Family Services of the Merrimack Valley, Inc.

Financial Statements,
Supplementary Information and
Other Reporting in Accordance with
Government Auditing Standards and Uniform Guidance

September 30, 2023 and 2022

Independent Auditors' Report

To the Board of Directors
Family Services of the Merrimack Valley, Inc.

Opinion

We have audited the accompanying financial statements of Family Services of the Merrimack Valley, Inc. (the Organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 the Organization 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 opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the year ended September 30, 2023, the Organization changed the manner in which it accounts for leasing arrangements due to the adoption of Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 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 the Organization'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 financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Organization'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 the Organization's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Baker Tilly US, LLP
Tewksbury, Massachusetts
February 15, 2024

September 30	2023	2022
Assets		
Current Assets:		
Cash	**$ 406,658**	$ 1,134,769
Accounts Receivable, Net of Allowance for Doubtful Accounts of $5,000	**119,163**	81,611
Current Portion of Contributions and Grants Receivable	**1,442,556**	1,386,199
Prepaid Expenses	**41,529**	44,271
Total Current Assets	**2,009,906**	2,646,850
Contributions and Grants Receivable, Net of Current Portion	**162,750**	120,000
Property and Equipment, Net of Accumulated Depreciation	**2,914,286**	847,483
Operating Lease Right-of-Use Assets	**443,277**	-
Security Deposits	**15,742**	15,742
Investments	**454,251**	416,350
Total Assets	**$ 6,000,212**	$ 4,046,425
Liabilities and Net Assets		
Current Liabilities:		
Line of Credit	**$ -**	$ -
Accounts Payable	**139,154**	188,609
Accrued Expenses	**268,196**	236,132
Deferred Revenue	**36,411**	44,281
Current Portion of Deferred Rent	**-**	40,125
Current Portion of Operating Lease Liabilities	**136,992**	-
Total Current Liabilities	**580,753**	509,147
Long-Term Debt	**674,382**	-
Operating Lease Liabilities, Net of Current Portion	**306,965**	-
Deferred Rent, Net of Current Portion	**-**	13,374
Total Liabilities	**1,562,100**	522,521
Net Assets:		
Net Assets without Donor Restrictions	**3,309,472**	1,362,836
Net Assets with Donor Restrictions	**1,128,640**	2,161,068
Total Net Assets	**4,438,112**	3,523,904
Total Liabilities and Net Assets	**$ 6,000,212**	$ 4,046,425

For the Years Ended September 30	2023 Without Donor Restrictions	2023 With Donor Restrictions	2023 Total	2022 Without Donor Restrictions	2022 With Donor Restrictions	2022 Total
Operating Activities:						
Revenue and Other Support:						
Government Grants and Contracts	$ 5,249,986	$ -	$ 5,249,986	$ 3,990,491	$ -	$ 3,990,491
Program Service Fees	753,476	-	753,476	957,474	-	957,474
Foundation Grants	372,015	358,333	730,348	303,091	262,855	565,946
Special Events, Net of Direct Benefit to Donor Costs of $44,726 and $33,390, Respectively	320,465	-	320,465	262,132	-	262,132
Contributions - Nonfinancial Assets	271,695	-	271,695	583,515	-	583,515
Contributions	265,014	-	265,014	364,401	-	364,401
Miscellaneous	46,282	-	46,282	121,944	-	121,944
United Way of Massachusetts Bay Contributions	31,740	-	31,740	42,333	-	42,333
Net Assets Released from Restriction	2,335,277	(2,335,277)	-	539,143	(539,143)	-
Total Revenue and Other Support	9,645,950	(1,976,944)	7,669,006	7,164,524	(276,288)	6,888,236
Operating Expenses:						
Program Services:						
Crisis Services	1,405,862	-	1,405,862	549,164	-	549,164
Family Services	1,402,325	-	1,402,325	1,582,315	-	1,582,315
Fiscal Sponsorship	1,638,822	-	1,638,822	1,567,315	-	1,567,315
Clinical Services	873,738	-	873,738	975,378	-	975,378
Youth Services	762,413	-	762,413	680,712	-	680,712
Family Resource Center	591,889	-	591,889	562,052	-	562,052
Elder Services	75,649	-	75,649	66,644	-	66,644
Employee Assistance	5,149	-	5,149	24,588	-	24,588
Total Program Services	6,755,847	-	6,755,847	6,008,168	-	6,008,168
General and Administrative	591,633	-	591,633	750,673	-	750,673
Fundraising	361,902	-	361,902	309,394	-	309,394
Total Operating Expenses	7,709,382	-	7,709,382	7,068,235	-	7,068,235
Increase (Decrease) in Net Assets from Operations	1,936,568	(1,976,944)	(40,376)	96,289	(276,288)	(179,999)
Nonoperating Activities:						
Capital Campaign Contributions	-	930,991	930,991	-	1,839,185	1,839,185
Investment Income (Loss), Net	14,518	13,525	28,043	(38,215)	(35,945)	(74,160)
Interest Expense	(4,450)	-	(4,450)	-	-	-
Total Nonoperating Activities	10,068	944,516	954,584	(38,215)	1,803,240	1,765,025
Increase (Decrease) in Net Assets	1,946,636	(1,032,428)	914,208	58,074	1,526,952	1,585,026
Net Assets, Beginning of Year	1,362,836	2,161,068	3,523,904	1,304,762	634,116	1,938,878
Net Assets, End of Year	$ 3,309,472	$ 1,128,640	$ 4,438,112	$ 1,362,836	$ 2,161,068	$ 3,523,904

The accompanying notes are an integral part of these financial statements.

For the Year Ended September 30 **2023**

	Program Services											
	Crisis Services	Family Services	Fiscal Sponsorship	Clinical Services	Youth Services	Family Resource Center	Elder Services	Employee Assistance	Total Program Services	General and Administrative	Fundraising	Total
Salaries	$ 1,027,278	$ 938,997	$ 741,281	$ 594,902	$ 468,860	$ 342,732	$ 59,583	$ 3,355	$ 4,176,988	$ 352,027	$ 196,674	$ 4,725,689
Employee Benefits and Taxes	175,685	160,588	104,200	101,740	80,185	52,300	9,262	525	684,485	90,270	33,434	808,189
Program Supplies	9,110	140,209	392,236	1,167	75,054	92,094	168	-	710,038	8,174	25,499	743,711
Contracts and Services	98,540	89,227	171,202	107,944	40,942	18,215	2,324	608	529,002	58,870	45,017	632,889
Lease Expense	8,300	-	124,898	-	2,650	20,492	256	12	156,608	17,094	-	173,702
Building and Equipment	16,615	18,293	32,024	8,904	7,469	37,720	672	31	121,728	-	14,500	136,228
Travel	975	12,576	24,262	2,684	54,679	3,546	1,093	24	99,839	2,369	1,565	103,773
Depreciation	17,934	17,631	-	11,004	9,617	8,019	1,190	55	65,450	23,346	-	88,796
Office Services	21,174	5,527	19,232	4,011	2,953	8,084	506	497	61,984	13,762	1,401	77,147
Printing and Publications	7,711	2,053	8,869	6,266	11,270	1,724	-	-	37,893	15,396	16,987	70,276
Insurance	12,375	12,167	12,897	7,594	6,636	4,659	595	42	56,965	4,311	6,315	67,591
Meeting and Dues	10,165	5,057	7,721	1,426	2,098	2,304	-	-	28,771	6,014	20,510	55,295
Special Event Expense	-	-	-	-	-	-	-	-	-	-	44,726	44,726
Bad Debt	-	-	-	26,096	-	-	-	-	26,096	-	-	26,096
Total Expenses	1,405,862	1,402,325	1,638,822	873,738	762,413	591,889	75,649	5,149	6,755,847	591,633	406,628	7,754,108
Less: Expenses Included with Revenue on the Statements of Activities	-	-	-	-	-	-	-	-	-	-	44,726	44,726
	$ 1,405,862	$ 1,402,325	$ 1,638,822	$ 873,738	$ 762,413	$ 591,889	$ 75,649	$ 5,149	$ 6,755,847	$ 591,633	$ 361,902	$ 7,709,382

For the Year Ended September 30 2022

	Program Services											
	Crisis Services	Family Services	Fiscal Sponsorship	Clinical Services	Youth Services	Family Resource Center	Elder Services	Employee Assistance	Total Program Services	General and Administrative	Fundraising	Total
Salaries	$ 347,600	$ 909,586	$ 516,237	$ 652,455	$ 448,460	$ 333,685	$ 51,796	$ 16,591	$ 3,276,410	$ 467,162	$ 154,353	$ 3,897,925
Employee Benefits and Taxes	58,803	153,874	87,331	110,375	75,866	56,449	8,762	2,807	554,267	79,029	26,112	659,408
Program Supplies	56,423	286,719	650,127	3,354	52,977	93,737	-	10	1,143,347	25,433	13,680	1,182,460
Contracts and Services	20,060	112,818	110,665	110,243	34,464	8,720	1,267	3,326	401,563	99,356	59,552	560,471
Lease Expense	7,500	7,700	115,888	-	-	20,142	-	-	151,230	8,633	-	159,863
Building and Equipment	11,928	31,212	17,715	22,389	15,389	11,450	1,777	569	112,429	16,030	5,297	133,756
Travel	285	17,959	9,633	11,730	17,111	3,703	1,006	39	61,466	853	1,850	64,169
Depreciation	6,700	17,533	9,951	12,577	8,644	6,432	998	320	63,155	9,005	2,975	75,135
Office Services	9,677	7,535	14,662	3,335	3,956	5,959	300	450	45,874	20,201	1,092	67,167
Printing and Publications	18,017	11,910	16,664	10,120	12,856	11,725	-	240	81,532	10,915	16,699	109,146
Insurance	4,950	12,953	7,352	9,292	6,387	4,752	738	236	46,660	6,653	2,198	55,511
Meeting and Dues	7,221	12,516	11,090	11	4,602	5,298	-	-	40,738	7,403	25,586	73,727
Special Event Expense	-	-	-	-	-	-	-	-	-	-	33,390	33,390
Bad Debt	-	-	-	29,497	-	-	-	-	29,497	-	-	29,497
Total Expenses	549,164	1,582,315	1,567,315	975,378	680,712	562,052	66,644	24,588	6,008,168	750,673	342,784	7,101,625
Less: Expenses Included with Revenue on the Statements of Activities	-	-	-	-	-	-	-	-	-	-	33,390	33,390
	$ 549,164	$ 1,582,315	$ 1,567,315	$ 975,378	$ 680,712	$ 562,052	$ 66,644	$ 24,588	$ 6,008,168	$ 750,673	$ 309,394	$ 7,068,235

For the Years Ended September 30	**2023**	2022
Cash Flows from Operating Activities:		
Increase in Net Assets	**$ 914,208**	$ 1,585,026
Adjustments to Reconcile Increase in Net Assets to Net Cash Used in Operating Activities:		
Depreciation	**88,862**	75,135
Capital Campaign Contributions - Cash Received	**(948,846)**	(1,251,335)
Net Realized and Unrealized (Gains) Losses	**(28,043)**	74,160
Bad Debt	**26,096**	29,497
Noncash Contributions of Donated Securities	**(9,858)**	-
Increase in Accounts Receivable	**(63,648)**	(44,277)
Increase in Current Portion of Contributions and Grants Receivable	**(99,107)**	(1,058,876)
Change in Operating Lease Right-of-Use Assets	**106,243**	-
Decrease (Increase) in Prepaid Expenses	**2,742**	(5,314)
(Decrease) Increase in Accounts Payable	**(49,455)**	95,058
Increase (Decrease) in Accrued Expenses	**32,064**	(2,153)
Decrease in Deferred Revenue	**(7,870)**	(33,961)
Change in Deferred Rent	**-**	(26,748)
Operating Lease Liabilities	**(159,062)**	-
Net Cash Used in Operating Activities	**(195,674)**	(563,788)
Cash Flows from Investing Activities:		
Acquisition of Property and Equipment	**(1,481,283)**	(35,090)
Proceeds from Sale of Investments	**355,408**	57,883
Purchases of Investments	**(355,408)**	(78,378)
Net Cash Used in Investing Activities	**(1,481,283)**	(55,585)
Net Cash Provided by Financing Activities:		
Capital Campaign Contributions - Cash Received	**948,846**	1,251,335
Net (Decrease) Increase in Cash	**(728,111)**	631,962
Cash, Beginning of Year	**1,134,769**	502,807
Cash, End of Year	**$ 406,658**	$ 1,134,769
Supplemental Disclosure of Noncash Investing and Financing Activities:		
Purchase of Property and Equipment Using Proceeds from Long-Term Debt	**$ 674,382**	$ -

The accompanying notes are an integral part of these financial statements.

1. Organization and Summary of Significant Accounting Policies:

Nature of Organization: Family Services of Merrimack Valley, Inc. (the Organization) is a private nonprofit social service agency incorporated on June 21, 1876. The Organization is located in Lawrence, Massachusetts and provides a broad range of evidence-based prevention and treatment programs that result in self sufficiency and improved outcomes for its clients. Over twenty programs are currently offered in the areas of child welfare, parent education, youth development and mentoring, employee assistance, mental health treatment and suicide prevention. These services reach over 7,400 individuals from the Greater Lawrence area annually.

Basis of Presentation: The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Any reference in these notes to applicable guidance is meant to refer to the authoritative United States generally accepted accounting principles as found in the Accounting Standards Codification (ASC) and Accounting Standards Updates (ASU) of the Financial Accounting Standards Board (FASB).

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

> *Net Assets without Donor Restrictions*: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors. Net assets without donor restrictions include net assets designated by the board for specific purposes.
>
> *Net Assets with Donor Restrictions*: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Measure of Operations: The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing prevention and treatment programs. Nonoperating activities are limited to resources that generate return from investments that are considered to be of a more unusual or nonrecurring nature.

Fair Value Measurements: The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

1. Organization and Summary of Significant Accounting Policies (Continued):

Revenue and Other Support: Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Revenue represents amounts derived from program service fees, special events, rental income, grant revenue, contributions, and service and cost reimbursement contracts.

Revenue is recognized when control of the goods and services provided is transferred to the Organization's customers and in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods and services using the following steps: 1) identification of the contract, or contracts with a customer, 2) identification of performance obligations in the contract, 3) determination of the transaction price, 4) allocation of the transaction price to the performance obligations in the contract and 5) recognition of revenue when or as the Organization satisfies the performance obligations.

The Organization generates revenue from program service fees, which is recorded as services are provided.

The Organization generates revenue from special events, which is recognized when the related training or event occurs.

Rental income is recorded monthly as the delivery of the services has occurred over the term of the lease, provided persuasive evidence of an arrangement exists, the fee is fixed or determinable and the collectability of the related receivable is probable. Rental payments received in advance are deferred until earned. Interest income is recorded when earned.

The Organization typically invoices its customers as services are provided and as events occur. Typical payment terms provide that customers pay upon receipt of the invoice.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long contributed assets must be used are recorded as net assets with donor restrictions. Otherwise, the contributions are recorded as net assets without donor restrictions.

Contributions of services are reported as revenue and expenses without donor restrictions at the fair value of the service received only if the services create or enhance a nonfinancial asset or would typically need to be purchased by the Organization if they had not been provided by contribution, require specialized skills, and are provided by individuals with those skills. Contributions of goods and space to be used in program operations are reported as revenue and expenses without donor restrictions at the time the goods or space is received.

The Organization must determine whether a contribution (or a promise to give) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. The Organization cannot consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received.

1. Organization and Summary of Significant Accounting Policies (Continued):

Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Grant revenue is recognized as reimbursable expenses are incurred and upon meeting the legal and contractual requirements of the funding source.

In addition, the Organization's programs are supported by contracts negotiated with various agencies of the Commonwealth of Massachusetts. Therefore, the Organization is subject to regulations and rate formulas. Excess of revenue over expenses from the Commonwealth of Massachusetts supported programs, up to certain defined limits, can be utilized by the Organization for expenditures in accordance with its exempt purpose, provided such expenditures are reimbursable under the Operational Services Division's regulations. Amounts in excess of these limits are subject to negotiated use or potential recoupment and are reported as a liability.

Accounts Receivable: Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is provided for those accounts receivable considered to be uncollectible based upon management's assessment of the collectability of accounts receivable, which considers historical write-off experience and any specific risks identified in customer collection matters. Bad debts are written off against the allowance when identified. As of each of September 30, 2023 and 2022, the allowance for doubtful accounts amounted to approximately $5,000.

Contract Balances: The Organization's contract balances, resulting from contracts with customers, include deferred revenue. Deferred revenue represents payments received for which the aforementioned revenue recognition criteria have not been met.

Opening and closing balances for accounts receivable and contract balances from contracts with customers consist of the following:

	September 30, 2023	September 30, 2022	October 1, 2021
Accounts Receivable, Net	$ 119,163	$ 81,611	$ 66,831
Deferred Revenue	$ 36,411	$ 44,281	$ 78,242

Cash: The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

Investments and Investment Income: The Organization’s investments are reported at fair value as of the date of the statements of financial position. Realized and unrealized gains and losses are reflected in the accompanying statements of activities. Investment income or loss on investments (including realized and unrealized gains and losses on investments, interest and dividends) is included in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Interpretation of Relevant Law: The Organization follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Organization’s Board of Directors has interpreted UPMIFA as considering the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor-restricted endowment funds (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) appreciation (depreciation) in the fair value of endowment investments. Therefore, unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

1. Organization and Summary of Significant Accounting Policies (Continued):

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate endowment funds:

- Duration and preservation of the fund
- Purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- Possible effect of inflation and deflation
- Expected total return from income and the appreciation of investments
- Other resources of the Organization
- Investment policies of the Organization

Concentrations of Credit Risk: Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash, investments, and accounts and grants receivable. The Organization maintains its cash and investments with high-credit quality financial institutions. The Organization believes it is not exposed to any significant losses due to credit risk on cash and investments. Accounts and grants receivable are carried at the outstanding principal balance, less an estimate for allowance for uncollectible receivables based upon management’s judgment of potential defaults. Management determines the allowance for doubtful accounts by identifying troubled receivables balances and by using an assessment of the customer’s or grantor's credit worthiness.

Other Risks and Uncertainties: Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Property and Equipment: Property and equipment are recorded at cost on the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, as follows:

Building and Improvements	5 - 39 Years
Leasehold Improvements	Lesser of Useful Life or Life of Lease
Office Equipment	5 - 10 Years

Construction in Process: Construction in process represents the planning and construction of a renovation of the main Lawrence building facility, and other direct costs related to the project. Construction in process is not depreciated until the project has been placed into service.

Impairment of Long-Lived Assets: It is required that long-lived assets be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. As of September 30, 2023 and 2022, the Organization has determined that there have been no significant events or changes in circumstances that would trigger impairment testing of the Organization's long-lived assets.

Leases: In 2016, the FASB issued ASU 2016-02, *Leases* (ASC 842). ASU 2016-02 and all related amendments replaces the leasing standards under ASC 840 and expands disclosure requirements for leasing arrangements.

Effective October 1, 2022, the Organization adopted the guidance and expanded disclosure requirements under ASC 842 using the modified retrospective approach. The Organization's financial statements as of and for the year ended September 30, 2023 continue to be accounted for under ASC 840 and have not been adjusted.

1. Organization and Summary of Significant Accounting Policies (Continued):

ASC 842 requires lessees to recognize the assets and liabilities that arise from leases on the statement of financial position. At the lease commencement date, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the non-cancelable lease term. Lease expense for the Organization's finance leases is comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method.

Upon transition to ASC 842, the Organization elected the package of practical expedients permitted under the transition guidance, which does not require the Organization to reassess prior conclusions regarding whether contracts are or contain a lease, lease classification and initial direct lease costs, and the practical expedient to use hindsight in determining the lease term (that is, when considering options to extend or terminate the lease or to purchase the underlying asset) and in assessing impairment of the Organization's right-of-use assets.

At the date of adoption, the Organization recorded operating lease right-of-use assets and lease liabilities in the amounts of $249,525 and $303,024, respectively. At the date of adoption, the Organization had no leases classified as finance leases.

The Organization determines if an arrangement is a lease at inception. An arrangement is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. The Organization reassesses its determination if the terms and conditions of the arrangement are changed. Leases are classified at the commencement date, the date on which the lessor makes the underlying asset available to the lessee, as either operating or finance leases based on the economic substance of the lease.

Lease right-of-use (ROU) assets and related lease liabilities are recognized on the statement of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term, and the corresponding lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Lease ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The Organization determines the present value of lease payments using the implicit rate when readily determinable. When the implicit rate is not readily determinable, the Organization has made the private company election to utilize a risk-free discount rate for a period comparable with that of the lease term for all classes of underlying assets.

Lease ROU assets also include any lease payments made at or before commencement date, net of lease incentives, and initial direct costs incurred. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

Right-of-use assets are assessed for impairment in accordance with the Organization's long-lived asset policy. The Organization reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with ASC 842.

The Organization has elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which the Organization is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, lease payments for short-term leases are recognized on a straight-line basis over the lease term.

Significant Judgments: The Organization's evaluation of whether an arrangement is a lease often requires consideration of whether the Organization has obtained substantially all rights to control an identifiable underlying asset, whether the lessor has substantive substitution rights and whether the arrangement contains an embedded lease. The Organization's consideration of these factors may require significant judgment.

1. Organization and Summary of Significant Accounting Policies (Continued):

The present value of the future minimum lease payments over the lease term at commencement date requires the allocation of lease consideration between lease and nonlease components, which may require significant judgment.

For operating leases, lease expense for lease payments is recognized on a straightline basis over the lease term. For finance leases, lease expense includes amortization expense of the ROU asset recognized on a straightline basis over the lease term and interest expense recognized on the finance lease liability.

Operating leases are included in operating lease ROU assets and current and noncurrent operating lease liabilities on the accompanying statement of financial position as of September 30, 2023. As of September 30, 2023, the Organization had no finance leases.

Deferred Rent: Prior to the adoption of ASC 842, *Leases*, the Organization records rent expense on a constant periodic rate over the term of the lease agreement. The excess of the cumulative rent expense incurred over the cumulative amounts due under the lease agreement is deferred and recognized over the term of the lease.

Advertising Costs: The Organization expenses advertising costs as incurred.

Functional Allocation of Expenses: The costs of providing the Organization's program and other activities have been summarized on a functional basis in the statements of activities. Expenses related directly to program services or supporting activities are charged directly while other expenses that are common to several functions are allocated based on management's estimates, among major classes of programs services and supporting activities.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries	Time and Effort
Contracts and Services	Time and Effort
Employee Benefits and Taxes	Time and Effort
Building and Equipment	Time and Effort
Depreciation	Time and Effort
Insurance	Time and Effort

Income Taxes: The Organization is a nonprofit Organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on trade or business profits generated by activities related to the Organization's exempt function. The Organization may be subject to federal and state income taxes for profits generated from trade or business activities unrelated to the Organization's exempt function. As of September 30, 2023 and 2022, management believes that the Organization has not generated any unrelated business taxable income.

The Organization assesses the recording of uncertain tax positions by evaluating the minimum recognition threshold and measurement requirements a tax position must meet before being recognized as a benefit in the financial statements. The Organization's policy is to recognize interest and penalties accrued on any uncertain tax positions as a component of income tax expense, if any, in its statements of activities. The Organization has not recognized any liabilities for uncertain tax positions or unrecognized benefits as of September 30, 2023 and 2022. The Organization does not expect any material change in uncertain tax benefits within the next 12 months.

Use of Estimates: Management has used estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities in its preparation of the financial statements in accordance with GAAP. Actual results experienced by the Organization may differ from those estimates.

1. Organization and Summary of Significant Accounting Policies (Continued):

Reclassification: Certain accounts in the September 30, 2022 financial statements have been reclassified for comparative purposes to conform to the presentation in the September 30, 2023 financial statements. On the statements of financial position $120,000 was reclassified from current portion of contributions and grants receivable to contributions and grants receivable, net of current portion.

Subsequent Events: Management has evaluated subsequent events spanning the period from September 30, 2023 through February 15, 2024, the date the financial statements were available to be issued.

2. Fiscal Sponsorship:

The Organization entered into separate Fiscal Sponsorship Agreements with Uncommon Threads, the Lawrence/Methuen Community Coalition (LMCC), One Wish Project (Project) and Gateway to College (Gateway). Per the terms of the agreements, the Organization receives tax-deductible charitable contributions on behalf of these organizations and provides related administrative support.

During the years ended September 30, 2023 and 2022, the Organization received revenue on behalf of these organizations in the amounts as follows:

	2023	2022
LMCC	$ 864,079	$ 608,531
Uncommon Threads	589,867	837,965
Project	189,806	121,725
	$ 1,643,752	$ 1,568,221

During the years ended September 30, 2023 and 2022, the Organization paid expenses on behalf of these organizations in the amounts as follows:

	2023	2022
LMCC	$ 873,547	$ 678,369
Uncommon Threads	575,469	775,567
Project	189,806	113,379
	$ 1,638,822	$ 1,567,315

As of September 30, 2023 and 2022, the Organization’s net assets with donor restrictions includes unspent amounts received on behalf of Uncommon Threads in the amount of $74,699 and $92,333, respectively. As of September 30, 2022, the Organization’s net assets with donor restrictions includes unspent amounts received on behalf of LMCC in the amounts of $9,700.

3. Availability and Liquidity:

The following reflects the Organization's financial assets as of September 30, 2023 and 2022, reduced by amounts not available for general use within one year of September 30, 2023 and 2022 due to contractual or donor-imposed restrictions.

Financial Assets at End of Year:	2023	2022
Cash	$ 406,658	$ 1,134,769
Accounts Receivable, Net of Allowance for Doubtful Accounts	119,163	81,611
Investments	454,251	416,350
Current Portion of Contributions and Grants Receivable	1,442,556	1,386,199
Contributions and Grants Receivable, Net of Current Portion	162,750	120,000
Total Financial Assets at End of Year	2,585,378	3,138,929
Less: Amounts Unavailable for General Expenditures within One Year:		
Due to Contractual or Donor-Imposed Restriction:		
Restricted by Donor with Time or Purpose Restrictions	976,694	2,079,644
To Be Held in Perpetuity	155,938	81,424
Board Designations:		
Board Designated Endowment Fund	255,657	232,688
	1,388,289	2,393,756
Financial Assets Available to Meet Cash Needs for General Expenditures over the Next 12 Months	$ 1,197,089	$ 745,173

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 may come due. In addition, the Organization invests cash in excess of daily requirements in long-term investments. In the event of an unanticipated liquidity need, the Organization also could draw upon $250,000 available under its line of credit or $255,657 under its board designated endowment fund.

4. Contributions and Grants Receivable:

Contributions and grants receivable as of September 30, 2023 and 2022 consists of the following:

	2023	2022
Receivable in Less than One Year	$ 1,442,556	$ 1,386,199
Receivable in One to Five Years	162,750	120,000
	$ 1,605,306	$ 1,506,199

As of September 30, 2023, the Organization determined the discount required to present value the long-term portion contributions receivable using a risk-adjusted rate based on the daily treasury yield curves was immaterial to the financial statements.

5. Property and Equipment:

Property and equipment as of September 30, 2023 and 2022 consists of the following:

	2023	2022
Land	$ 109,635	$ 109,635
Building and Improvements	3,251,722	963,428
Leasehold Improvements	233,213	233,213
Office Equipment	173,133	173,133
Construction in Process	-	132,629
	3,767,703	1,612,038
Less: Accumulated Depreciation	853,417	764,555
	$ 2,914,286	$ 847,483

Construction in process represents payments made by the Organization for the planning and construction of a renovation of the main Lawrence building facility. The Organization began construction in December 2022 with a goal of increasing the usage of the facility to address various space and programming needs and opportunities.

Depreciation expense for the years ended September 30, 2023 and 2022 amounted to $88,862 and $75,135, respectively.

6. Leasing Arrangements:

The Organization leases office space under operating lease arrangements, which expire on various dates through September 2028. The lease agreements do not contain options to renew.

Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Operating right-of-use assets and lease liabilities as of September 30, 2023 are as follows:

Right-of-Use Assets:	
Operating Leases	$ 443,277
Lease Liabilities	
Current	$ 136,992
Long-Term	306,965
Total Lease Liabilities	$ 443,957

The components and classification of lease expense for the year ended September 30, 2023 are as follows:

Component	Classification	
Lease Expense	Program Services	$ 154,617
Lease Expense	General and Administrative	19,085
Total Lease Expense		$ 173,702

6. Leasing Arrangements (Continued):

The weighted average remaining lease term and discount rate for operating leases as of September 30, 2023 were as follows:

Weighted Average Remaining Lease Term:	3.99 Years
Weighted Average Discount Rate:	4.31%

Future minimum operating lease payments as of September 30, 2023 are as follows:

Year Ending September 30,	
2024	$ 142,317
2025	134,909
2026	66,837
2027	68,842
2028	70,907
Total Future Minimum Lease Payments	483,812
Less: Present Value Discount	39,855
Present Value of Lease Liabilities	443,957
Less: Current Portion	136,992
Long-Term Portion	$ 306,965

Cash flow information for the year ended September 30, 2023 is as follows:

Cash Paid for Amounts Included in Measurement of Lease Liabilities: Operating Cash Flows from Operating Leases	$ 167,927
Operating Lease Right-of-Use Assets Obtained in Exchange for Operating Lease Liabilities	$ 299,995

During the year ended September 30, 2022, the Organization was party to certain noncancelable operating lease arrangements and certain month-to-month lease arrangements for office space expiring on various dates through September 2023. During the year ended September 30, 2022, aggregate rent expense incurred under these arrangements amounted to $149,332.

7. Investments:

Investments as of September 30, 2023 and 2022 consist of the following:

	2023	2022
Mutual Funds	$ 442,609	$ 416,350
Common Stocks	11,642	-
	$ 454,251	$ 416,350

For the years ended September 30, 2023 and 2022, net investment income (loss) consists of the following:

	2023	2022
Net Unrealized Gains (Losses)	$ 19,511	$ (75,650)
Interest and Dividends	8,532	1,116
Capital Gains Reinvested	-	374
	$ 28,043	$ (74,160)

8. Endowment:

Return Objectives and Risk Parameters: The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Accordingly, the investment process seeks the preservation of principal and optimization of total return within a framework of moderate risk. Endowment assets are invested in a mutual fund account that includes a well-diversified asset mix of equity and debt securities, that is intended to result in a consistent inflation-protected rate of return. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds.

Spending Policy: The Organization's spending policy is to appropriate for distribution from its donor-restricted endowment funds an amount equal to the rolling three-year average of the dividend and interest income (excluding capital gains) realized on the endowment fund's investments expressed as a percentage of the fair market value of the endowment fund. Such percentage is calculated as of June 30 each year and is applied to the fair market value of the endowment fund as of that date to determine the exact amount to be appropriated for the next fiscal year beginning October 1.

Appropriating amounts from the board restricted endowment fund is done annually by the Organization's Finance Committee based on an assessment of the Organization's needs in conjunction with the annual budget process. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow, which is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

8. Endowment (Continued):

As of September 30, 2023 and 2022, the endowment balance, by net asset classification, consists of the following:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	$ -	$ 151,946	$ 151,946
Board-Designated Endowment Funds	255,657	-	255,657
	$ 255,657	$ 151,946	$ 407,603

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	$ -	$ 138,421	$ 138,421
Board-Designated Endowment Funds	232,688	-	232,688
	$ 232,688	$ 138,421	$ 371,109

The changes in the endowment balance by net asset classification as of September 30, 2023 and 2022 consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Totals
Endowment Balance, September 30, 2021	$ 215,211	$ 202,422	$ 417,633
Investment Returns:			
Net Realized and Unrealized Gains	(38,215)	(35,945)	(74,160)
Transfers In	85,520	-	85,520
Appropriation of Endowment Assets for Expenditure	(29,828)	(28,056)	(57,884)
Endowment Balance, September 30, 2022	232,688	138,421	371,109
Investment Returns:			
Net Realized and Unrealized Gains	14,652	13,525	28,177
Contributions	8,317	-	8,317
Endowment Balance, September 30, 2023	$ 255,657	$ 151,946	$ 407,603

9. Fair Value Measurements:

Investments measured at fair value on a recurring basis as of September 30, 2023 and 2022 are as follows:

	Fair Value Measurements at September 30, 2023			
	Total	Level 1	Level 2	Level 3
Mutual Funds:				
Balanced	$ 442,609	$ 442,609	$ -	$ -
Common Stocks	11,642	11,642	-	-
	$ 454,251	$ 454,251	$ -	$ -

	Fair Value Measurements at September 30, 2022			
	Total	Level 1	Level 2	Level 3
Mutual Funds:				
Allocation: 50% - 70% Equity	$ 371,109	$ 371,109	$ -	$ -
Intermediate Core-Plus Bond	45,241	45,241	-	-
	$ 416,350	$ 416,350	$ -	$ -

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used for the years ended September 30, 2023 and 2022.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

10. Line of Credit:

The Organization is party to a revolving line of credit agreement with a bank for maximum borrowings of $250,000, as amended. The line of credit is payable on demand, bears interest at the bank's prime rate, (8.50% at September 30, 2023), and is collateralized by substantially all of the assets of the Organization. As of each of the years ended September 30, 2023 and 2022, there was no outstanding balance on the line of credit.

11. Long-Term Debt:

The Organization is party to a loan agreement (the "Loan") with a bank for maximum borrowings of $1,945,000, designated solely for the full remodel of the Organization's headquarters. The Loan bears interest at (i) a fixed rate of 5.50% for the first five years after disbursement and (ii) subsequently will be subject to rate review every five years thereafter and adjusted to 2.125% over the bank's Daily High Federal Home Loan Bank Boston Classic Advance Five (5) Year Regular Rate. The initial term of the Loan is 10 years, and thereafter due on demand, requiring interest-only payments for the first two years, followed by monthly payments of principal plus interest based on a 25-year amortization schedule. Borrowings under the Loan are collateralized by the related real estate being remodeled.

As of September 30, 2023, outstanding borrowings on the Loan amounted to $674,382. The Loan requires certain financial covenants, with which the Organization was in compliance as of September 30, 2023.

Maturities of long-term debt as of September 30, 2023, are as follows:

Year Ending September 30,	
2025	$ 24,727
2026	26,975
2027	26,975
2028	26,975
Thereafter	568,730
	$ 674,382

12. Net Assets without Donor Restrictions:

Net assets without donor restrictions as of September 30, 2023 and 2022 consist of the following:

	2023	2022
Net Investment in Property and Equipment	$ 2,239,904	$ 847,483
Board Designated Endowment	255,657	232,688
Available for Operations	813,911	282,665
	$ 3,309,472	$ 1,362,836

13. Net Assets with Donor Restrictions:

Net assets with donor restrictions as of September 30, 2023 and 2022 consists of the following:

	2023	2022
Subject to Expenditure for Specified Purpose:		
Court Appointed Special Advocates	$ 30,000	$ 14,500
24/7 Dad	10,000	10,000
	40,000	24,500
Stand and Deliver Program	130,000	105,000
Big Friends Little Friends	31,000	12,500
Arise	-	2,500
	161,000	120,000
Uncommon Threads	74,699	92,333
Clinic	30,000	6,678
Samaritans	9,000	10,000
Lawrence/Methuen Community Coalition (LMCC)	-	9,700
Admin	-	6,344
	113,699	125,055
Capital Grants	661,995	1,753,092
Total Purpose Restrictions	976,694	2,022,647
Subject to Spending Policy and Appropriation Guidelines:		
Investment in Perpetuity (Including Amounts above Original Gift Amounts of $81,424):		
General Endowment	151,946	138,421
Total Net Assets with Donor Restrictions	$ 1,128,640	$ 2,161,068

14. Net Assets Released from Restriction:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors or by the passage of time. Net assets released from restriction during the years ended September 30, 2023 and 2022 consist of the following:

	2023	2022
Subject to Expenditure for Specified Purpose:		
Court Appointed Special Advocates	$ 14,500	$ 25,000
24/7 Dad	10,000	10,000
Young Parents Support Program (YPP)	-	35,000
	24,500	70,000
Stand and Deliver Program	105,000	104,000
Big Friends Little Friends	12,500	33,900
Arise	2,500	-
	120,000	137,900
Capital Grants	2,022,088	102,593
Uncommon Threads	125,967	78,000
Clinic	16,678	3,000
Samaritans	10,000	-
Lawrence/Methuen Community Coalition (LMCC)	9,700	119,594
Admin	6,344	-
Appropriation of Appreciation on Endowment	-	28,056
	2,190,777	331,243
Total Net Assets Released from Restriction	$ 2,335,277	$ 539,143

15. Conditional Contributions:

During the years ended September 30, 2023 and 2022, the Organization was awarded grants from various state and federal agencies. These grant funds are contingent upon certain funder imposed restrictions. As of September 30, 2023 and 2022, $6,134,030 and $4,529,648, respectively, of these conditional grants remain.

16. Contributions - Nonfinancial Assets:

The Organization received contributed nonfinancial assets and services recognized as revenue and other support within the statements of activities. The contributed nonfinancial assets and services did not have donor-imposed restrictions. During the years ended September 30, 2023 and 2022, contributed nonfinancial assets and services consisted of the following:

	2023	2022
Clothing and Accessories	$ 171,261	$ 480,965
Toys	55,708	-
Special Event Costs	44,726	74,010
Laptops	-	5,860
Consulting Services	-	22,680
	$ 271,695	$ 583,515

16. Contributions - Nonfinancial Assets (Continued):

Contributed nonfinancial assets recognized comprise of donated goods and services related to the Organization's programs. Contributed nonfinancial assets are valued and are reported at the estimated fair value at the date of the donation.

During the years ended September 30, 2023 and 2022, contributed nonfinancial assets recognized as revenue and other support within the statements of activities included goods and services amounting to $271,695 and $583,515, respectively. The contributed nonfinancial assets did not have donor-imposed restrictions.

17. Related Party Transactions:

During the years ended September 30, 2023 and 2022, the Organization purchased general liability and business insurance from an insurance agency owned by an employee of the Organization and her family members. During the years ended September 30, 2023 and 2022, the insurance expense amounted to $50,595 and $46,876, respectively.

18. Retirement Plan:

The Organization sponsors a defined contribution pension plan covering substantially all of its employees who meet certain eligibility requirements. Through May 31, 2021, the Organization contributes an amount equal to two percent of the salaries of eligible employees. Effective June 1, 2021, Organization contributes an amount equal to three percent of the salaries of eligible employees. The pension plan benefits are 100% vested after three years of continuous service. During the years ended September 30, 2023 and 2022, the Organization made contributions to the plan of $87,198 and $80,916, respectively.

19. Economic Dependency:

During each of the years ended September 30, 2023 and 2022, the Organization generated a substantial portion of its government grants and contracts from two grantors. During the years ended September 30, 2023 and 2022, revenue from these grantors approximated 87% and 71%, respectively, of the Organization's total government grants and contracts revenue. As of each of the years ended September 30, 2023 and 2022, contributions and grants receivable from these grantors represented approximately 72% of the Organization's total contributions and grants receivable.

20. Indemnifications:

In the ordinary course of business, the Organization enters into various agreements containing standard indemnification provisions. The Organization's indemnification obligations under such provisions are typically in effect from the date of execution of the applicable agreement through the end of the applicable statute of limitations. The aggregate maximum potential future liability of the Organization under such indemnification provisions is uncertain. As of September 30, 2023 and 2022, no amounts have been accrued related to such indemnification provisions.

For the Year Ended September 30 — 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number (ALN)	Pass-Through Entity Identifying Number	Amounts Provided to Subrecipients	Total Federal Expenditures
Department of Justice:				
Passed-Through from the Commonwealth of Massachusetts - Office for Victim Assistance:				
Crime Victim Assistance	16.575	VOCA2023FSMV00000000	$ -	$ 30,320
Total Department of Justice			-	30,320
Health and Human Services:				
Direct Funding:				
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086		-	700,835
Drug-Free Communities Support Program Grants	93.276		-	125,652
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		-	81,883
Passed-Through from the Commonwealth of Massachusetts - Department of Public Health:			-	-
Opioid STR	93.788	INTF2354M04160222085	-	113,433
Block Grants for Prevention and Treatment of Substance Abuse	93.959	INTF2354M78220129167	-	185,707
Injury Prevention and Control Research and State and Community Based Payments	93.136	INTF2354M04160222085	-	89,792
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	INTF3212M03170722013	-	89,676
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	INTF4107M04500424073	-	214,009
Passed-Through from the Commonwealth of Massachusetts - Department of Children and Families:				
MaryLee Allen Promoting Safe and Stable Families	93.556	INTF0000009952320644	-	274,376
Total Health and Human Services			-	1,875,363
Total Expenditures of Federal Awards			$ -	$ 1,905,683

The accompanying notes are an integral part of this Schedule.

<u>Notes to the Schedule of Expenditures of Federal Awards for the Year Ended September 30, 2023</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Family Services of the Merrimack Valley, Inc. (the Organization) under programs of the federal government for the year ended September 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 3 - Indirect Costs

The Organization has elected not to use the 10-percent de minimums indirect cost rate allowed under Uniform Guidance.

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Family Services of the Merrimack Valley, Inc.

We have audited, in accordance with the 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, the accompanying financial statements of Family Services of the Merrimack Valley, Inc. (the Organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 15, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected in a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly US, LLP

Baker Tilly US, LLP
Tewksbury, Massachusetts
February 15, 2024

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Family Services of the Merrimack Valley, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Family Services of the Merrimack Valley, Inc. (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2023. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A s*ignificant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Baker Tilly US, LLP

Baker Tilly US, LLP
Tewksbury, Massachusetts
February 15, 2024

Year Ended September 30, 2023

I. Summary of Independent Auditors' Report

Schedule of Expenditures of Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness identified?	____ Yes	_X_ No
• Significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	_X_ None Reported
Noncompliance material to the financial statements noted?	____ Yes	_X_ No

Federal Awards

Internal control over major federal programs:		
• Material weakness identified?	____ Yes	_X_ No
• Significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	_X_ None Reported
Types of auditors' report issued on compliance for major programs:	Unmodified	
• Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	____ Yes	_X_ No

Identification of major programs

ALN Number(s)	Name of Federal Program or Cluster
93.086	Healthy Marriage Promotion and Responsible Fatherhood Grants

Dollar threshold used to distinguish between Type A and Type B programs	$750,000	
Auditee qualifies as low-risk auditee?	_X_ Yes	____ No

Year Ended September 30, 2023

II. Financial Statement Findings:

A. Significant Deficiencies or Material Weaknesses in Internal Control over Financial Reporting:

None

B. Compliance Findings:

None

III. Federal Award Findings and Questioned Costs:

A. Significant Deficiencies or Material Weaknesses in Internal Control Over Compliance:

None

B. Compliance Findings:

None

Year Ended September 30, 2023

Prior Year Findings:

II. Financial Statement Findings:

A. Significant Deficiencies or Material Weaknesses in Internal Control over Financial Reporting:

None

B. Compliance Findings:

None

III. Federal Award Findings and Questioned Costs:

A. Significant Deficiencies or Material Weaknesses in Internal Control over Compliance:

None

B. Compliance Findings:

None