



**FAMILYAID BOSTON, INC. D/B/A FAMILYAID**

**FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**FAMILYAID BOSTON, INC. D/B/A FAMILYAID**

Contents  
June 30, 2023 and 2022

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## Independent Auditor's Report

To the Board of Directors of  
FamilyAid Boston, Inc. d/b/a FamilyAid:

### **Opinion**

We have audited the financial statements of FamilyAid Boston, Inc. d/b/a FamilyAid (a Massachusetts nonprofit corporation) (FAB), which comprise the statements of financial position as of June 30, 2023 and 2022, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of FamilyAid Boston, Inc. d/b/a FamilyAid as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 FAB 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.

### ***Emphasis-of-Matter***

As discussed in Note 2 to the financial statements, effective July 1, 2022, FAB adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, using the optional transition method whereby comparative periods presented are not adjusted. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about FAB's ability to continue as a going concern within one year after the date that the financial statements are 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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 FAB'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 FAB'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.

*AAFCPA, Inc.*

Boston, Massachusetts  
October 26, 2023

**FAMILYAID BOSTON, INC. D/B/A FAMILYAID**

Statements of Financial Position  
June 30, 2023 and 2022

<b>Assets</b>	<b>2023</b>	<b>2022</b>
Current Assets:		
Cash	\$ 996,509	\$ 1,158,278
Accounts receivable, net of allowance for doubtful accounts of \$27,367 as of June 30, 2023 and 2022	2,781,844	1,722,433
Prepaid expenses and other	184,566	82,631
Total current assets	3,962,919	2,963,342
Investments	5,647,189	6,237,089
Property and Equipment, net	1,933,530	1,965,681
Right-of-Use Assets - Operating	1,979,295	-
Total assets	\$ 13,522,933	\$ 11,166,112
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Current portion of mortgage notes payable	\$ 34,712	\$ 33,741
Accounts payable and accrued expenses	818,966	539,631
Funds held for others	9,163	12,437
Current portion of operating lease liabilities	1,288,823	-
Total current liabilities	2,151,664	585,809
Operating Lease Liabilities, net of current portion	720,725	-
Mortgage Notes Payable, net of current portion	1,109,571	1,144,361
Contingent Notes Payable	372,828	377,303
Total liabilities	4,354,788	2,107,473
Net Assets:		
Without donor restrictions:		
Operating	1,967,866	1,525,105
Designated by the Board of Directors (see Note 3)	2,590,473	2,373,662
Property and equipment	386,166	410,276
Total without donor restrictions	4,944,505	4,309,043
With donor restrictions	4,223,640	4,749,596
Total net assets	9,168,145	9,058,639
Total liabilities and net assets	\$ 13,522,933	\$ 11,166,112

The accompanying notes are an integral part of these statements.

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**FAMILYAID BOSTON, INC. D/B/A FAMILYAID**

Statements of Activities and Changes in Net Assets  
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Changes in Net Assets Without Donor Restrictions:</b>		
Operating revenues and public support:		
Operating revenues:		
Program grants and contracts - government	\$ 13,610,962	\$ 9,852,933
Rental and other income	307,245	335,654
Total operating revenues	<u>13,918,207</u>	<u>10,188,587</u>
Public support:		
Grants and contributions	2,806,343	2,748,037
Net assets released from program restrictions	1,715,156	2,192,142
Special events revenue, net	256,333	195,263
Donated services and goods	253,884	171,944
United Way	88,870	127,242
Total public support	<u>5,120,586</u>	<u>5,434,628</u>
Total operating revenues and public support	<u>19,038,793</u>	<u>15,623,215</u>
Operating expenses:		
Program services	16,697,008	13,588,933
General and administrative	712,619	571,445
Fundraising	1,306,645	1,188,339
Total operating expenses	<u>18,716,272</u>	<u>15,348,717</u>
Changes in net assets without donor restrictions from operations	<u>322,521</u>	<u>274,498</u>
Other revenues:		
Investment return, net of fees	300,441	(465,958)
Net assets released from capital restrictions	12,500	4,500
Total other revenues	<u>312,941</u>	<u>(461,458)</u>
Changes in net assets without donor restrictions	<u>635,462</u>	<u>(186,960)</u>
<b>Changes in Net Assets With Donor Restrictions:</b>		
Grants and contributions	1,174,271	1,198,196
Investment return	27,429	-
Net assets released from restrictions	(1,727,656)	(2,196,642)
Changes in net assets with donor restrictions	<u>(525,956)</u>	<u>(998,446)</u>
Changes in net assets	109,506	(1,185,406)
<b>Net Assets:</b>		
Beginning of year	<u>9,058,639</u>	<u>10,244,045</u>
End of year	<u>\$ 9,168,145</u>	<u>\$ 9,058,639</u>

**FAMILYAID BOSTON, INC. D/B/A FAMILYAID**Statements of Cash Flows  
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 109,506	\$ (1,185,406)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	136,866	142,755
Net unrealized and realized (gains) losses on investments	(236,263)	614,868
Forgiveness of contingent notes payable	(4,475)	(1,100)
Non-cash lease expense	30,253	-
Changes in operating assets and liabilities:		
Accounts receivable, net of allowance for doubtful accounts	(1,059,411)	(371,169)
Prepaid expenses and other	(101,935)	53,232
Accounts payable and accrued expenses	279,335	(11,147)
Funds held for others	(3,274)	(15,980)
	<u>(849,398)</u>	<u>(773,947)</u>
Net cash used in operating activities		
<b>Cash Flows from Investing Activities:</b>		
Sales of investments	1,703,684	2,062,199
Acquisition of property and equipment	(104,715)	(79,722)
Purchases of investments	(877,521)	(1,051,764)
	<u>721,448</u>	<u>930,713</u>
Net cash provided by investing activities		
<b>Cash Flows from Financing Activities:</b>		
Principal payments of mortgage notes payable	(33,819)	(32,874)
	<u>(33,819)</u>	<u>(32,874)</u>
Principal payments of mortgage notes payable		
<b>Net Change in Cash</b>	(161,769)	123,892
<b>Cash:</b>		
Beginning of year	1,158,278	1,034,386
End of year	<u>\$ 996,509</u>	<u>\$ 1,158,278</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest	<u>\$ 35,280</u>	<u>\$ 34,008</u>

**FAMILYAID BOSTON, INC. D/B/A FAMILYAID**

Statement of Functional Expenses

For the Year Ended June 30, 2023

(With Summarized Comparative Totals for the Year Ended June 30, 2022)

	2023			2022		
	Program Services	General and Administrative	Support Services	Total Support Services	Total Expenses	Total Expenses
Fundraising						
<b>Personnel and Related:</b>						
Salaries	\$ 6,049,710	\$ 177,160	\$ 774,584	\$ 951,744	\$ 7,001,454	\$ 5,580,371
Employee benefits	922,613	70,580	81,869	152,449	1,075,062	893,538
Payroll taxes	531,005	29,657	67,478	97,135	628,140	471,028
Total personnel and related	<u>7,503,328</u>	<u>277,397</u>	<u>923,931</u>	<u>1,201,328</u>	<u>8,704,656</u>	<u>6,944,937</u>
<b>Occupancy:</b>						
Rent	301,834	4,273	21,740	26,013	327,847	215,196
Repairs and maintenance	234,396	1,296	2,163	3,459	237,855	279,121
Insurance	99,199	6,151	6,700	12,851	112,050	126,759
Utilities	62,823	-	-	-	62,823	59,854
Total occupancy	<u>698,252</u>	<u>11,720</u>	<u>30,603</u>	<u>42,323</u>	<u>740,575</u>	<u>680,930</u>
<b>Other:</b>						
Client Assistance	6,406,471	-	-	-	6,406,471	5,909,943
Professional fees and temporary help	1,216,388	184,885	202,489	387,374	1,603,762	634,506
Small equipment	262,173	17,883	28,762	46,645	308,818	258,160
Miscellaneous	184,992	27,641	43,287	70,928	255,920	222,246
Donated services and goods	71,784	182,100	-	182,100	253,884	171,944
Depreciation	129,800	1,306	5,760	7,066	136,866	142,755
Direct special event	-	-	95,100	95,100	95,100	44,019
Travel	78,452	1,968	807	2,775	81,227	166,678
Telephone	73,030	2,143	4,157	6,300	79,330	62,273
Marketing	-	-	53,987	53,987	53,987	16,818
Office supplies	38,054	5,421	8,858	14,279	52,333	92,116
Interest	32,939	-	-	-	32,939	34,320
Printing and postage	1,345	155	4,004	4,159	5,504	11,091
Total other	<u>8,495,428</u>	<u>423,502</u>	<u>447,211</u>	<u>870,713</u>	<u>9,366,141</u>	<u>7,766,869</u>
Total expenses	16,697,008	712,619	1,401,745	2,114,364	18,811,372	15,392,736
Less - direct special event activities included with revenues on the statements of activities and changes in net assets	-	-	(95,100)	(95,100)	(95,100)	(44,019)
Total expenses included in the statements of activities and changes in net assets	<u>\$ 16,697,008</u>	<u>\$ 712,619</u>	<u>\$ 1,306,645</u>	<u>\$ 2,019,264</u>	<u>\$ 18,716,272</u>	<u>\$ 15,348,717</u>



**FAMILYAID BOSTON, INC. D/B/A FAMILYAID**

Statement of Functional Expenses  
For the Year Ended June 30, 2022

	<b>Support Services</b>				<b>Total Expenses</b>
	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total Support Services</b>	
<b>Personnel and Related:</b>					
Salaries	\$ 4,604,365	\$ 188,068	\$ 787,938	\$ 976,006	\$ 5,580,371
Employee benefits	739,066	74,714	79,758	154,472	893,538
Payroll taxes	387,003	17,262	66,763	84,025	471,028
Total personnel and related	<u>5,730,434</u>	<u>280,044</u>	<u>934,459</u>	<u>1,214,503</u>	<u>6,944,937</u>
<b>Occupancy:</b>					
Rent	195,829	3,538	15,829	19,367	215,196
Repairs and maintenance	276,050	2,002	1,069	3,071	279,121
Insurance	113,148	3,872	9,739	13,611	126,759
Utilities	59,826	5	23	28	59,854
Total occupancy	<u>644,853</u>	<u>9,417</u>	<u>26,660</u>	<u>36,077</u>	<u>680,930</u>
<b>Other:</b>					
Client Assistance	5,909,943	-	-	-	5,909,943
Professional fees and temporary help	430,815	100,252	103,439	203,691	634,506
Small equipment	229,371	5,338	23,451	28,789	258,160
Miscellaneous	169,105	15,787	37,354	53,141	222,246
Donated services and goods	30,987	140,957	-	140,957	171,944
Depreciation	135,162	1,403	6,190	7,593	142,755
Direct special event	-	-	44,019	44,019	44,019
Travel	165,821	687	170	857	166,678
Telephone	56,478	2,266	3,529	5,795	62,273
Marketing	-	-	16,818	16,818	16,818
Office supplies	47,184	15,190	29,742	44,932	92,116
Interest	34,320	-	-	-	34,320
Printing and postage	4,460	104	6,527	6,631	11,091
Total other	<u>7,213,646</u>	<u>281,984</u>	<u>271,239</u>	<u>553,223</u>	<u>7,766,869</u>
Total expenses	13,588,933	571,445	1,232,358	1,803,803	15,392,736
Less - direct special event activities included with revenues on the statements of activities and changes in net assets	-	-	(44,019)	(44,019)	(44,019)
Total expenses included in the statements of activities and changes in net assets	<u>\$ 13,588,933</u>	<u>\$ 571,445</u>	<u>\$ 1,188,339</u>	<u>\$ 1,759,784</u>	<u>\$ 15,348,717</u>

The accompanying notes are an integral part of these statements.

## FAMILYAID BOSTON, INC. D/B/A FAMILYAID

Notes to Financial Statements  
June 30, 2023 and 2022

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### 1. OPERATIONS AND NONPROFIT STATUS

FamilyAid Boston, Inc. d/b/a FamilyAid (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).

#### Accounting Standards Adoption

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The update requires a lessee to recognize a liability to make lease payments and a right-of-use (ROU) asset representing a right to use the underlying asset for the lease term on the statements of financial position. Additionally, this guidance expanded related disclosure requirements. On July 1, 2022, FAB adopted the new standard and elected the optional transition method, as allowed by ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, to apply the new standard as of the effective date. Therefore, FAB has not applied the new standard to financial statements as of and for the year ended June 30, 2022. FAB elected the package of practical expedients for the leases existing at the date of adoption, which allowed FAB to skip the reassessment of whether a contract is or contains a lease, the treatment of initial direct costs and lease classification.

Adoption of ASU 2016-02 resulted in the recognition of operating ROU assets and operating lease liabilities for leases in the amount of \$4,339,480 and \$4,352,383, respectively, on July 1, 2022, while FAB's accounting for finance leases remained substantially unchanged. The impact on the accompanying statements of activities and changes in net assets and statements of cash flows was immaterial. Furthermore, FAB expects the impact of adoption to be immaterial to the statements of activities and changes in net assets and statements of cash flows on an ongoing basis.

#### 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.

## FAMILYAID BOSTON, INC. D/B/A FAMILYAID

Notes to Financial Statements  
June 30, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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	39 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, 2023 and 2022, FAB has not recognized any reduction in the carrying value of its property and equipment when considering this standard.

#### Leases

FAB leases certain buildings and equipment. The determination of whether an arrangement is a lease, as well as classification as operating or finance, is made at the lease's inception. Under Topic 842, a contract 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 under the standard as having 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.

FAB recognizes a ROU asset - operating and an operating lease liability based on the present value of the minimum lease payments over the non-cancelable term of the lease. FAB evaluates many factors, including current and future lease cash flows, when determining if an option to extend or terminate should be included in the non-cancelable period. FAB uses the implicit rate when it is readily determinable and a risk-free rate, when the implicit rate is not readily determinable. Lease expense is recognized on a straight-line basis over the lease term. Operating leases are included in ROU assets - operating and operating lease liabilities in the accompanying statements of financial position.

FAB has certain leases that are for a period of twelve months or less or contain renewals for periods of twelve months or less. FAB does not include short-term leases within the statements of financial position since it has elected the practical expedient to not include these leases within the operating lease ROU assets and liabilities. FAB has lease agreements with lease and non-lease components and practical expedient to account for them as a single component was elected. FAB elected the practical expedient to not reassess initial direct costs for any existing leases. Furthermore, variable lease payments, if included in the lease agreement and not determinable at lease commencement, are not included in the measurement of the lease liabilities.

## FAMILYAID BOSTON, INC. D/B/A FAMILYAID

Notes to Financial Statements  
June 30, 2023 and 2022

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### 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, 2023 and 2022.

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 office supplies and telephone costs, which are allocated based on usage studies conducted annually.

**Donated Services and Goods**

In-kind contributions are reflected as contributions at their fair value of the services and goods received, at date of donation, and are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. FAB is the recipient of donated services and goods. These amounts have been reported as both donated services in the accompanying statements of activities and changes in net assets and statements of functional expenses. FAB recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Donated services are valued at the standard hourly rates charged for those services. Donated goods are valued at the wholesale prices that would be received for selling similar products.

## FAMILYAID BOSTON, INC. D/B/A FAMILYAID

Notes to Financial Statements  
June 30, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Donated Services and Goods (Continued)

Donated services and goods consisted of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Professional services	\$ 162,100	\$ 120,957
Salary	71,784	30,987
Professional investment fees (see Note 4)	<u>20,000</u>	<u>20,000</u>
	<u>\$ 253,884</u>	<u>\$ 171,944</u>

#### Advertising

FAB expenses advertising costs as they are incurred, which are shown as marketing expenses 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 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, 2023 and 2022. FAB's information returns are subject to examination by the Federal and state jurisdictions.

#### Subsequent Events

As of October 26, 2023, there were no events which met the criteria for recognition or disclose in the financial statements except for the event disclosed in Note 10.

### 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.

**FAMILYAID BOSTON, INC. D/B/A FAMILYAID**

Notes to Financial Statements  
June 30, 2023 and 2022

**3. NET ASSETS (Continued)**

**Net Assets Without Donor Restrictions (Continued)**

*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:

	<u>2023</u>	<u>2022</u>
Funds functioning as endowment (see page 14)	\$ 2,337,215	\$ 2,120,404
Capital and other expenditures	<u>253,258</u>	<u>253,258</u>
	<u>\$ 2,590,473</u>	<u>\$ 2,373,662</u>

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 2023 and 2022, no funds were withdrawn from the capital and other expenditures fund for operations.

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

**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:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Program grants	\$ 3,969,940	\$ 4,510,825
Capital grants	47,529	60,029
Accumulated unspent appreciation on the restricted endowments	<u>35,171</u>	<u>7,742</u>
Total expenditure for specified purpose	4,052,640	4,578,596
Restricted endowments - investment in perpetuity	<u>171,000</u>	<u>171,000</u>
Total	<u>\$ 4,223,640</u>	<u>\$ 4,749,596</u>

## FAMILYAID BOSTON, INC. D/B/A FAMILYAID

Notes to Financial Statements  
June 30, 2023 and 2022

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### 3. NET ASSETS (Continued)

#### Net Assets With Donor Restrictions (Continued)

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:

	<u>2023</u>	<u>2022</u>
Program grants	\$ 1,715,156	\$ 2,192,142
Capital grants	<u>12,500</u>	<u>4,500</u>
	<u>\$ 1,727,656</u>	<u>\$ 2,196,642</u>

#### 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 2023 and 2022, the Board designated investments were considered when approving the amount to be designated for operations. During fiscal years 2023 and 2022, no such funds were withdrawn nor appropriated.

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 2023 and 2022, 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.



**FAMILYAID BOSTON, INC. D/B/A FAMILYAID**Notes to Financial Statements  
June 30, 2023 and 2022**3. NET ASSETS (Continued)****Endowment Fund (Continued)**

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

	<b>Without Donor Restrictions Board- Designated</b>	<b>With Donor Restrictions</b>	<b>Total Endowment</b>
Endowment net assets, June 30, 2021	<u>\$ 2,634,965</u>	<u>\$ 178,742</u>	<u>\$ 2,813,707</u>
Investment returns:			
Investment income, net	152,829	-	152,829
Net unrealized loss	<u>(614,390)</u>	<u>-</u>	<u>(614,390)</u>
Total investment returns	(461,561)	-	(461,561)
Withdrawals from the endowment	<u>(53,000)</u>	<u>-</u>	<u>(53,000)</u>
Net change in endowment	<u>(514,561)</u>	<u>-</u>	<u>(514,561)</u>
Endowment net assets, June 30, 2022	<u>2,120,404</u>	<u>178,742</u>	<u>2,299,146</u>
Investment returns:			
Net realized/unrealized gain	127,931	27,429	155,360
Investment income, net	<u>88,880</u>	<u>-</u>	<u>88,880</u>
Total investment returns	<u>216,811</u>	<u>27,429</u>	<u>244,240</u>
Endowment net assets, June 30, 2023	<u>\$ 2,337,215</u>	<u>\$ 206,171</u>	<u>\$ 2,543,386</u>

**4. INVESTMENTS**

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

	<u>2023</u>	<u>2022</u>
Cash	\$ 524,969	\$ 591,160
Equities - mutual funds	1,705,632	1,504,209
Fixed income:		
Treasury bills	2,677,801	3,347,329
Corporate bonds and notes	468,889	503,917
Non-traditional funds	72,949	113,125
Other mutual funds	<u>196,949</u>	<u>177,349</u>
	<u>\$ 5,647,189</u>	<u>\$ 6,237,089</u>

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.

**FAMILYAID BOSTON, INC. D/B/A FAMILYAID**Notes to Financial Statements  
June 30, 2023 and 2022

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**4. INVESTMENTS (Continued)**

Investment return consists of the following:

	<u>2023</u>	<u>2022</u>
Unrealized gain (loss)	\$ 243,120	\$ (614,868)
Interest and dividends	91,606	179,867
Realized gains	30,642	-
Management fees	<u>(37,498)</u>	<u>(30,957)</u>
	<u>\$ 327,870</u>	<u>\$ (465,958)</u>

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 \$20,000 of management fees from the brokerage firm as donated services and goods for the years ended June 30, 2023 and 2022, which is included in donated services and goods (see Note 2) in the accompanying statements of activities and changes in net assets and the statements of functional expenses.

**5. PROPERTY AND EQUIPMENT**

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

	<u>2023</u>	<u>2022</u>
Building and building improvements	\$ 2,392,580	\$ 2,364,570
Office equipment	423,896	347,191
Furniture and fixtures	95,672	95,672
Land	<u>47,000</u>	<u>47,000</u>
	2,959,148	2,854,433
Less - accumulated depreciation	<u>1,025,618</u>	<u>888,752</u>
Property and equipment, net	<u>\$ 1,933,530</u>	<u>\$ 1,965,681</u>

**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 (1.79% at June 30, 2022), plus 2.75%. The LIBOR rate transitioned to the Secured Overnight Financing Rate during fiscal year 2023. The Secured Overnight Financing Rate is 5.09% as of June 30, 2023. 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, 2023 and 2022. FAB must meet certain covenants as specified in the agreement. FAB was in compliance with these covenants as of June 30, 2023 and 2022. This note is renewable annually.

**FAMILYAID BOSTON, INC. D/B/A FAMILYAID**Notes to Financial Statements  
June 30, 2023 and 2022**7. MORTGAGE NOTES PAYABLE**

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

	<u>2023</u>	<u>2022</u>
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.	\$ 226,882	\$ 233,643
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.	221,115	227,516
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.	213,748	220,118
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.	207,145	213,224
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.	152,525	157,071
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.	122,868	126,530
	<u>1,144,283</u>	<u>1,178,102</u>
Less - current portion	<u>34,712</u>	<u>33,741</u>
	<u>\$ 1,109,571</u>	<u>\$ 1,144,361</u>

**FAMILYAID BOSTON, INC. D/B/A FAMILYAID**Notes to Financial Statements  
June 30, 2023 and 2022**7. MORTGAGE NOTES PAYABLE\_(Continued)**

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

2024	\$ 34,712
2025	\$ 35,712
2026	\$ 36,740
2027	\$ 37,798
2028	\$ 38,886

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, 2023 and 2022.

**8. CONTINGENT NOTES PAYABLE**

Contingent notes payable consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Non-interest bearing note payable to the Executive Office of Housing and Livable Communities (EOHLC) 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, 2023 and 2022. 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. The note was forgiven in full during fiscal year 2023. In fiscal year 2022, the private trust forgave \$1,100, of the note's principal and accrued interest. The note was secured by subordinated mortgages on the 680 Columbia Road and 21 Marion Street properties (see Note 7).	-	4,475
Total	<u>\$ 372,828</u>	<u>\$ 377,303</u>

## FAMILYAID BOSTON, INC. D/B/A FAMILYAID

Notes to Financial Statements  
June 30, 2023 and 2022

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### 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, 2023 and 2022, FAB contributed \$156,178 and \$115,123, respectively, to the retirement plan, which are included in employee benefits in the accompanying statements of functional expenses.

### 10. LEASE COMMITMENTS

#### Client Assistance

FAB leases various properties to house clients under various operating lease agreements, which have expiration dates ranging from September 2022 through April 2026. FAB incurred \$2,217,873 and \$2,191,836 of expenses under these agreements for the years ended June 30, 2023 and 2022, respectively, and is included in client assistance in the accompanying statements of functional expenses.

#### Facility

On October 1, 2019, FAB entered into a lease agreement for office space. On April 30, 2022, the lease agreement was amended, and is now set to expire in September 2025. Starting in October 2022, monthly rent payments under the new lease will range from \$20,430 to \$21,168, payable in monthly installments (plus a proportionate share of increases in operating costs and real estate taxes, as applicable). FAB has incurred \$264,308 and \$215,196 of rent expense under these agreements for the years ended June 30, 2023 and 2022, respectively, and is included in rent in the accompanying statements of functional expenses. Variable lease costs associated with this lease were approximately \$64,000 for the fiscal year ended June 30, 2023.

#### Equipment

FAB leases equipment under various operating lease agreements, which have expiration dates ranging from February 2023 through December 2024. FAB has incurred \$6,978 and \$21,847 of expenses under these agreements for the years ended June 30, 2023 and 2022, respectively, and is included in small equipment in the accompanying statements of functional expenses.

FAB's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The maturity of lease liabilities as of June 30, 2023:

2024	\$ 1,288,823
2025	567,847
2026	214,463
2026	<u>1,841</u>
Total future undiscounted lease payments	2,072,974
Less - present value discount/interest	63,426
Less - current portion	<u>1,288,823</u>
Operating lease liabilities, net of current portion	<u>\$ 720,725</u>
Weighted-average remaining lease term (years)	4.98 years
Weighted-average discount rate	8%

**FAMILYAID BOSTON, INC. D/B/A FAMILYAID**Notes to Financial Statements  
June 30, 2023 and 2022**10. LEASE COMMITMENTS (Continued)**

The following is a schedule of future minimum lease payments for these leases in accordance with the lease agreements and Topic 840 as of June 30, 2022:

2023	\$ 2,280,114
2024	855,503
2025	259,861
2026	69,533
2027	<u>1,841</u>
Total	<u>\$ 3,466,852</u>

**Other Information:**

Cash paid for amounts included in the measurement of operating lease liabilities:	
Operating cash flows for operating leases	<u>\$ 165,292</u>
ROU assets obtained in exchange for operating lease liabilities	<u>\$ 1,015,759</u>

Subsequent to June 30, 2023, FAB received a commitment with the Commonwealth of Massachusetts for housing clients of FAB. In connection with the commitment, FAB entered into a lease in July 2023 to operate a facility for housing to support this program. The lease is conditional upon final regulatory approvals. The lease is for fifteen years with an initial monthly rent payment of \$129,150 which escalates through termination to \$170,411. The lease commences on February 1, 2024. Additional funding has been committed for capital improvements related to the facility, which is also conditional upon final regulatory approval.

**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:

	<u>2023</u>	<u>2022</u>
Executive Office of Housing and Livable Communities:		
Family Emergency Shelter	\$ 8,322,387	\$ 6,180,856
Emergency Solutions Grant	79,292	11,200
MRVP Reserve Support Services and other	10,000	11,250
The Neighborhood Housing Development Division:		
Emergency Shelter and Rapid Rehousing	1,843,882	1,386,023
Boston Children's Hospital	1,164,911	407,354
Boston Public Schools	1,156,346	716,366
City of Boston - Home Advantage Collaborative	734,452	872,881
Boston Medical Center	207,444	75,833
Other	72,640	173,196
Chronic Homeless Housing	<u>19,608</u>	<u>17,974</u>
	<u>\$ 13,610,962</u>	<u>\$ 9,852,933</u>

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 85% and 67% of accounts receivable, net at June 30, 2023 and 2022, respectively, are due from three donors.

## FAMILYAID BOSTON, INC. D/B/A FAMILYAID

Notes to Financial Statements  
June 30, 2023 and 2022

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### 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 years 2023 and 2022, FAB was awarded conditional grants in the amounts of \$2,700,660 and \$2,341,045, respectively, for fiscal years 2024 and 2023, respectively. As the grants are restricted by time and are conditional upon performance milestones, the conditions have not been met during fiscal years 2023 and 2022, and the grants have not been recorded as revenue in the accompanying financial statements as of June 30, 2023 and 2022, respectively.

### 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:

	<u>2023</u>	<u>2022</u>
Cash	\$ 996,509	\$ 1,158,278
Accounts receivable, net	<u>2,781,844</u>	<u>1,722,433</u>
Total financial assets	<u>3,778,353</u>	<u>2,880,711</u>
Contractual or donor-imposed restrictions:		
Funds held for others	(9,163)	(12,437)
Other donor restrictions	<u>(1,373,095)</u>	<u>(1,078,641)</u>
Total contractual or donor-imposed restrictions	<u>(1,382,258)</u>	<u>(1,091,078)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,396,095</u>	<u>\$ 1,789,633</u>

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 could also draw upon \$1,000,000 of available line of credit (see Note 6).

### 15. RECLASSIFICATION

Certain amounts in the fiscal year 2022 financial statements have been reclassified to conform with the fiscal year 2023 presentation.