FamilyAid Boston

FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

FAMILYAID BOSTON, INC.

Contents
June 30, 2021 and 2020

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Independent Auditor's Report

To the Board of Directors of
FamilyAid Boston, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of FamilyAid Boston, Inc. (a Massachusetts corporation, not for profit), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FamilyAid Boston, Inc. as of June 30, 2021 and 2020, 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.

AAFCPAs, Inc.

Boston, Massachusetts
November 29, 2021

FAMILYAID BOSTON, INC.

Statements of Financial Position
June 30, 2021 and 2020

Assets	**2021**	**2020**
Current Assets:		
Cash	$ 1,034,386	$ 1,632,443
Accounts receivable, net of allowance for doubtful accounts of $27,367 and $19,445 as of June 30, 2021 and 2020, respectively	1,351,264	1,190,907
Prepaid expenses and other	135,863	65,361
Total current assets	2,521,513	2,888,711
Investments	7,862,392	7,414,250
Property and Equipment:		
Land	47,000	47,000
Building and building improvements	2,354,391	2,325,021
Furniture and fixtures	93,011	93,011
Office equipment	280,309	226,898
	2,774,711	2,691,930
Less - accumulated depreciation	745,997	609,844
Net property and equipment	2,028,714	2,082,086
Total assets	$ 12,412,619	$ 12,385,047
Liabilities and Net Assets		
Current Liabilities:		
Current portion of mortgage notes payable	$ 32,796	$ 31,879
Accounts payable and accrued expenses	550,778	361,549
Funds held for others	28,417	61,757
Total current liabilities	611,991	455,185
Mortgage Notes Payable, net of current portion	1,178,180	1,211,052
Contingent Notes Payable	378,403	379,653
Total liabilities	2,168,574	2,045,890
Net Assets:		
Without donor restrictions:		
Operating	1,168,445	999,241
Designated by the Board of Directors (see Note 3)	2,888,223	2,344,452
Property and equipment	439,335	459,502
Total without donor restrictions	4,496,003	3,803,195
With donor restrictions	5,748,042	6,535,962
Total net assets	10,244,045	10,339,157
Total liabilities and net assets	$ 12,412,619	$ 12,385,047

The accompanying notes are an integral part of these statements.

FAMILYAID BOSTON, INC.

Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2021 and 2020

	2021	2020
Changes in Net Assets Without Donor Restrictions:		
Operating revenues and public support:		
Operating revenues:		
Program contributions - government	$ 8,828,181	$ 7,329,754
Rental and other income	252,471	252,416
Investment return designated for operations	53,000	129,023
Total operating revenues	9,133,652	7,711,193
Public support:		
Grants and contributions	2,374,076	1,532,424
Net assets released from program restrictions	2,007,248	357,543
Donated services	283,375	207,963
United Way	254,752	153,400
Special events revenue, net	-	285,581
Total operating revenues and public support	14,053,103	10,248,104
Operating expenses:		
Shelter and housing programs	12,653,146	8,903,889
General and administrative	405,543	337,864
Fundraising	826,509	721,062
Total operating expenses	13,885,198	9,962,815
Changes in net assets without donor restrictions from operations	167,905	285,289
Other revenues (expenses):		
Investment return, net of fees	570,917	35,309
Net assets released from capital restrictions	6,986	157,817
Investment return designated for operations	(53,000)	(129,023)
Total other revenues (expenses)	524,903	64,103
Changes in net assets without donor restrictions	692,808	349,392
Changes in Net Assets With Donor Restrictions:		
Grants and contributions	1,226,314	6,221,623
Net assets released from restrictions	(2,014,234)	(515,360)
Changes in net assets with donor restrictions	(787,920)	5,706,263
Changes in net assets	(95,112)	6,055,655
Net Assets:		
Beginning of year	10,339,157	4,283,502
End of year	$ 10,244,045	$ 10,339,157

FAMILYAID BOSTON, INC.

Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Changes in net assets	$ (95,112)	$ 6,055,655
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	136,153	114,589
Net unrealized and realized (gains) losses on investments	(528,123)	32,426
Forgiveness of contingent notes payable	(1,250)	-
Bad debt	5,592	5,073
Changes in operating assets and liabilities:		
Accounts receivable	(165,949)	(363,770)
Prepaid expenses and other	(70,502)	11,833
Accounts payable and accrued expenses	189,229	175,196
Funds held for others	(33,340)	(62,717)
Net cash provided by (used in) operating activities	(563,302)	5,968,285
Cash Flows from Investing Activities:		
Sales of investments	1,490,474	433,149
Acquisition of property and equipment	(82,781)	(304,513)
Purchases of investments	(1,410,493)	(5,236,395)
Net cash used in investing activities	(2,800)	(5,107,759)
Cash Flows from Financing Activities:		
Principal payments of mortgage notes payable	(31,955)	(31,060)
Net Change in Cash	(598,057)	829,466
Cash:		
Beginning of year	1,632,443	802,977
End of year	$ 1,034,386	$ 1,632,443
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 34,928	$ 43,317

FAMILYAID BOSTON, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2021
(With Summarized Comparative Totals for the Year Ended June 30, 2020)

	2021					2020
		Support Services				
	Shelter and Housing Programs	General and Adminis-trative	Fundraising	Total Support Services	Total Expenses	Total Expenses
Client Assistance	$ 5,857,905	$ -	$ -	$ -	$ 5,857,905	$ 4,407,374
Personnel and Related:						
Salaries	4,066,999	166,725	479,656	646,381	4,713,380	3,256,816
Employee benefits	572,007	64,402	48,862	113,264	685,271	428,380
Payroll taxes	390,218	15,654	47,104	62,758	452,976	296,855
Total personnel and related	5,029,224	246,781	575,622	822,403	5,851,627	3,982,051
Occupancy:						
Repairs and maintenance	221,738	7,027	8,292	15,319	237,057	182,746
Rent	180,764	7,747	26,684	34,431	215,195	236,002
Insurance	56,919	11,778	6,750	18,528	75,447	66,608
Utilities	45,768	256	883	1,139	46,907	56,513
Total occupancy	505,189	26,808	42,609	69,417	574,606	541,869
Other:						
Professional fees and temporary help	522,933	85,554	80,942	166,496	689,429	352,440
Small equipment	201,040	14,124	31,863	45,987	247,027	174,387
Miscellaneous	122,707	18,078	29,215	47,293	170,000	139,945
Depreciation	128,060	1,821	6,272	8,093	136,153	114,589
Travel	124,154	437	367	804	124,958	68,217
Office supplies	77,016	8,290	9,356	17,646	94,662	79,386
Telephone	39,799	3,276	3,597	6,873	46,672	32,684
Interest	35,178	-	-	-	35,178	43,567
Marketing	-	-	29,045	29,045	29,045	15,755
Printing and postage	4,349	374	17,621	17,995	22,344	5,478
Bad debt	5,592	-	-	-	5,592	5,073
Direct special event	-	-	-	-	-	71,867
Total other	1,260,828	131,954	208,278	340,232	1,601,060	1,103,388
Total expenses	12,653,146	405,543	826,509	1,232,052	13,885,198	10,034,682
Less - direct special event activities included with revenues on the statements of activities and changes in net assets	-	-	-	-	-	(71,867)
Total expenses included in the statements of activities and changes in net assets	$ 12,653,146	$ 405,543	$ 826,509	$ 1,232,052	$ 13,885,198	$ 9,962,815

FAMILYAID BOSTON, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2020

	Shelter and Housing Programs	Support Services: General and Adminis-trative	Support Services: Fundraising	Support Services: Total Support Services	Total Expenses
Client Assistance	$ 4,407,374	$ -	$ -	$ -	$ 4,407,374
Personnel and Related:					
Salaries	2,741,330	169,834	345,652	515,486	3,256,816
Employee benefits	365,382	20,521	42,477	62,998	428,380
Payroll taxes	250,969	13,891	31,995	45,886	296,855
Total personnel and related	3,357,681	204,246	420,124	624,370	3,982,051
Occupancy:					
Repairs and maintenance	177,760	2,377	2,609	4,986	182,746
Rent	191,304	10,714	33,984	44,698	236,002
Insurance	58,890	3,591	4,127	7,718	66,608
Utilities	52,605	937	2,971	3,908	56,513
Total occupancy	480,559	17,619	43,691	61,310	541,869
Other:					
Professional fees and temporary help	138,542	58,656	155,242	213,898	352,440
Small equipment	135,354	7,186	31,847	39,033	174,387
Miscellaneous	86,190	34,530	19,225	53,755	139,945
Depreciation	105,008	2,292	7,289	9,581	114,589
Travel	67,662	94	461	555	68,217
Office supplies	47,424	9,263	22,699	31,962	79,386
Telephone	27,300	2,901	2,483	5,384	32,684
Interest	43,567	-	-	-	43,567
Marketing	-	-	15,755	15,755	15,755
Printing and postage	2,155	1,077	2,246	3,323	5,478
Bad debt	5,073	-	-	-	5,073
Direct special event	-	-	71,867	71,867	71,867
Total other	658,275	115,999	329,114	445,113	1,103,388
Total expenses	8,903,889	337,864	792,929	1,130,793	10,034,682
Less - direct special event activities included with revenues on the statements of activities and changes in net assets	-	-	(71,867)	(71,867)	(71,867)
Total expenses included in the statements of activities and changes in net assets	$ 8,903,889	$ 337,864	$ 721,062	$ 1,058,926	$ 9,962,815

1. OPERATIONS AND NONPROFIT STATUS

FamilyAid Boston, Inc. (FAB) was incorporated in 1920. The mission of FAB is to assist those without a home and to prevent and help end homelessness in Massachusetts. FAB's staff and volunteers work with and for vulnerable individuals and families to address their immediate and longer term housing and social support needs through direct service, preventive approaches, and advocacy.

FAB is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). FAB is also exempt from state income taxes. Donors may deduct contributions made to FAB within the IRC regulations.

2. SIGNIFICANT ACCOUNTING POLICIES

FAB prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Cash

Management considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents except for accounts held within the investment portfolio.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is based on management's best estimate of the amount of probable credit loss in accounts receivable based on historical collections and other factors.

Investments

Investments (see Note 4) consist of FAB's holdings of marketable securities held for purposes of financial returns. Investments are reported at fair value which are the market values provided by the investment manager based upon quoted prices for identical securities. Investment income includes interest, dividends and mutual fund distributions which are recorded when earned. Realized gains and losses on investment transactions are recorded based on the average cost method. Unrealized gains and losses are recognized based on fair value changes during the period. Investment income of all investment funds is available for operations and is therefore reflected in net assets without donor restrictions. Each year, the Board of Directors may budget a portion of total investment return for use in operations (see Note 3).

Property and Equipment and Depreciation

Property and equipment are recorded at cost when purchased or at fair value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as incurred. Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Building and building improvements	40 years
Furniture and fixtures	5 years
Office equipment	3 - 5 years

FAB accounts for the carrying value of its property and equipment in accordance with the requirements of ASC Topic, *Property, Plant and Equipment*. As of June 30, 2021 and 2020, FAB has not recognized any reduction in the carrying value of its property and equipment when considering this standard.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funds Held for Others

Funds held for others represent funds held by FAB on behalf of its clients.

Fair Value Measurements

FAB follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements,* for qualifying assets and liabilities. Fair value is defined as the price that FAB would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

FAB uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of FAB. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

In accordance with ASC Subtopic 958-605, *Revenue Recognition*, FAB must determine whether a contribution (or a promise) 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. If the condition and restriction are met in the same period they are reported as contributions without restrictions. Indicators of a barrier include a 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. Topic 958 prescribes that FAB should not 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. See Note 13 for disclosure of FAB's conditional grants as of June 30, 2021.

Revenues from program grants and contracts - government are recorded as the services are performed and costs are incurred. Revenues from grants and contributions without donor restrictions and United Way are recorded when received or unconditionally committed. Rental and other income is recorded when earned. Event contributions and support are recognized in the period in which the events occur.

FAB reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. 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 and changes in net assets as net assets released from restrictions. Donor restricted contributions received and satisfied in the same period are included in net assets without donor restrictions.

Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated based upon management's estimate of the percentage attributable to each program.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are personnel and related costs, which are allocated on the basis of estimates of time and effort; occupancy costs and depreciation, which are allocated on a square footage basis; and supplies and telephone costs, which are allocated based on usage studies conducted annually.

Donated Services

FAB receives donated goods and services in various aspects of its programs. The value of these goods and services is reflected in the accompanying financial statements based upon the value assigned by the donor or a reasonable estimate determined by management. Donated goods and services consist of the following for the years ended June 30:

	2021	2020
Professional services	$ 189,778	$ 113,227
Salary	71,193	46,897
Professional investment fees (see Note 4)	20,330	28,854
Donated goods	2,074	18,985
	$ 283,375	$ 207,963

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

FAB expenses advertising costs as they are incurred, which are shown as marketing expense in the accompanying statements of functional expenses.

Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenues and public support and operating expenses in the accompanying statements of activities and changes in net assets. Other revenues (expenses) include mainly endowment, capital and investment activity.

Income Taxes

FAB accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. FAB has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2021 and 2020. FAB's information returns are subject to examination by the Federal and state jurisdictions.

Subsequent Events

As of November 29, 2021, which is the audit report date, there are no events that met the criteria for recognition or disclosure in the financial statements.

3. NET ASSETS

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by FAB. FAB has grouped its net assets without donor restrictions into the following categories:

Operating net assets represent funds available to carry on the operations of FAB.

Designated by the Board of Directors net assets represent funds that bear no external restrictions but have been designated by the Board of Directors for the following purposes:

	2021	2020
Funds functioning as endowment (see page 13)	$ 2,634,965	$ 2,038,194
Capital and other expenditures	253,258	306,258
	$ 2,888,223	$ 2,344,452

These funds are included in investments (see Note 4) and may only be used with the approval of the Board of Directors. During fiscal years 2021 and 2020, $53,000 and $100,999, respectively, was withdrawn from the capital and other expenditures fund for operations (see page 13).

Property and equipment net assets reflect the net book value of FAB's property and equipment, net of related debt.

3. NET ASSETS (Continued)

Net Assets With Donor Restrictions

Net assets with donor restrictions represent contributions received or pledged that have not yet been expensed for their designated purpose. Net assets with donor restrictions also include accumulated unspent appreciation and investment income on endowments. Included in net assets with donor restrictions are the following donor-restricted endowment funds (the restricted endowments):

Estate of Hannah Kimball Endowment - Donor's restrictions require that $1,000 of principal be held as a permanent source of income.

Estate of Mary Converse Endowment - Donor's restrictions require that $5,000 of principal be held as a permanent source of income.

Estate of Frank M. Ferrin Endowment - Donor's restrictions require that $5,000 of principal be held as a permanent source of income.

Priscilla Hunt Endowment - Donor's restrictions require that $160,000 of principal be held as a permanent source of income.

Net assets with donor restrictions consist of the following as of June 30:

	2021	2020
Subject to expenditure for specified purpose:		
Program grants	$ 5,504,771	$ 6,445,705
Capital grants	64,529	71,515
Accumulated unspent appreciation on the restricted endowments	7,742	7,742
Total expenditure for specified purpose	5,577,042	6,524,962
Restricted endowments - investment in perpetuity	171,000	11,000
Total	$ 5,748,042	$ 6,535,962

A portion of the program and capital grants is included in cash and investments in the accompanying statements of financial position.

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes, or other events specified by the donors as follows for the years ended June 30:

	2021	2020
Program grants	$ 2,007,248	$ 357,543
Capital grants	6,986	157,817
	$ 2,014,234	$ 515,360

3. NET ASSETS (Continued)

Endowment Fund

FAB follows the Uniform Prudent Management of Institutional Funds Act. Subject to the intent of a donor, FAB may appropriate for expenditure or accumulate so much of an endowment fund as FAB determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established.

FAB has adopted investment policies for endowment assets that aim to establish the investment objectives, policies, guidelines, and eligible securities relating to any investments owned by FAB and identify the criteria against which the investment performance is measured. The investment goal is to achieve a total return (income and appreciation) of 5% after inflation, over a full market cycle. The investments are to be split between equity, fixed income, and money market funds to accomplish these goals. The benchmarks used in evaluating the performance of the funds will be the Standard and Poor's 500 Index.

FAB's Board of Directors has adopted an investment spending policy under which it may appropriate up to 5% of the average fair values of FAB's investment portfolio over the previous thirty-six months. The Board of Directors may approve additional spending if the amount to be withdrawn is greater than 5% under the policy.

During fiscal years 2021 and 2020, the Board Designated investments were considered when approving the amount to be designated for operations. During fiscal year 2021, management withdrew $53,000 of the investment return designated for operations out of the fund designated for capital and other expenditures. During fiscal year 2020, management withdrew $28,024 of the investment return designated for operations out of the fund functioning as an endowment and the remaining balance of $100,999 was withdrawn from the fund designated for capital and other expenditures.

In accordance with *Accounting for Certain Investments Held by Not-for-Profit Organizations* standard and Massachusetts state law, appreciation on restricted endowments is included in net assets with donor restrictions. In fiscal years 2021 and 2020, the change in accumulated appreciation on restricted endowments was immaterial to the accompanying financial statements and, therefore, was recorded in net assets without donor restrictions.

3. NET ASSETS (Continued)

Endowment Fund (Continued)

Changes in endowment net assets by class are as follows for the years ended June 30:

	Without Donor Restriction Board-Designated	With Donor Restriction	Total Endowment
Endowment net assets, June 30, 2019	$ 2,010,873	$ 18,742	$ 2,029,615
Investment returns:			
Investment income, net	118,793	-	118,794
Net realized gain	2,879	-	2,879
Net unrealized loss	(66,327)	-	(66,327)
Total investment returns	55,345	-	55,345
Withdrawals from	(28,024)	-	(28,024)
Net change in endowment	27,321	-	27,321
Endowment net assets, June 30, 2020	2,038,194	18,742	2,056,936
Investment returns:			
Investment income, net	85,757	-	85,757
Net realized gain	32,041	-	32,041
Net unrealized gain	333,869	-	333,869
Total investment returns	451,667	-	451,667
Deposits to the endowment	145,104	160,000	305,104
Net change in endowment	596,771	160,000	756,771
Endowment net assets, June 30, 2021	$ 2,634,965	$ 178,742	$ 2,813,707

4. INVESTMENTS

The following is a summary of investments as of June 30:

	2021	2020
Cash	$ 284,890	$ 244,141
Equities - mutual funds	1,851,348	1,309,522
Fixed income:		
Treasury bills	4,043,265	4,906,166
Corporate bonds and notes	459,680	442,669
Certificates of deposit and share certificates	960,063	301,182
Non-traditional funds	60,702	53,678
Other mutual funds	202,444	156,892
	$ 7,862,392	$ 7,414,250

4. INVESTMENTS (Continued)

The investments that relate to the Board designated funds functioning as endowment (see Note 3) are collateral for the note payable to a bank (see below). Investments are not insured and are subject to ongoing market fluctuations. Investments are classified as a long-term asset in the accompanying statements of financial position based on management's intent to hold these investments for long-term purposes.

Investment return consists of the following:

	2021	2020
Unrealized gain (loss)	$ 496,082	$ (35,305)
Interest and dividends, net	86,419	126,589
Realized gains	32,041	2,879
Management fees	(43,625)	(58,854)
	$ 570,917	$ 35,309

A Board member of FAB is associated with the brokerage firm that handles FAB's investment transactions. The Board member manages FAB's portfolio, subject to oversight by the Board of Directors. FAB received and recognized $20,330 and $28,854 of management fees from the brokerage firm as donated services for the years ended June 30, 2021 and 2020, respectively, which are included in donated services and investment return (see Note 2), net of fees in the accompanying statements of activities and changes in net assets.

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	2021	2020
Building and building improvements	$ 2,354,391	$ 2,325,021
Office equipment	280,309	226,898
Furniture and fixtures	93,011	93,011
Land	47,000	47,000
	2,774,711	2,691,930
Less - accumulated depreciation	745,997	609,844
Property and equipment, net	$ 2,028,714	$ 2,082,086

6. NOTE PAYABLE TO A BANK

FAB has a revolving line of credit agreement with a bank that provides for borrowing up to $1,000,000. Borrowings under the agreement are due on demand and interest is payable monthly at the London Interbank Offered Rate (LIBOR) Advantage Rate (0.85% and 0.55% at June 30, 2021 and 2020, respectively), plus 2.75%. The line of credit is secured by FAB's investments (see Note 4) as defined in the agreement. There was no outstanding balance as of June 30, 2021 or 2020. FAB must meet certain covenants as specified in the agreement. FAB was in compliance with these covenants as of June 30, 2021 and 2020. This note is renewable annually.

7. MORTGAGE NOTES PAYABLE

FAB has entered into the following agreements to finance various properties:

	2021	2020
2.75% note payable to a bank in the original amount of $267,750, due in monthly principal and interest installments of $1,093, through January 1, 2047. This note is secured by a shared first priority interest in a property located at 21 Marion Street, East Boston, Massachusetts, plus an assignment of leases and rent.	$ 240,236	$ 246,584
3% note payable to a bank in the original amount of $260,000, due in monthly principal and interest installments of $1,096, through December 1, 2047. This note is secured by a first priority interest in a property located at 134 Ellington Street, Dorchester, Massachusetts, plus an assignment of leases and rent.	233,743	239,786
2.75% note payable to a bank in the original amount of $252,250, due in monthly principal and interest installments of $1,030, through January 1, 2047. This note is secured by a shared first priority interest in a property located at 680 Columbia Road, Dorchester, Massachusetts, plus an assignment of leases and rent.	226,329	232,372
3% note payable to a bank in the original amount of $243,750, due in monthly principal and interest installments of $1,028, through December 1, 2047. This note is secured by a first priority interest in a property located at 132 Ellington Street, Dorchester, Massachusetts, plus an assignment of leases and rent.	219,135	224,800
Note payable to a bank in the original amount of $180,000 at 2.75% interest, due in monthly principal and interest installments of $735, through January 1, 2047. This note is secured by a shared first priority interest in a property located at 680 Columbia Road, Dorchester, Massachusetts, plus an assignment of leases and rent.	161,503	165,815
Note payable to a bank in the original amount of $145,000 at 2.75% interest, due in monthly principal and interest installments of $592, through January 1, 2047. This note is secured by a shared first priority interest in a property located at 21 Marion Street, East Boston, Massachusetts, plus an assignment of leases and rent.	130,100	133,574
	1,211,046	1,242,931
Less - current portion	32,796	31,879
	$ 1,178,180	$ 1,211,052

7. MORTGAGE NOTES PAYABLE (Continued)

Future maturities of mortgage notes payable over the next five years are as follows:

2022	$ 32,796
2023	$ 33,741
2024	$ 34,712
2025	$ 35,712
2026	$ 36,740

FAB must comply with certain covenants as defined in the mortgage note payable agreements as well as the contingent notes payable agreements (see Note 8). FAB was in compliance with these covenants as of June 30, 2021 and 2020.

8. CONTINGENT NOTES PAYABLE

Contingent notes payable consist of the following at June 30, 2021 and 2020:

	2021	2020
Non-interest bearing note payable to the Department of Housing and Community Development (DHCD) under the Housing Stabilization Fund (HSF) program. Outstanding principal is due on June 21, 2031. This note is secured by a shared mortgage on the Pleasant Street property.	$ 150,000	$ 150,000
1% note payable to the City of Boston. Outstanding principal and accrued interest are due on demand, only in the event of a default, as defined in the agreement. This note is secured by a shared mortgage on the Pleasant Street property.	150,000	150,000
Non-interest bearing note payable to Community Economic Development Assistance Corporation (CEDAC) under the Housing Innovations Fund (HIF) program. Annual payments of principal are subject to cash flow defined as gross receipts exceeding 105% of cash expenditures. There were no payments due under this note as of June 30, 2019. This note is secured by a mortgage on the Pleasant Street property.	72,828	72,828
5% promissory note due to a private trust in the original amount of $50,000 that expired in March 2016, at which time principal and interest became due. FAB is not expected to make any payment to the private trust. The private trust has given a non-binding commitment to forgive the note's principal and interest. In fiscal year 2021, the private trust forgave $1,250 of the note's principal and accrued interest. In fiscal year 2020, there was no principal nor interest forgiven. The note is secured by subordinated mortgages on the 680 Columbia Road and 21 Marion Street properties (see Note 7).	5,575	6,825
Total	$ 378,403	$ 379,653

9. RETIREMENT PLAN

FAB maintains an employee retirement plan that qualifies under IRC Section 403(b). FAB makes discretionary contributions to eligible employees' retirement funds based on two percent of employees' gross pay, plus an additional two percent for those eligible employees who contribute a minimum of two percent to their retirement fund. Employees are eligible when they reach twenty-one years of age and complete one year of service. Employees become vested after three years of participation. For the years ended June 30, 2021 and 2020, FAB contributed $85,182 and $65,048, respectively, to the retirement plan, which are included in employee benefits in the accompanying statements of functional expenses.

10. LEASE AGREEMENTS

Facility

Until October 2019, FAB leased its office space on Atlantic Avenue under the terms of an agreement which expired in September 2019. Rent was payable in monthly installments of $23,000, plus a proportionate share of increases in operating costs and real estate taxes. On October 1, 2019, FAB entered into a new lease agreement, which expires in September 2022. During fiscal year 2021, the lease was modified, which resulted in a lower monthly payment. Prior to the modification, monthly rent payments under the new lease were $18,460, payable in monthly installments. After the modification, the monthly rent payments under the new lease became $17,947, payable in monthly installments (plus a proportionate share of increases in operating costs and real estate taxes as applicable). FAB has incurred $215,195 and $236,002 of rent expense under these agreements for years ended June 30, 2021 and 2020, respectively.

Equipment

FAB leases equipment under an operating lease agreement which expires on February 28, 2023. FAB has incurred $21,847 and $11,901 of expenses under this agreement for the years ended June 30, 2021 and 2020, respectively.

Remaining minimum cash payments under these agreements are as follows for the fiscal years ending June 30:

	Equipment	Facility
2022	$ 15,247	$ 215,195
2023	3,942	53,843
	$ 19,189	$ 269,038

11. FUNDING

FAB received the following program grants and contracts - government to assist with program expenses and operating costs during the years ended June 30:

	2021	2020
Department of Housing and Community Development:		
Scattered Site Family Emergency Shelter	$ 6,018,046	$ 6,352,914
Emergency Solutions Grant	901,780	-
MRVP Reserve Support Services and other	9,792	8,958
City of Boston - Home Advantage Collaborative	687,829	658,078
Commonwealth of Massachusetts	534,877	154,994
Department of Neighborhood Development - Emergency Shelter and Rapid Rehousing	264,037	-
Boston Public Schools	250,000	83,333
Other	83,779	37,499
Boston Medical Center	66,667	-
Chronic Homeless Housing	11,374	33,978
	$ 8,828,181	$ 7,329,754

These grants and contracts have been expended according to their respective terms and are subject to possible final audit determination by certain governmental agencies. In the opinion of management, no significant liability to FAB will result from any such audits.

Approximately 71% and 77% of accounts receivable, net at June 30, 2021 and 2020, respectively, are due from three donors.

12. CONCENTRATION OF CREDIT RISK

FAB maintains its cash balances in three banks in Massachusetts. The Federal Deposit Insurance Corporation insures balances at each bank up to certain amounts. At certain times during the year, the cash balances exceeded the insured amount. FAB has not experienced any losses in such accounts. FAB's management believes it is not exposed to any significant credit risk on its cash.

13. CONDITIONAL GRANTS

During fiscal year 2021, FAB was awarded conditional grants in the amount of $1,144,998 for fiscal year 2022. As the grants are restricted by time and are conditional upon performance milestones, the conditions have not been met during fiscal year 2021, and the grants have not been recorded as revenue in the accompanying financial statements as of June 30, 2021.

During fiscal year 2020, FAB was awarded conditional grants in the amount of $881,142 for fiscal year 2021. As the grants are restricted by time and are conditional upon performance milestones, the conditions have not been met during fiscal year 2020 and the grants have not been recorded as revenue in the accompanying financial statements as of June 30, 2020.

13. CONDITIONAL GRANTS (Continued)

In April 2020, FAB applied for and was awarded a loan of $637,933 from the Paycheck Protection Program established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) through a bank. The funds were used to pay certain payroll costs, including benefits, as well as rent and utilities during the covered period as defined in the CARES Act. A portion of these funds may be forgiven, as defined in the agreement, at the end of the covered period and the remainder of the funds will be due over a two-year period with interest at 1%. Any repayment will be deferred for a period of ten months from the end of the covered period, when the note, plus interest, will be due in equal monthly payments through the maturity date as defined by the bank. The forgiveness calculation was subject to review and approval by the lending bank and the Small Business Administration (SBA). The loan was forgiven in fiscal year 2021.

FAB believes there is not more than a remote chance this loan will not be forgiven and, therefore, is accounting for it as a conditional grant under ASC Subtopic 958-605. It is determined that this grant is conditional upon certain performance requirements and the incurrence of eligible expenses within the covered period, which ended on June 12, 2020. Amounts received are recognized as revenue when FAB has incurred expenditures in compliance with the loan application and CARES Act requirements. In the opinion of management, FAB has substantially met the conditions of forgiveness as of June 30, 2020, and therefore, FAB recognized $637,933 of grant revenue, which is included in grants and contributions in the accompanying fiscal year 2020 statement of activities and changes in net assets.

14. LIQUIDITY

FAB's financial assets available within one year from the statements of financial position date for general operating expenses as of June 30, 2021 and 2020, are as follows:

	2021	**2020**
Cash	$ 1,034,386	$ 1,632,443
Accounts receivable, net	1,351,264	1,190,907
Total financial assets	2,385,650	2,823,350
Contractual or donor-imposed restrictions:		
Funds held for others	(28,417)	(61,757)
Other donor restrictions	(1,103,884)	(1,586,203)
Total contractual or donor-imposed restrictions	(1,132,301)	(1,647,960)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,253,349	$ 1,175,390

FAB is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, FAB must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of FAB's liquidity management, FAB has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. There are funds established by the governing board that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. In the event of an unanticipated liquidity need, FAB also could draw upon $1,000,000 of available line of credit (see Note 6).

15. CONTINGENCY

Coronavirus

During fiscal year 2020, COVID-19 was recognized as a global pandemic. Federal, state and local governments in the United States have imposed restrictions on travel and business operations. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration and the impact it will have on FAB's operations and financial position. As a result, the adverse impact COVID-19 will have on FAB's businesses, operating results, cash flows, and financial condition is uncertain. It is management's opinion that the adverse impact would not be material.