontracts Payable	(31,650)	-	-	(31,650)
Accrued Payroll and Related Costs	(18,111)	-	-	(18,111)
Conditional Grant Advance	(129,537)	-	-	(129,537)
Due to Family Nuturing Center	-	(78,778)	78,778	-
Net Adjustment	276,422	205,929	-	482,351
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>174,300</u>	<u>(6,048)</u>	<u>-</u>	<u>168,252</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>				
Payments on Notes Payable (Sinking Fund)	(24,874)	-	-	(24,874)
Net Cash Flows from Financing Activities	(24,874)	-	-	(24,874)
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>149,426</u>	<u>(6,048)</u>	<u>-</u>	<u>143,378</u>
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	<u>1,159,423</u>	<u>115,176</u>	<u>-</u>	<u>1,274,599</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$ 1,308,849</u>	<u>\$ 109,128</u>	<u>\$ -</u>	<u>\$ 1,417,977</u>
<i>Presentation of Cash Balances:</i>				
Cash and Cash Equivalents - Operating	\$ 1,150,937	\$ 79,466	\$ -	\$ 1,230,403
Cash Held for Capital Projects	157,912	29,662	-	187,574
Total Cash Balances	<u>\$ 1,308,849</u>	<u>\$ 109,128</u>	<u>\$ -</u>	<u>\$ 1,417,977</u>
<i>Supplemental Disclosures:</i>				
Interest and Finance Charges Paid	<u>\$ 91,288</u>	<u>\$ 112,739</u>	<u>\$ -</u>	<u>\$ 204,027</u>