

**Family Services of the  
Merrimack Valley, Inc.**

Financial Statements  
September 30, 2025 and 2024

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## **Independent Auditors' Report**

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

### **Report on the Audit of the Financial Statements**

#### ***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, 2025, and the related statements of activities, functional expenses and cash flows for the year 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 Family Services of the Merrimack Valley, Inc. as of September 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Family Services of the Merrimack Valley, Inc. 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.

#### ***Prior Period Financial Statements***

The financial statements of Family Services of the Merrimack Valley, Inc. as of September 30, 2024 were audited by other auditors, whose report dated March 13, 2025 expressed an unmodified opinion on those statements.

## **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.

## ***Auditor's 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 GAAS 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 GAAS 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 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 respect, 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 March 9, 2026, 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.

*Grassi & Co., CPAs, P.C.*

Grassi & Co., CPAs, P.C.

Chelmsford, Massachusetts

March 9, 2026

**Family Services of the Merrimack Valley, Inc.**  
**Statements of Financial Position**  
**September 30, 2025 and 2024**

<b>Assets</b>	<u>2025</u>	<u>2024</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 624,081	\$ 494,918
Certificates of deposit	149,416	140,000
Accounts receivable, net of allowance for credit losses of \$10,000 and \$5,000, respectively	87,088	57,642
Current portion of contributions and grants receivable	908,302	1,061,088
Prepaid expenses	48,457	48,818
<b>Total current assets</b>	<u>1,817,344</u>	<u>1,802,466</u>
<b>Non-current assets</b>		
Contributions and grants receivable, net of current portion	-	66,500
Property and equipment, net of accumulated depreciation	2,742,819	2,826,649
Operating lease right-of-use assets	451,774	422,600
Security deposits	15,742	15,742
Investments	543,693	484,836
<b>Total non-current assets</b>	<u>3,754,028</u>	<u>3,816,327</u>
<b>Total assets</b>	<u>\$ 5,571,372</u>	<u>\$ 5,618,793</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 119,553	\$ 112,477
Accrued expenses	270,013	336,846
Deferred revenue	12,129	6,262
Current portion of operating lease liabilities	191,109	171,376
<b>Total current liabilities</b>	<u>592,804</u>	<u>626,961</u>
<b>Long-term liabilities</b>		
Long-term debt	-	105,544
Operating lease liabilities, net of current portion	270,478	260,122
<b>Total long-term liabilities</b>	<u>270,478</u>	<u>365,666</u>
<b>Total liabilities</b>	<u>863,282</u>	<u>992,627</u>
<b>Net assets</b>		
Net assets without donor restrictions	3,859,470	3,737,022
Net assets with donor restrictions	848,620	889,144
<b>Total net assets</b>	<u>4,708,090</u>	<u>4,626,166</u>
<b>Total liabilities and net assets</b>	<u>\$ 5,571,372</u>	<u>\$ 5,618,793</u>

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

**Family Services of the Merrimack Valley, Inc.**  
**Statements of Activities**  
**For the Years Ended September 30, 2025 and 2024**

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating activities</b>						
<b>Revenue and other support</b>						
Government grants and contracts	\$ 5,599,063	\$ -	\$ 5,599,063	\$ 6,001,401	\$ -	\$ 6,001,401
Program service fees	562,897	-	562,897	813,980	-	813,980
Foundation grants	481,817	405,000	886,817	286,417	430,833	717,250
Contributions - nonfinancial assets	514,518	-	514,518	510,392	-	510,392
Contributions	405,058	-	405,058	340,399	-	340,399
Special events, net of direct benefit to donor costs of \$85,473 and \$93,130, respectively	354,284	-	354,284	330,307	-	330,307
Miscellaneous	84,447	-	84,447	187,785	-	187,785
United Way of Massachusetts Bay contributions	60,000	-	60,000	62,501	-	62,501
Net assets released from restriction	477,498	(477,498)	-	723,659	(723,659)	-
<b>Total Revenue and Other Support</b>	<b>8,539,582</b>	<b>(72,498)</b>	<b>8,467,084</b>	<b>9,256,841</b>	<b>(292,826)</b>	<b>8,964,015</b>
<b>Operating expenses</b>						
<b>Program services</b>						
Crisis services	1,760,379	-	1,760,379	1,837,649	-	1,837,649
Family services	1,123,292	-	1,123,292	1,317,030	-	1,317,030
Fiscal sponsorship	2,102,529	-	2,102,529	2,185,156	-	2,185,156
Clinical services	540,287	-	540,287	720,353	-	720,353
Youth services	1,017,814	-	1,017,814	949,794	-	949,794
Family resource center	684,827	-	684,827	696,925	-	696,925
Elder services	69,063	-	69,063	75,717	-	75,717
<b>Total program services</b>	<b>7,298,191</b>	<b>-</b>	<b>7,298,191</b>	<b>7,782,624</b>	<b>-</b>	<b>7,782,624</b>
General and administrative	914,282	-	914,282	846,710	-	846,710
Fundraising	234,329	-	234,329	236,465	-	236,465
<b>Total operating expenses</b>	<b>8,446,802</b>	<b>-</b>	<b>8,446,802</b>	<b>8,865,799</b>	<b>-</b>	<b>8,865,799</b>
<b>Change in net assets from operations</b>	<b>92,780</b>	<b>(72,498)</b>	<b>20,282</b>	<b>391,042</b>	<b>(292,826)</b>	<b>98,216</b>
<b>Nonoperating activities</b>						
Investment return, net	34,482	31,974	66,456	59,270	43,330	102,600
Interest expense	(4,814)	-	(4,814)	(22,762)	-	(22,762)
Capital campaign contributions	-	-	-	-	10,000	10,000
<b>Total nonoperating activities</b>	<b>29,668</b>	<b>31,974</b>	<b>61,642</b>	<b>36,508</b>	<b>53,330</b>	<b>89,838</b>
Change in net assets	122,448	(40,524)	81,924	427,550	(239,496)	188,054
<b>Net assets beginning of year</b>	<b>3,737,022</b>	<b>889,144</b>	<b>4,626,166</b>	<b>3,309,472</b>	<b>1,128,640</b>	<b>4,438,112</b>
<b>Net assets end of year</b>	<b>\$ 3,859,470</b>	<b>\$ 848,620</b>	<b>\$ 4,708,090</b>	<b>\$ 3,737,022</b>	<b>\$ 889,144</b>	<b>\$ 4,626,166</b>

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



**Family Services of the Merrimack Valley, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended September 30, 2024**

	Program Services										Total
	Crisis Services	Family Services	Fiscal Sponsorship	Clinical Services	Youth Services	Family Resource Center	Elder Services	Program Services	General and Administrative	Fundraising	
Salaries	\$ 1,393,968	\$ 816,893	\$ 730,409	\$ 516,919	\$ 633,356	\$ 401,489	\$ 53,529	\$ 4,546,563	\$ 581,491	\$ 179,443	\$ 5,307,497
Program supplies	39,424	175,948	619,141	1,063	77,318	63,213	-	976,107	-	10,034	986,141
Employee benefits and taxes	227,353	133,966	118,981	84,755	103,791	65,867	9,171	743,884	156,346	-	900,230
Contracts and services	82,480	120,933	395,085	65,792	17,104	8,193	9,666	699,253	55,325	12,770	767,348
Lease expense	7,284	5,149	140,389	2,804	3,753	63,388	264	223,031	23,639	-	246,670
Travel	5,377	9,679	28,540	3,008	64,833	6,240	1,113	118,790	4,634	1,436	124,860
Building and equipment	-	2,564	48,776	1,917	-	66,449	-	119,706	-	-	119,706
Office services	29,759	11,231	21,942	10,208	10,355	8,001	355	91,851	-	1,775	93,626
Special event expense	-	-	62,979	-	-	-	-	62,979	-	30,151	93,130
Printing and publications	7,884	4,169	33,850	8,026	11,719	3,333	-	68,981	-	16,856	85,837
Depreciation	26,210	18,528	-	10,089	13,503	-	951	69,281	15,777	-	85,058
Meeting and dues	510	7,774	38,926	-	6,156	5,741	-	59,107	-	14,151	73,258
Insurance	17,400	10,196	9,117	6,452	7,906	5,011	668	56,750	9,498	-	66,248
Bad debt	-	-	-	9,320	-	-	-	9,320	-	-	-
<b>Total expenses</b>	<b>1,837,649</b>	<b>1,317,030</b>	<b>2,248,135</b>	<b>720,353</b>	<b>949,794</b>	<b>696,925</b>	<b>75,717</b>	<b>7,845,603</b>	<b>846,710</b>	<b>266,616</b>	<b>8,958,929</b>
Less: expenses included in special event revenue on the statements of activities	-	-	62,979	-	-	-	-	62,979	-	30,151	93,130
	<b>\$ 1,837,649</b>	<b>\$ 1,317,030</b>	<b>\$ 2,185,156</b>	<b>\$ 720,353</b>	<b>\$ 949,794</b>	<b>\$ 696,925</b>	<b>\$ 75,717</b>	<b>\$ 7,782,624</b>	<b>\$ 846,710</b>	<b>\$ 236,465</b>	<b>\$ 8,865,799</b>

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

**Family Services of the Merrimack Valley, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended September 30, 2025 and 2024**

	2025	2024
<b>Change in net assets</b>	<b>\$ 81,924</b>	<b>\$ 188,054</b>
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities</b>		
Depreciation	83,830	85,058
Loss on disposal of property and equipment	-	5,390
Capital campaign contributions - cash received	(219,285)	(441,610)
Net realized and unrealized gains	(55,303)	(75,005)
Donation of non-cash securities	(6,319)	-
Bad debt expense	25,000	9,320
Amortization of right-of-use operating lease assets	(29,174)	165,398
<b>Change in assets and liabilities</b>		
(Increase) decrease in accounts receivable	(54,446)	52,201
Decrease in contributions and grants receivable	219,286	477,718
Decrease (increase) in prepaid expenses	361	(7,289)
Increase (decrease) in accounts payable	7,076	(26,677)
(Decrease) increase in accrued expenses	(66,833)	68,650
Increase (decrease) in deferred revenue	5,867	(30,149)
Increase (decrease) in operating lease liabilities	30,089	(157,180)
<b>Net cash provided by operating activities</b>	<b>22,073</b>	<b>313,879</b>
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment	-	(2,811)
Purchases of certificates of deposit	(9,416)	(87,619)
Proceeds from sale of investments	51,850	44,420
Purchases of investments	(49,085)	-
<b>Net cash used in investing activities</b>	<b>(6,651)</b>	<b>(46,010)</b>
<b>Cash flows from financing activities</b>		
Principal payments on long-term debt	(105,544)	(568,838)
Capital campaign contributions - cash received	219,285	441,610
<b>Net cash provided (used) by financing activities</b>	<b>113,741</b>	<b>(127,228)</b>
Net increase in cash and restricted cash	129,163	140,641
<b>Total cash and cash equivalents - beginning of year</b>	<b>494,918</b>	<b>354,277</b>
<b>Total cash and cash equivalents - end of year</b>	<b>\$ 624,081</b>	<b>\$ 494,918</b>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the year for interest	<b>\$ 4,814</b>	<b>\$ 22,762</b>

**Family Services of the Merrimack Valley, Inc.**  
**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**Note 1 – Organization and Summary of Significant Accounting Policies**

**Nature of the 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.

**Cash and Cash Equivalents**

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.

**Family Services of the Merrimack Valley, Inc.**  
**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**Note 1 – Organization and Summary of Significant Accounting Policies (continued)**

**Certificates of Deposit**

Short-term investments consist of certificates of deposit with original maturities greater than three months but less than one year. Certificates of deposit with original maturities greater than one year are classified as long-term investments while certificates of deposit with original maturities less than three months are included in cash and cash equivalents.

**Fair Value Measurement**

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.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. ASC 825-10, “Financial Instruments,” permits an entity to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis.

**Revenue and Other Support**

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

**Family Services of the Merrimack Valley, Inc.**  
**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**Note 1 – Organization and Summary of Significant Accounting Policies (continued)**

**Revenue and Other Support (continued)**

contract, or contracts with a customer, 2) identification of performance obligations in the contract, 3) determination of the transaction prices, 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 typically invoices its customers as services are provided and as events occur. Typical payment terms provide the customers pay upon receipt of the invoice.

Revenue generated from special events 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.

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, required 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.

**Family Services of the Merrimack Valley, Inc.**  
**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**Note 1 – Organization and Summary of Significant Accounting Policies (continued)**

**Revenue and Other Support (continued)**

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

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 Operations Services Division's regulations. Amounts in excess of these limits are subject to negotiated use of 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 credit losses is provided for those accounts receivable considered to be uncollectible based upon management's assessment of collectability.

For the years ended September 30, 2025 and 2024, the allowance for credit losses amounted to approximately \$10,000 and \$5,000, respectively.

**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.

**Allowances for Credit Losses**

The Organization recognizes an allowance for credit losses for accounts receivables to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset, which includes consideration of past events and historical loss experienced, current events and also future events based on our expectation as of the statement of financial position date. Receivables are written off when the Organization determines that such receivables are deemed uncollectible. The Organization pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Organization measures those receivables individually. The Organization also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

**Family Services of the Merrimack Valley, Inc.**  
**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**Note 1 – Organization and Summary of Significant Accounting Policies (continued)**

**Allowances for Credit Losses (continued)**

The Organization utilizes the loss rate method in determining its lifetime expected credit losses on its accounts receivables. This method is used for calculating an estimate of losses based primarily on the Organization’s historical loss experience. In determining its loss rates, the Organization evaluates information related to its historical losses, adjusted for current conditions, and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period considered all of the following: past due receivables, the customer creditworthiness, changes in the terms of receivables, effect of other external forces such as competition, and legal and regulatory requirements on the level of estimated credit losses in the existing receivables.

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

	September 30, 2025	September 30, 2024	September 30, 2023
Accounts receivable, net	<u>\$ 87,088</u>	<u>\$ 57,642</u>	<u>\$ 119,163</u>
Deferred revenue	<u>\$ 12,129</u>	<u>\$ 6,262</u>	<u>\$ 36,411</u>

**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 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.

**Family Services of the Merrimack Valley, Inc.**  
**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**Note 1 – Organization and Summary of Significant Accounting Policies (continued)**

**Interpretation of Relevant Law (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, accounts receivable and contributions 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 receivable are stated at the amount management expects to collect from outstanding balances. The Organization performs ongoing credit evaluations of its customers and generally requires no collateral to secure accounts receivable. The Organization maintains an allowance for credit losses on potentially uncollectible accounts receivable. Consequently, the Organization believes that its exposure to losses due to credit risk on net accounts receivable is limited.

Contributions and grants receivable are carried at amounts based upon management's judgment of potential defaults. Management identifies troubled contributions receivable balances by assessing the customer's or grantor's credit worthiness. As of September 30, 2025 and 2024, management has determined contributions and grants receivable are collectible and an allowance for doubtful accounts on potentially uncollectible contributions and grants receivable is immaterial to the financial statements.

**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 statement of financial position.

**Family Services of the Merrimack Valley, Inc.**  
**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**Note 1 – Organization and Summary of Significant Accounting Policies (continued)**

**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

**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, 2025 and 2024, 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**

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.

**Family Services of the Merrimack Valley, Inc.**  
**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**Note 1 – Organization and Summary of Significant Accounting Policies (continued)**

**Leases (continued)**

ROU 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 SASC 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.

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.

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 non-lease components, which may require significant judgment.

For operating leases, lease expense for lease payments is recognized on a straight-line basis over the lease term. For finance leases, lease expense includes amortization expense of the ROU asset recognized on a straight-line 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 statements of financial position as of September 30, 2025 and 2024. As of September 30, 2025 and 2024, the Organization had no finance leases.

**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 of time and effort among major classes of programs services and supporting activities. Expenses that are allocated include salaries, contracts and services, employee benefits and taxes, building and equipment, depreciation, and insurance.

**Family Services of the Merrimack Valley, Inc.**  
**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**Note 1 – Organization and Summary of Significant Accounting Policies (continued)**

**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, 2025 and 2024, 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, 2025 and 2024. 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.

**Note 2 – Fiscal Sponsorship**

The Organization entered into separate Fiscal Sponsorship Agreements with Uncommon Threads, the Lawrence/Methuen Community Coalition (LMCC), One Wish Project (Project), Brothers in Arms, and Inspired Vibes. 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, 2025 and 2024, the Organization received revenue on behalf of these organizations in the following amounts:

	<u>2025</u>	<u>2024</u>
LMCC	\$ 1,080,321	\$ 1,053,999
Uncommon Threads	978,474	892,330
One Wish Project	332,870	301,395
Brothers in Arms	29,843	47,220
Inspired Vibes	-	5,000
	<u>\$ 2,421,508</u>	<u>\$ 2,299,944</u>

**Family Services of the Merrimack Valley, Inc.**  
**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**Note 2 – Fiscal Sponsorship (continued)**

During the years ended September 30, 2025 and 2024, the Organization paid expenses on behalf of these organizations in the amounts as follows.

	<u>2025</u>	<u>2024</u>
LMCC	\$ 1,062,973	\$ 1,059,257
Uncommon Threads	879,723	880,034
One Wish Project	332,906	301,401
Brothers in Arms	41,689	35,101
Inspired Vibes	-	5,450
	<u>\$ 2,317,291</u>	<u>\$ 2,281,243</u>

As of September 30, 2025, the Organization's net assets with donor restrictions includes unspent amounts received on behalf of Uncommon Threads and LMCC in the amount of \$197,584. As of September 30, 2024, the Organization's net assets with donor restrictions includes unspent amounts received on behalf of Uncommon Threads and Brothers in Arms in the aggregate amount of \$98,333.

**Note 3 – Availability and Liquidity**

The following reflects the Organization's financial assets as of September 30, 2025 and 2024, reduced by amounts not available for general use within one year of September 30, 2025 and 2024, respectively, due to contractual or donor imposed restrictions.

Financial assets at end of year:	<u>2025</u>	<u>2024</u>
Cash and restricted cash	\$ 624,081	\$ 494,918
Certificates of deposit	149,416	140,000
Accounts receivable, net of allowance for credit losses	87,088	57,642
Investments	543,693	484,836
Contributions and grants receivable	908,302	1,127,588
Total financial assets at end of year	<u>2,312,580</u>	<u>2,304,984</u>
Less: amounts unavailable for general expenditures within one year:		
Due to contractual or donor imposed restriction:		
Restricted by donor with time or purpose restrictions	767,196	807,720
To be held in perpetuity	81,424	81,424
Board designations:		
Board designated endowment fund	316,443	289,560
	<u>1,165,063</u>	<u>1,178,704</u>
Financial assets available to meet cash needs for general expenditures over the next 12 months	<u>\$1,147,517</u>	<u>\$1,126,280</u>

**Family Services of the Merrimack Valley, Inc.**  
**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**Note 3 – Availability and Liquidity (continued)**

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 from its line of credit or \$316,443 from its board designated endowment fund.

**Note 4 – Contributions and Grants Receivable**

Contributions and grants receivable as of September 30, 2025 and 2024 consists of the following.

	<u>2025</u>	<u>2024</u>
Receivable in less than one year	\$ 908,303	\$ 1,061,088
Receivable in one to five years	-	66,500
	\$ 908,303	\$ 1,127,588

As of September 30, 2025 and 2024, the Organization determined the discount required to present of value the long-term contributions and grants receivable using a risk-adjusted rate based on the daily treasury yield curves was immaterial to the financial statements.

**Note 5 – Property and Equipment**

Property and equipment as of September 30, 2025 and 2024 consists of the following.

	<u>2025</u>	<u>2024</u>
Land	\$ 109,635	\$ 109,635
Building and improvements	3,249,143	3,249,143
Leasehold improvements	233,213	233,213
Office equipment	173,133	173,133
	3,765,124	3,765,124
Less: accumulated depreciation	1,022,305	938,475
	\$ 2,742,819	\$ 2,826,649

Depreciation expense for the years ended September 30, 2025 and 2024 amounted to \$83,830 and \$85,058, respectively.

**Note 6 – Leasing Arrangements**

The Organization leases office space under operating lease arrangements, which expire on various dates through September 2028 with monthly payments ranging from \$4,589 to \$5,835. One of the Organization’s lease arrangements contains an option to renew, as detailed in the agreement, while the rest of the arrangements do not contain options to renew.

**Family Services of the Merrimack Valley, Inc.**  
**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**Note 6 – Leasing Arrangements (continued)**

Leases with an initial term of 12 months or less are not recorded in the statements of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease terms. Operating lease right-of-use assets and lease liabilities as of September 30<sup>th</sup> are as follows:

	<u>2025</u>	<u>2024</u>
Right-of-use assets		
Operating leases	\$ 451,774	\$ 422,600
Lease liabilities		
Current	\$ 191,109	\$ 171,376
Long-term	270,478	260,122
Total lease liabilities	\$ 461,587	\$ 431,498

The components and classification of lease expense for the years ended September 30, 2025 and 2024 are as follows.

<u>Component</u>	<u>Classification</u>	<u>2025</u>	<u>2024</u>
Lease expense	Program services	\$ 207,151	\$ 223,031
Lease expense	General and administrative	22,301	23,639
Total lease expense		\$ 229,452	\$ 246,670

The weighted average remaining lease terms and discount rates for operating leases as of September 30, 2025 and 2024 were as follows.

	<u>2025</u>	<u>2024</u>
Weighted average remaining lease term	2.75 Years	4.07 Years
Weighted average discount rate	3.99%	4.28%

Future minimum operating lease payments as of September 30, 2025 are as follows.

Year ending September 30,	
2026	\$ 191,109
2027	152,627
2028	143,027
Total future minimum lease payments	486,763
Less: present value discount	25,176
Present value of lease liabilities	461,587
Less: current portion	191,109
Long-term portion	\$ 270,478

**Family Services of the Merrimack Valley, Inc.**  
**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**Note 7 - Investments**

Investments consisted of the following as of September 30<sup>th</sup>, respectively:

	<u>2025</u>	<u>2024</u>
Mutual funds	\$ 543,693	\$ 484,836

For the years ended September 30, 2025 and 2024, net investment income consists of the following.

	<u>2025</u>	<u>2024</u>
Net realized and unrealized gains	\$ 55,303	\$ 75,005
Interest and dividends	11,153	27,595
	\$ 66,456	\$ 102,600

**Note 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.

**Family Services of the Merrimack Valley, Inc.**  
**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**Note 8 – Endowment (continued)**

The Organization’s Finance Committee appropriates amounts from the board-restricted fund annually, based on an assessment of the Organization’s needs performed 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.

As of September 30, 2025 and 2024, the endowment balance, by net asset classification, consists of the following.

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	\$ 227,250	\$ 227,250
Board designated endowment funds	316,443	-	316,443
	\$ 316,443	\$ 227,250	\$ 543,693
	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	\$ 195,276	\$ 195,276
Board designated endowment funds	289,560	-	289,560
	\$ 289,560	\$ 195,276	\$ 484,836

**Family Services of the Merrimack Valley, Inc.**  
**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**Note 8 – Endowment (continued)**

**Spending Policy (continued)**

The changes in the endowment balance by net asset classification as of September 30, 2025 and 2024 consist of the following.

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment balance September 30, 2023	\$ 255,657	\$ 151,946	\$ 407,603
Investment return:			
Net realized and unrealized gains	41,452	38,263	79,715
Interest and dividends, net of investment fees	5,490	5,067	10,557
Total investment return	<u>46,942</u>	<u>43,330</u>	<u>90,272</u>
Contributions	18,854	-	18,854
Appropriation for expenditure	<u>(31,893)</u>	<u>-</u>	<u>(31,893)</u>
Endowment balance September 30, 2024	<u>\$ 289,560</u>	<u>\$ 195,276</u>	<u>\$ 484,836</u>
Investment return:			
Net realized and unrealized gains	28,840	26,621	55,461
Interest and dividends, net of investment fees	5,799	5,353	11,152
Total investment return	<u>34,639</u>	<u>31,974</u>	<u>66,613</u>
Contributions	6,319	-	6,319
Appropriation for expenditure	<u>(14,075)</u>	<u>-</u>	<u>(14,075)</u>
Endowment balance September 30, 2025	<u>\$ 316,443</u>	<u>\$ 227,250</u>	<u>\$ 543,693</u>

**Note 9 – Fair Value Measurements**

Investments measured at fair value on a recurring basis as of September 30, 2025 and 2024 are as follows:

	<u>2025</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds: balanced	<u>\$ 543,693</u>	<u>\$ 543,693</u>	<u>\$ -</u>	<u>\$ -</u>
				<u>2024</u>
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds: balanced	<u>\$ 484,836</u>	<u>\$ 484,836</u>	<u>\$ -</u>	<u>\$ -</u>

**Family Services of the Merrimack Valley, Inc.**  
**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**Note 9 – Fair Value Measurements (continued)**

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, 2025 and 2024.

*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 assets value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The preceding method 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.

**Note 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, (7.25% and 8% on September 30, 2025 and 2024, respectively), and is collateralized by substantially all of the assets of the Organization. At both September 30, 2025 and 2024, there were no outstanding balances on the line of credit.

**Note 11 – Long-Term Debt**

The Organization was party to a loan agreement on October 25, 2022 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 ten years, and thereafter due on demand, requiring interest only payments through January 1, 2026, as amended, 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, 2025, there were no outstanding borrowings on the loan, As of September 30, 2025, there was an outstanding balance of \$105,544. The loan requires certain financial covenants, with which the Organization was in compliance with as of September 30, 2024. During the year ended September 30, 2025, the balance was paid in full.

**Family Services of the Merrimack Valley, Inc.**  
**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**Note 12 – Net Assets Without Donor Restrictions**

Net assets without donor restrictions as of consisted of the following as of September 30<sup>th</sup>:

	<u>2025</u>	<u>2024</u>
Net investment in property and equipment	\$ 2,742,819	\$ 2,606,564
Available for operations	796,881	840,898
Board designated endowment	316,443	289,560
	<u>\$ 3,856,143</u>	<u>\$ 3,737,022</u>

**Note 13 – Net Assets with Donor Restrictions**

Net assets with donor restrictions consisted of the following as of September 30<sup>th</sup>, respectively:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purposes:		
Court appointed special advocates	\$ 43,500	\$ 35,000
24/7 dad	10,000	10,000
	<u>53,500</u>	<u>45,000</u>
Stand and deliver program	90,000	131,000
Big Friends Little Friends	32,000	60,000
	<u>122,000</u>	<u>191,000</u>
Uncommon Threads	185,084	86,333
Annual fund donations	-	12,500
Brothers in Arms	-	12,000
Esteem	20,000	10,000
Samaritans	7,000	7,000
Admin	-	6,650
Lawrence/Methuen Community Coalition (LMCC)	12,500	-
	<u>224,584</u>	<u>134,483</u>
Capital grants	118,286	220,385
Capital funds-impact fund	103,000	103,000
	<u>221,286</u>	<u>323,385</u>
Total purpose or time restrictions	621,370	693,868
Subject to spending policy and appropriation guidelines:		
General endowment investment in perpetuity (including amounts above original gift amounts of \$81,424):	227,250	195,276
Total net assets with donor restrictions	<u>\$ 848,620</u>	<u>\$ 889,144</u>

**Family Services of the Merrimack Valley, Inc.**  
**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**Note 14 – Net Assets Released from Restrictions**

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 restrictions consisted of the following during the years ended September 30<sup>th</sup>, respectively:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purposes:		
Court appointed special advocates	\$ 35,000	\$ 30,000
24/7 dad	10,000	10,000
	45,000	40,000
Stand and deliver program	131,000	131,000
Big Friends Little Friends	60,000	30,000
	191,000	161,000
Capital grants	102,099	348,610
Uncommon Threads	91,249	121,699
Clinic	-	30,000
Admin	6,650	13,350
Esteem	10,000	-
Brothers in Arms	12,000	-
Annual fund donations	12,500	-
Samaritans	7,000	9,000
Lawrence/Methuen Community Coalition (LMCC)	-	-
	241,498	522,659
Total net assets released from restrictions	\$ 477,498	\$ 723,659

**Note 15 – Conditional Contributions**

During the years ended September 30, 2025 and 2024, 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, 2025 and 2024, \$4,157,245 and \$5,148,687, respectively, of these conditional grants remain.

**Note 16 – Contributions – Non-financial Assets**

The Organization received contributed non-financial assets and services recognized as revenue and other support within the statements of activities. The contributed non-financial assets and services did not have donor-imposed restrictions. During the years ended September 30, 2025 and 2024, contributed non-financial assets and services consisted of the following:

**Family Services of the Merrimack Valley, Inc.**  
**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**Note 16 – Contributions – Non-financial Assets (continued)**

	<u>2025</u>	<u>2024</u>
Clothing and accessories	\$ 393,032	\$ 402,454
Special event costs	65,957	62,979
Toys	45,929	41,469
Laptops	-	3,490
Rent	9,600	-
	<u>\$ 514,518</u>	<u>\$ 510,392</u>

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

**Note 17 – Rental Income**

The Organization leases space to a non-profit organization under an operating lease. Rental income for the years ended September 30, 2025 and 2024 was \$35,518 and \$34,822, respectively, and is included in miscellaneous income in the statements of activities.

As of September 30, 2025, minimum future rental payments to be received under non-cancelable operating leases are as follows:

FY2026      \$ 8,923

**Note 18 – Related Party Transactions**

During the years ended September 30, 2025 and 2024, 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, 2025 and 2024, the insurance expense amounted to \$59,233 and \$54,097, respectively.

**Note 19 – Retirement Plan**

The Organization sponsors a defined contribution pension plan covering substantially all of its employees who meet certain eligibility requirements. The 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, 2025 and 2024, the Organization made contributions to the plan of \$138,420 and \$121,772, respectively.

**Note 20 – Reclassification**

During 2025, certain amounts reported in the 2024 financial statements were reclassified to conform to current year’s presentation.

**Family Services of the Merrimack Valley, Inc.**  
**Notes to Financial Statements**  
**September 30, 2025 and 2024**

**Note 21 – Economic Dependency**

During each of the years ended September 30, 2025 and 2024, the Organization generated a substantial portion of its government grants and contracts from two grantors. During the years ended September 30, 2025 and 2024, revenue from these grantors approximated 84% and 91%, respectively, of the Organization's total government grants and contracts revenue. As of the years ended September 30, 2025 and 2024, contributions and grants receivable from these grantors represented approximately 52% and 59%, respectively, of the Organization's total contributions and grants receivable.

**Note 22 – 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, 2025 and 2024, no amounts have been accrued related to such indemnification provisions.

**Note 23 – Subsequent Events**

ASC 855-10, "Subsequent Events", defines further disclosure requirements for events that occur after the statement of financial position date but before financial statements are issued. In accordance with ASC 855-10, the Organization's management has evaluated events subsequent to September 30, 2025 through March 9, 2026 which is the date the financial statements were available to be issued. There were no material events noted during this period that would either impact the results reflected in this report or the Organization's results going forward.

**Note 24 – Surplus Revenue Retention**

The Organization's contracts with the Commonwealth of Massachusetts are unit rate and cost reimbursement type contracts. The Commonwealth allows the Organization to retain a surplus of up to 20% of total revenues attributable to or generated by the Commonwealth funded social service programs to be utilized for future charitable purposes of the Organization. As of September 30, 2025, the Organization has not exceeded the 20% threshold.



**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 of  
Family Services of the Merrimack Valley, Inc.  
Lawrence, Massachusetts

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 financial statements of Family Services of the Merrimack Valley, Inc. (a non-profit organization), which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 9, 2026.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Family Services of the Merrimack Valley, Inc.'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 Family Services of the Merrimack Valley, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Family Services of the Merrimack Valley, Inc.'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in 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 Family Services of the Merrimack Valley, Inc.'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.

*Grassi & Co, CPAs, P.C.*

Grassi & Co., CPAs, P.C.

Chelmsford, Massachusetts  
March 9, 2026



## **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.  
Lawrence, Massachusetts

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Family Services of the Merrimack Valley, Inc.'s 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 Family Services of the Merrimack Valley, Inc.'s major federal programs for the year ended September 30, 2025. Family Services of the Merrimack Valley, Inc.'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, Family Services of the Merrimack Valley, Inc. 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, 2025.

#### ***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; the standards applicable to financial audits contained in *Government auditing Standards*, issued by the Comptroller General of the United States; 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 Family Services of the Merrimack Valley, Inc. 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 Family Services of the Merrimack Valley, Inc.'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 Family Services of the Merrimack Valley, Inc.'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 Family Services of the Merrimack Valley, Inc.'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 Family Services of the Merrimack Valley, Inc.'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 Family Services of the Merrimack Valley, Inc.'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 Family Services of the Merrimack Valley, Inc.'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 Family Services of the Merrimack Valley, Inc.'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 *significant 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.

*Grassi & Co., CPAs, P.C.*

Grassi & Co., CPAs, P.C.

Chelmsford, Massachusetts

March 9, 2026

**Family Services of Merrimack Valley, Inc.  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2025**

**I. Summary of Independent Auditors' Report**

**Financial Statements**

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	___ Yes	<u>X</u> No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ Yes	<u>X</u> None reported
Noncompliance material to the financial statements noted?	___ Yes	<u>X</u> None reported

**Federal Awards**

Internal control over major federal programs:		
• Material weakness(es) identified?	___ Yes	<u>X</u> No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ Yes	<u>X</u> None reported

Type 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	<u>X</u> No

Identification of major programs:	
<u>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.243	Substance Abuse and Mental Health Services Administration (SAMHSA) Grants

Dollar threshold used to distinguish between Type A and Type B programs	\$1,000,000
Auditee qualifies as low-risk auditee?	<u>X</u> Yes

**Section II - Financial Statement Findings**

- A. Significant Deficiencies or Material Weaknesses in Internal Control Over Financial Reporting: None
- B. Compliance Findings: None

**Section III - Federal Award Findings and Questioned Costs**

- A. Significant Deficiencies or Material Weaknesses in Internal Control Over Compliance: None
- B. Compliance Findings: None

**Family Services of the Merimack Valley, Inc.  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2024**

Federal Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>United States Department of Justice</b>				
<u>Pass-through -- Commonwealth of Massachusetts, Office of Victim Assistance</u>				
Crime Victim Assistance	16.575	VSS2025FSMV0000000000	-	\$ 25,996
Total Crime Victim Assistance			-	25,996
<b>Total United States Department of Justice</b>			-	25,996
<b>Department of Health and Human Services</b>				
<u>Direct funding</u>				
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	N/A	-	409,186
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	-	107,031
Drug-Free Communities Support Program Grants	93.276	N/A	-	139,913
<u>Pass-through -- Commonwealth of Massachusetts, Department of Public Health</u>				
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	INTF3212M03170722013	-	115,096
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	INTF4108M78246533001	-	582,563
Opioid STR	93.788	INTF2354M78254731227	-	139,845
Block Grants for Prevention and Treatment of Substance Abuse	93.959	INTF2354M78220129167	-	229,699
<u>Pass-through -- Commonwealth of Massachusetts, Department of Children and Families</u>				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	INTF0000009952520644	-	272,307
<b>Total Department of Health and Human Services</b>			-	1,995,640
<b>Total Expenditures of Federal Awards</b>			-	\$ 2,021,636

**Family Services of the Merrimack Valley, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**September 30, 2025**

**Notes to the Schedule of Expenditures of Federal Awards**

**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, 2025. 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**

Expenditure reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the 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.

Pass-through entity identifying numbers are presented where available.

**Note 3 - Indirect Costs**

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

\* Major Program