



COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

**COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

Contents
June 30, 2022 and 2021

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Independent Auditor's Report

To the Board of Directors of
Communities for People, Inc. and Affiliates:

Opinion

We have audited the combined financial statements of Communities for People, Inc. and Affiliates (Massachusetts nonprofit corporations) (collectively, the Organization), which comprise the combined statements of financial position as of June 30, 2022 and 2021, and the related combined statements of activities, changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of Communities for People, Inc. and Affiliates as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 combined 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 combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information shown on pages 21 through 24 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information shown on pages 21 through 24 is fairly stated in all material respects in relation to the combined financial statements as a whole.

AAFCPA, Inc.

Boston, Massachusetts
November 4, 2022

COMMUNITIES FOR PEOPLE, INC. AND AFFILIATESCombined Statements of Financial Position
June 30, 2022 and 2021

Assets	2022	2021
Current Assets:		
Cash and cash equivalents	\$ 93,660	\$ 1,860,619
Certificate of deposit	11,042	11,039
Grants, contributions and other receivables, net of allowance for doubtful accounts of approximately \$664,000 and \$329,000 as of June 30, 2022 and 2021, respectively	3,447,648	1,826,686
Prepaid expenses and other	298,445	316,985
Total current assets	3,850,795	4,015,329
Deposit	21,000	21,000
Investments	3,075,327	4,822,686
Cash Surrender Value of Life Insurance	451,991	436,082
Property and Equipment, net	714,422	783,257
Total assets	<u>\$ 8,113,535</u>	<u>\$ 10,078,354</u>
Liabilities and Net Assets		
Current Liabilities:		
Current portion of long-term debt	\$ 20,903	\$ 19,834
Accounts payable and accrued expenses	1,278,826	888,075
Current portion of accrued retirement	30,000	30,000
Refundable advance	564,709	10,098
Escrow funds	548,308	510,894
Total current liabilities	2,442,746	1,458,901
Accrued Retirement, net of current portion	107,391	132,516
Long-Term Debt, net of current portion	349,635	4,556,165
Total liabilities	<u>2,899,772</u>	<u>6,147,582</u>
Net Assets:		
Without donor restrictions:		
Operating	4,433,196	2,495,100
Property and equipment	343,884	392,799
Total without donor restrictions	4,777,080	2,887,899
With donor restrictions	436,683	1,042,873
Total net assets	<u>5,213,763</u>	<u>3,930,772</u>
Total liabilities and net assets	<u>\$ 8,113,535</u>	<u>\$ 10,078,354</u>

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

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COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

Combined Statements of Activities
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Net Assets Without Donor Restrictions:		
Operating support and revenue:		
Government contracts	\$ 13,631,615	\$ 12,436,825
Grants and contributions	1,055,257	877,692
Net assets released from purpose restrictions	1,042,873	285,000
Program service fees	458,638	543,162
Other	33,023	186,075
Management fees	28,908	60,472
	<u>16,250,314</u>	<u>14,389,226</u>
Operating expenses:		
Program services	14,872,166	13,327,479
General and administrative	2,710,610	2,159,820
Fundraising	349,186	236,008
	<u>17,931,962</u>	<u>15,723,307</u>
Changes in net assets without donor restrictions from operations	<u>(1,681,648)</u>	<u>(1,334,081)</u>
Non-operating revenue (expense):		
Forgiveness of debt	4,185,541	30,800
Investment return, net	(472,358)	593,465
Grant expense	(142,354)	-
	<u>3,570,829</u>	<u>624,265</u>
Changes in net assets without donor restrictions	<u>1,889,181</u>	<u>(709,816)</u>
Net Assets With Donor Restrictions:		
Operating support and revenue:		
Grants	436,683	954,463
Net assets released from purpose restrictions	(1,042,873)	(285,000)
Changes in net assets with donor restrictions	<u>(606,190)</u>	<u>669,463</u>
Changes in net assets	<u>\$ 1,282,991</u>	<u>\$ (40,353)</u>

COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

Combined Statements of Changes in Net Assets
For the Years Ended June 30, 2022 and 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, June 30, 2020	\$ 3,597,715	\$ 373,410	\$ 3,971,125
Changes in net assets	<u>(709,816)</u>	<u>669,463</u>	<u>(40,353)</u>
Balance, June 30, 2021	2,887,899	1,042,873	3,930,772
Changes in net assets	<u>1,889,181</u>	<u>(606,190)</u>	<u>1,282,991</u>
Balance, June 30, 2022	<u>\$ 4,777,080</u>	<u>\$ 436,683</u>	<u>\$ 5,213,763</u>

COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

Combined Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 1,282,991	\$ (40,353)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	96,593	109,681
Net realized and unrealized (gains) losses on investments	521,086	(571,332)
Forgiveness of debt	(4,185,541)	(30,800)
Bad debts	335,091	61,474
Changes in operating assets and liabilities:		
Grants, contributions and other receivables	(1,956,053)	(76,359)
Prepaid expenses and other	18,540	(111,843)
Accounts payable and accrued expenses	390,751	(77,960)
Accrued retirement	(25,125)	(24,392)
Refundable advance	554,611	5,394
Escrow funds	37,414	18,320
Net cash used in operating activities	<u>(2,929,642)</u>	<u>(738,170)</u>
Cash Flows from Investing Activities:		
Change in cash surrender value of life insurance	(15,909)	(16,148)
Purchases of investments	(1,384,684)	(3,287,738)
Sales of investments	2,610,957	640,605
Acquisition of property and equipment	(27,758)	(65,802)
Net increase in certificate of deposit	(3)	(9)
Net cash provided by (used in) investing activities	<u>1,182,603</u>	<u>(2,729,092)</u>
Cash Flows from Financing Activities:		
Proceeds from issuance of long-term debt	-	2,005,868
Principal payments of long-term debt	(19,920)	(20,433)
Net cash provided by (used in) financing activities	<u>(19,920)</u>	<u>1,985,435</u>
Net Change in Cash, Cash Equivalents and Restricted Cash	(1,766,959)	(1,481,827)
Cash, Cash Equivalents and Restricted Cash:		
Beginning of year	<u>1,860,619</u>	<u>3,342,446</u>
End of year	<u>\$ 93,660</u>	<u>\$ 1,860,619</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 20,129</u>	<u>\$ 21,148</u>

COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

Combined Statements of Functional Expenses
For the Years Ended June 30, 2022 and 2021

	2022				2021			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Operating Expenses:								
Personnel and related:								
Salaries and wages	\$ 7,919,803	\$ 1,326,472	\$ 156,231	\$ 9,402,506	\$ 7,397,203	\$ 1,108,785	\$ 164,531	\$ 8,670,519
Payroll taxes and fringe benefits	1,435,066	252,134	24,981	1,712,181	1,285,657	185,837	25,729	1,497,223
Temporary help	221,363	-	-	221,363	131,438	-	-	131,438
Total personnel and related	9,576,232	1,578,606	181,212	11,336,050	8,814,298	1,294,622	190,260	10,299,180
Occupancy:								
Rent	1,242,272	15,961	1,511	1,259,744	1,193,672	83,990	-	1,277,662
Utilities	194,172	-	-	194,172	212,463	-	-	212,463
Maintenance and repairs	134,680	17,925	-	152,605	113,260	16,007	-	129,267
Depreciation	71,520	15,416	-	86,936	82,571	15,441	-	98,012
Interest	20,129	-	-	20,129	21,148	-	-	21,148
Total occupancy	1,662,773	49,302	1,511	1,713,586	1,623,114	115,438	-	1,738,552
Other:								
Program support	1,281,833	1,528	18,299	1,301,660	528,827	921	8,643	538,391
Direct care consulting and subcontracting	1,184,938	10,502	-	1,195,440	1,276,730	5,740	-	1,282,470
Professional fees	281,710	146,898	134,120	562,728	217,034	130,219	27,713	374,966
Meals and client personal allowances	376,091	-	-	376,091	374,123	-	-	374,123
Office expenses	46,911	293,309	255	340,475	38,292	285,022	259	323,573
Bad debts	-	335,091	-	335,091	10,511	50,963	-	61,474
Insurance	33,979	227,530	-	261,509	22,336	218,807	-	241,143
Transportation, vehicle and staff travel	147,509	51,951	210	199,670	118,740	45,831	91	164,662
Supplies and materials	112,806	-	2,339	115,145	114,416	-	1,594	116,010
Staff training	75,936	3,021	558	79,515	62,218	1,296	718	64,232
Licenses and fees	40,010	3,986	1,660	45,656	53,101	1,334	1,535	55,970
Program consultants	32,754	-	-	32,754	59,960	-	-	59,960
Miscellaneous	13,339	3,945	8,691	25,975	6,770	2,454	2,955	12,179
Depreciation	5,047	4,610	-	9,657	6,736	4,933	-	11,669
Advertising	298	331	331	960	273	2,240	2,240	4,753
Total other	3,633,161	1,082,702	166,463	4,882,326	2,890,067	749,760	45,748	3,685,575
Total operating expenses	\$ 14,872,166	\$ 2,710,610	\$ 349,186	\$ 17,931,962	\$ 13,327,479	\$ 2,159,820	\$ 236,008	\$ 15,723,307

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

COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2022 and 2021

1. OPERATIONS AND NONPROFIT STATUS

Communities for People, Inc. (CFP) is a Massachusetts corporation, not for profit, founded in May 1976, to innovatively serve the needs of persons with a variety of disabilities. Utilizing outreach, foster homes, and small group living situations, CFP promotes and teaches community integration and normalization. CFP provides programs structured to the individual needs of those served, to promote growth toward productive lives. CFP also assists governmental and private agencies to ensure that children and adolescents with special needs obtain and are sustained in permanent families.

CFP specializes in providing care for persons who have experienced multiple and complex trauma, inconsistent community support and often have been rejected by other agencies. CFP's intake is not restrictive but may exclude persons with active suicidal or homicidal behaviors or those who require extensive medical care. Normally, clients are referred and funded by the Commonwealth of Massachusetts, Department of Children and Families (DCF), the Department of Youth Services or by the State of Rhode Island, Department of Children, Youth and Families (DCYF), and other government agencies.

CFP and its Affiliates, as defined below, are exempt from Federal income taxes as organizations (not private foundations) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). CFP and its Affiliates are also exempt from state income taxes. Donors may deduct contributions made to CFP and its Affiliates within IRC regulations.

Principles of Combination

The combined financial statements include the accounts of CFP and its Affiliates: Boston Alcohol and Substance Abuse Programs, Inc. (BASAP) and Doc Wayne Youth Services, Inc. (DWYS) (collectively, the Affiliates). CFP is the sole corporate member of both BASAP and DWYS and approves any appointments to each of the Affiliates' Boards of Directors. BASAP provides driver alcohol education, counseling, and outpatient services in the area of alcohol, substance abuse and mental health. Funding is on a fee-for-service basis. Referrals to the program come primarily from local law enforcement agencies. DWYS provides a sport-based therapeutic program for adolescents whose lives have been disrupted due to emotional and behavioral disabilities.

CFP and the Affiliates are referred to collectively as "the Organization" in the accompanying combined financial statements. All significant intercompany transactions and balances have been eliminated in the accompanying combined financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization's combined financial statements have been prepared 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).

Estimates

The preparation of combined 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Management considers checking, savings and money market accounts with an initial maturity of three months or less to be cash and cash equivalents. For the purpose of the combined statements of cash flows, cash and cash equivalents excludes money market accounts held in the investment portfolio and includes restricted cash held in escrow accounts.

Certificate of Deposit

The certificate of deposit (CD) automatically renews annually and was renewed through May 2023 with interest accruing at a rate of .03%. Early withdrawals from the CD are subject to penalties, which would not have a material effect on the Organization's combined financial statements.

Grants, Contributions and Other Receivables and Allowance for Doubtful Accounts

Grants, contributions and other receivables are detailed below. The allowance for doubtful accounts is management's best estimate of the amount of probable credit losses. The allowance is based upon specific identification of probable losses and an estimate of additional losses based on historical experience. Account balances are charged off against the allowance when it is probable that the receivables will not be recovered.

	<u>July 1, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
Grants, contributions and government contracts	\$ 1,755,158	\$ 1,904,290	\$ 3,871,107
Program service fees	57,471	112,071	139,495
Management fees	12,984	13,484	58,436
Pass-through payroll (see Note 12)	<u>317,631</u>	<u>125,965</u>	<u>42,825</u>
	2,143,244	2,155,810	4,111,863
Allowance for doubtful accounts	<u>(331,443)</u>	<u>(329,124)</u>	<u>(664,215)</u>
	<u>\$ 1,811,801</u>	<u>\$ 1,826,686</u>	<u>\$ 3,447,648</u>

Investments

Investment return includes interest and dividends that are recognized when earned in addition to gains and losses that are recognized as incurred upon sale or maturity of investments or based on fair value changes during the period. Investments are classified as noncurrent assets in the accompanying combined statements of financial position as management intends to hold the assets for long-term growth.

Refundable Advances

Refundable advances consist of contract advances and program service fees received in advance, which will be recognized as revenue as the services are provided and costs are incurred.

COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the Organization. The Organization has grouped its net assets without donor restrictions into the following categories:

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

Property and equipment net assets reflect the net book value of the activities relating to the Organization's property and equipment, net of related debt.

Net Assets With Donor Restrictions

Net assets with donor restrictions are those amounts received with donor restrictions that have not yet been expended for their designated purpose or the time period has not yet elapsed. As of June 30, 2022 and 2021, net assets with donor restrictions are as follows:

	<u>2022</u>	<u>2021</u>
Time restricted	\$ 270,000	\$ -
Champions network	75,017	749,865
Children's Health Equity (see Note 15)	41,666	13,598
Therapeutic mentoring program	25,000	141,667
Other purpose	25,000	10,500
Capacity building	-	81,410
Chalk Talk clinicians	-	45,833
	<u>\$ 436,683</u>	<u>\$ 1,042,873</u>

Revenue Recognition

Contributions

In accordance with ASC Subtopic 958-605, *Revenue Recognition*, the Organization 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. 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 the Organization 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.

The Organization has various Commonwealth of Massachusetts and Rhode Island state and local agency contracts that are included as government contract revenue in the accompanying combined statements of activities. Amounts received under contracts with various Commonwealth of Massachusetts and Rhode Island state and local agencies have been recorded in accordance with ASC Subtopic 958-605. These conditional contributions are recognized as services are provided or as costs are incurred.

COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributions (Continued)

Grants and contributions are recorded as revenue and net assets without donor restrictions when unconditionally committed by the donor. Grants and contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when unconditionally received or pledged. Transfers are made to net assets without donor restrictions as costs are incurred or time restrictions or program restrictions have lapsed. Grants and contributions received with donor-imposed conditions and restrictions that are met in the same year are reported as unrestricted grants and contributions and increase net assets without donor restrictions.

Contracts with Customers

The Organization generally measures revenue for qualifying exchange transactions based on the amount of consideration the Organization expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Organization satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Organization evaluates its revenue contracts with customers based on the five-step model under Topic 606, Contracts with Customers: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

The Organization collects fees for education classes held throughout the year which are included in program services fees in the accompanying combined statements of activities. Services are provided throughout a set number of class sessions over a period of time and are recognized in accordance with ASC Topic 606. This revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing class sessions. Compensation for the class sessions is specified in the signed contracts with the class attendees. Revenue is recognized over the course of the class sessions as each class is held and is allocated evenly among those sessions. The Organization also charges an initial intake fee which is allocated evenly and recognized over the course of the class sessions as each class is held. Fees received prior to class sessions being held (\$496 and \$10,098 as of June 30, 2022 and 2021, respectively) are included in refundable advances in the accompanying combined statements of financial position. Program service fees recognized for the classes were \$107,582 and \$136,348 for the years ended June 30, 2022 and 2021, respectively.

Also included in program service fees in the accompanying combined statements of activities are third-party fees billed to various insurance payors for services for the Organization's programs. This revenue is also recognized in accordance with ASC Topic 606 and is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing client care. Generally, the Organization bills insurance payors after the services for the client care is performed. Revenue is recognized as the performance obligations are satisfied which is generally at a point in time. Performance obligations are determined based on the nature of the services provided by the Organization and the transaction price is determined based on prospectively determined rates per occasion of service set by the insurance payors. Program service fees recognized for client care services were \$351,056 and \$406,814 for the years ended June 30, 2022 and 2021, respectively.

COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contracts with Customers (Continued)

Management fee revenue is for services provided by CFP that are generally provided on an annual basis under formal management agreements that specify the services to be provided and fee arrangement for each organization. Fees are generally fixed under the relevant agreement and the management service is considered a single performance obligation. The performance obligations under the agreements are satisfied evenly over the year as the organizations receive the benefits provided by CFP.

Combined Statements of Activities

Transactions deemed by management to be ongoing, major or central to the provision of program services are reported as operating revenue and operating expenses in the accompanying combined statements of activities. Non-operating revenue (expense) includes investment activities, forgiveness of debt and grant expenses.

Fair Value Measurements

The Organization 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 the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Organization 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 the Organization. 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. The cash surrender value of life insurance (see Note5) is valued using Level 2 inputs. All other qualifying assets and liabilities are valued using Level 1 inputs.

COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment and Depreciation

Purchased property and equipment costing over \$1,000 and with a useful life of one year or more are recorded at cost. Renewals and betterments are capitalized as additions to the related asset accounts, while repairs and maintenance are expensed as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and building improvements	15 - 40 years
Furniture and equipment	3 - 10 years
Leasehold improvements	Life of lease
Computer and software	3 - 5 years

The Organization accounts for the carrying value of its property and equipment in accordance with the requirements of U.S. GAAP. As of June 30, 2022, the Organization has not recognized any reduction in the carrying value of its property and equipment when considering these standards.

Expense Allocation

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

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 salaries and wages and payroll taxes and fringe benefits, 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 materials, which are allocated based on usage studies conducted annually.

Advertising Costs

The Organization expenses advertising costs as they are incurred.

Income Taxes

The Organization 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 combined financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the combined financial statements at June 30, 2022 and 2021. The Organization's information returns are subject to examination by the Federal and state jurisdictions.

Subsequent Events

Subsequent events have been evaluated through November 4, 2022, which is the date the combined financial statements were available to be issued. See Note 17 for an event that met the criteria for recognition or disclosure in the combined financial statements.

COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2022 and 2021

3. ESCROW FUNDS

Escrow funds include amounts the Organization has set aside in connection with an agreement between the Organization (as Lead Agency) and DCF and FHC Options, Inc. (as Services Management Organization) for Commonworks program development within the network of DCF providers. The Lead Agency and DCF collaboratively decide how the excess DCF funds will be utilized.

DCF terminated the Commonworks program in fiscal year 2005 and changed the purchasing model for these services. DCF replaced Commonworks with Family Networks that use a Lead Agency model at the area office level. The Family Networks leads will work in partnership with DCF, providers and families to ensure appropriate care. Unlike Commonworks, as Lead Agency, the Organization does not pay providers directly. The Family Networks program development funds are to be expensed at the discretion of DCF. As of June 30, 2022 and 2021, the balance of these funds was \$171,551 and \$172,485, respectively.

In addition, the Organization is holding funds on behalf of consumers, pursuant to a contract with DCF, to be used for their personal development. Funds on hand were \$376,757 and \$338,409 as of June 30, 2022 and 2021, respectively.

These amounts are reflected as a current liability in the accompanying combined statements of financial position.

4. INVESTMENTS

Investments, which are stated at fair value in the accompanying combined statements of financial position, are as follows at June 30:

Investment Type	2022			Total
	Level 1	Level 2	Level 3	
Money market fund	\$ 130,601	\$ -	\$ -	\$ 130,601
Equity securities - other	986,387	-	-	986,387
Equity securities - IT	361,944	-	-	361,944
Equity funds	490,973	-	-	490,973
Fixed income funds	<u>1,105,422</u>	<u>-</u>	<u>-</u>	<u>1,105,422</u>
Total investments	<u>\$ 3,075,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,075,327</u>

Investment Type	2021			Total
	Level 1	Level 2	Level 3	
Money market fund	\$ 189,403	\$ -	\$ -	\$ 189,403
Equity securities - other	1,628,304	-	-	1,628,304
Equity securities - IT	595,502	-	-	595,502
Equity funds	912,153	-	-	912,153
Fixed income funds	<u>1,497,324</u>	<u>-</u>	<u>-</u>	<u>1,497,324</u>
Total investments	<u>\$ 4,822,686</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,822,686</u>

Investments are not insured and are subject to ongoing market fluctuations.

COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2022 and 2021

5. CASH SURRENDER VALUE OF LIFE INSURANCE

The Organization is the owner and beneficiary of an insurance policy on the life of its President, with a death benefit of \$750,000. The cash surrender value was \$451,991 and \$436,082 as of June 30, 2022 and 2021, respectively.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 100,224	\$ 100,224
Buildings and building improvements	1,317,879	1,290,121
Furniture and equipment	725,342	725,342
Leasehold improvements	193,698	193,698
Computer and software	<u>351,428</u>	<u>351,428</u>
	2,688,571	2,660,813
Less - accumulated depreciation	<u>1,974,149</u>	<u>1,877,556</u>
Property and equipment, net	<u>\$ 714,422</u>	<u>\$ 783,257</u>

Depreciation expense was \$96,593 and \$109,681 for the years ended June 30, 2022 and 2021, respectively.

7. LONG-TERM DEBT

Long-term debt consists of the following as of June 30:

	<u>2022</u>	<u>2021</u>
CFP applied for and was awarded a forgivable loan from the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) through a bank in fiscal year 2020. 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. The note was not secured by any collateral as of June 30, 2021. In July 2021, the bank and the Small Business Administration forgave the note in full, thus legally relieving the obligation, and therefore, the balance is recognized as forgiveness of debt in the accompanying combined statement of activities for the year ended June 30, 2022.	\$ -	\$ 2,179,673
CFP applied for and was awarded second round of PPP funds established by the CARES Act through a bank in fiscal year 2021. 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. In April 2022, the bank and the Small Business Administration forgave the note in full, thus legally relieving the obligation, and therefore, the balance is recognized as forgiveness of debt in the accompanying combined statement of activities for the year ended June 30, 2022.	-	1,982,885

COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2022 and 2021

7. LONG-TERM DEBT (Continued)

	<u>2022</u>	<u>2021</u>
5% note payable to a mortgage company, due in monthly payments of principal and interest of \$1,498 through January 2035. The note is secured by a first mortgage on a property located in Providence, Rhode Island.	166,801	176,178
5.625% note payable to a mortgage company, due in monthly payments of principal and interest of \$933 through May 2036. The note is secured by a first mortgage on a property located in Providence, Rhode Island.	106,206	111,267
5.375% note payable to a mortgage company, due in monthly payments of principal and interest of \$907 through October 2034. The note is secured by a first mortgage on a property located in Providence, Rhode Island.	97,531	103,013
BASAP applied for and was awarded a forgivable loan of \$22,983 from the PPP established by the CARES Act through a bank in fiscal year 2021. The loan was subject to the same terms and conditions as CFP's PPP loans disclosed on page 14 and above. In December 2021, the bank and the Small Business Administration forgave the forgivable loan of \$22,983 in full, thus legally relieving the obligation, and therefore, the balance is recognized as forgiveness of debt in the accompanying combined statement of activities for the year ended June 30, 2022.	<u>-</u>	<u>22,983</u>
	370,538	4,575,999
Less - current portion	<u>20,903</u>	<u>19,834</u>
	<u>\$ 349,635</u>	<u>\$ 4,556,165</u>

The note payable agreements, except for the PPP loans, contain various non-financial covenants with which the Organization must comply. The Organization was in compliance with these covenants at June 30, 2022 and 2021.

Aggregate maturities of long-term debt, for the next five years are as follows:

2023	\$ 20,903
2024	\$ 22,030
2025	\$ 23,218
2026	\$ 24,470
2027	\$ 25,790

COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2022 and 2021

8. LINE OF CREDIT

The Organization has available up to \$600,000 under a line of credit agreement that renews annually in January. Borrowings under the agreement are due on demand, and interest is payable monthly at the bank's prime lending rate (4.75% and 3.25% at June 30, 2022 and 2021, respectively). The line of credit is secured first by an investment portfolio deposited with the bank (see Note 3) and secondly by all business assets of the Organization. As of June 30, 2022 and 2021, there was no outstanding balance under this agreement. The Organization must meet certain non-financial covenants before any advances may be drawn. The Organization was in compliance with these non-financial covenants at June 30, 2022 and 2021.

9. FUNDING

The Organization receives income from various government agencies for services rendered under cost reimbursement and unit-rate contracts. These contracts are subject to possible audit by the appropriate government agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the accompanying combined statements of financial position of the Organization as of June 30, 2022 and 2021, or on its combined statements of changes in net assets for the years then ended.

The Organization received the following percentages of its operating revenues without donor restrictions and was owed the following amounts from various departments of the Commonwealth of Massachusetts and State of Rhode Island as of June 30:

	Percentage of Operating Revenues Without Donor Restrictions	Percentage of Grants, Contributions and Other Receivables at Year End
<u>2022</u>		
Massachusetts	33%	55%
Rhode Island	40%	38%
<u>2021</u>		
Massachusetts	44%	44%
Rhode Island	35%	50%

10. RETIREMENT PLANS

403(b) Plan

The Organization maintains a defined contribution retirement plan (the Plan) under IRC Section 403(b) covering all employees who have attained the age of twenty-one, have completed one year of service and have worked more than 1,000 hours during the most recently completed fiscal year. The Organization has the option to make a voluntary contribution to the Plan allocated to eligible employees based on the defined requirements. There were no voluntary contributions approved during fiscal years 2022 and 2021.

COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2022 and 2021

10. RETIREMENT PLANS (Continued)

Accrued Retirement

The Organization has an employment agreement with the President of the Organization. This agreement provides for retirement benefits to be paid to the President in the amount of \$2,500 per month upon his request until the earlier of his death or January 31, 2027. The agreement also provides for benefits to be paid to the President's wife or other named beneficiaries should he expire prior to January 31, 2027. The Organization expects the future minimum payments to be \$30,000 per year over the next five years. The President retired as of June 30, 2022.

These benefits vested ratably over the term of the agreement and became fully vested upon the President reaching the age of seventy (during fiscal year 2012). The Organization made annual payments totaling \$30,000 during fiscal years 2022 and 2021 under this agreement. The present value of the remaining vested future payments valued using a 3% discount rate is \$137,391 and \$162,516 at June 30, 2022 and 2021, respectively, and is reflected as accrued retirement in the accompanying combined statements of financial position.

11. LEASE AGREEMENTS

The Organization leases various offices and residences for housing for its consumers. Most of the leases are tenant-at-will agreements or leases with a term of one year. However, the Organization does occupy space under various operating leases that expire through April 2025. Certain lease agreements contain renewal options, which have not been exercised. The Organization is also responsible for certain operating costs as defined in the lease agreements. Total rent expense under all leases was \$1,175,272 and \$1,277,662 for the years ended June 30, 2022 and 2021, respectively.

Future minimum lease payments under all term leases for offices and residences are as follows:

2023	\$ 374,090
2024	263,555
2025	<u>189,200</u>
	<u>\$ 826,845</u>

The Organization also has commitments for non-cancelable automobile leases and office equipment through February 2024. Total rent expense under these leases was \$23,021 and \$36,855, which is included in office and transportation, vehicle and staff travel expenses in the accompanying combined statements of functional expenses for the years ended June 30, 2022 and 2021, respectively.

Future minimum lease payments for automobile and equipment leases are as follows:

2023	\$ 8,420
2024	<u>1,818</u>
	<u>\$ 10,238</u>

COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2022 and 2021

12. RELATED PARTY TRANSACTIONS

The President of the Organization was a voting member of the Board of Directors through June 30, 2022. This individual was compensated only for his role as President. The Organization paid the President's spouse, who serves as the Director of Family Networks, \$104,034 and \$104,168 during fiscal years 2022 and 2021, respectively.

The Chief Financial Officer (CFO) of CFP is the consultant CFO for Roxbury Youthworks, Inc. (RYI), a non-profit agency. CFP provides financial management and consulting for RYI. Revenues earned by the Organization for these services was \$30,000 for each of the years ended June 30, 2022 and 2021, and is included in management fees in the accompanying combined statements of activities. RYI owes the Organization \$5,000 for these services as of June 30, 2022 and 2021.

CFP provided financial management and paymaster services to Lovin' Spoonfuls, Inc. (LS). The CFO of CFP was a member of LS's Board and was the consultant CFO for LS. During fiscal year 2021, CFP billed LS for financial management services totaling \$1,500, respectively, which are included in management fees in the accompanying combined statements of activities. LS did not owe CFP as of June 30, 2021.

The President of the Organization is a member of the Board of Directors of the Union for Minority Neighborhoods, Inc. (UMN), a non-profit agency. The CFO of CFP is the consulting CFO of UMN and provides accounting and administrative services. Total revenue earned by the Organization for these services was \$14,346 and \$7,711 for the years ended June 30, 2022 and 2021, respectively, which is included in management fees in the accompanying combined statements of activities. UMN owes the Organization \$14,004 and \$39,666 for these services and for payroll paid on UMN's behalf as of June 30, 2022 and 2021, respectively.

CFP provides financial management services to Children's League of Massachusetts (CL) and the CFO of CFP is the consultant CFO of CL. The President of CFP is a member of the Board of CL. CFP billed CL \$6,000 financial management services during fiscal years 2022 and 2021, which is included in management fees in the accompanying combined statements of activities. CL owes the Organization \$1,500 and \$2,500 for these services as of June 30, 2022 and 2021, respectively.

The CFO of CFP was the consultant CFO for The Nature Connection (NC) for which CFP provides financial management services. Additionally, a member of CFP's Board of Directors is the Executive Director of NC. CFP billed NC \$4,765 and \$12,000 for these services during fiscal years 2022 and 2021, respectively, which are included in management fees in the accompanying combined statements of activities. NC owes the Organization \$41,000 and \$2,000, respectively, for these services as of June 30, 2022 and 2021.

The CFO of CFP was the consultant CFO for Citizens for Juvenile Justice (CFJJ) for which CFP provided financial management services. CFP billed CFJJ \$16,500 and \$15,088 for these services during fiscal years 2022 and 2021, respectively, which are included in management fees in the accompanying combined statements of activities. CFJJ owes the Organization \$2,750 for these services as of June 30, 2022 and 2021.

CFP provides financial management services to the Rhode Island Coalition for Children and Families (RICCF). The Chief Operating Officer (COO) of CFP is a member of RICCF's Board and the CFO of CFP is the consultant CFO for RICCF. During fiscal years 2022 and 2021, CFP provided to RICCF in-kind financial management services totaling \$11,481 and \$12,323, respectively. RICCF owes the Organization \$29,438 and \$21,033 for payroll paid on RICCF's behalf as of June 30, 2022.

All officers and Board members abstain from discussions and do not vote on matters relating to their respective companies.

COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2022 and 2021

13. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalent balances in various banks located in Massachusetts. The balances are insured by the Federal Deposit Insurance Corporation up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

14. CONDITIONAL GRANTS

During fiscal year 2021 and 2022, the Organization was awarded multiple conditional commitments from various Commonwealth of Massachusetts and Rhode Island state agencies for fiscal years 2022 and 2023, which contain funder-imposed conditions that represent a barrier that must be overcome as well as a release from obligations. The Organization recognizes related revenue from these government contracts when funder-imposed conditions are substantially met. The funder-imposed conditions for these contract revenues include the requirement for the Organization to incur qualifying expenses. These commitments are not included in the accompanying combined financial statements. Total amounts committed but not recognized as of June 30, 2022 and 2021, summarized by agency, are as follows:

	<u>2022</u>	<u>2021</u>
DCF	\$ 2,305,302	\$ 1,552,218
DCYF	<u>-</u>	<u>2,084,224</u>
Total	<u>\$ 2,305,302</u>	<u>\$ 3,636,442</u>

15. COMMITMENTS AND CONTINGENCIES

In the normal course of operations, the Organization is, from time-to-time, the respondent in various legal actions brought against it. Management believes that such actions will not have a material adverse effect on the Organization or its financial condition.

During fiscal year 2021, DWYS entered into conditional agreements with two unrelated not-for-profit entities to provide services and fundraise for implementation of the Children's Health Equity plan. This agreement calls for DWYS to perform certain services, as well to fundraise \$45,000 over a three-year period while \$178,300 is to be provided by the two not-for-profits over a three-year period. A total of \$30,260 and \$13,598 was received related to this agreement for fiscal years 2022 and 2021, respectively.

16. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for use by the Organization within one year from the combined statements of financial position date are as follows as of June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 93,660	\$ 1,860,619
Certificate of deposit	11,042	11,039
Grants, contributions and other receivables, net	<u>3,447,648</u>	<u>1,826,686</u>
	3,552,350	3,698,344
Less - escrow funds	(548,308)	(510,894)
Less - donor restricted funds	<u>(366,683)</u>	<u>(1,042,873)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,637,359</u>	<u>\$ 2,144,577</u>

COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

Notes to Combined Financial Statements
June 30, 2022 and 2021

16. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

The Organization is substantially supported by contracts. As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization has a line of credit with a maximum obligation of \$600,000 (see Note 8). At any given time, the line of credit could be utilized to meet ongoing obligations with the approval of the Board of Directors. The Organization also has approximately \$3,075,000 of investments that are presented as long-term based on management's intent, but could be utilized for operations if the need arose. As of June 30, 2022 and 2021, the Organization has financial assets equal to approximately two months of operating expenses.

17. EMPLOYEE RETENTION TAX CREDIT

The Employee Retention Tax Credit (ERTC) was first established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) and was extended and expanded by the Consolidated Appropriations Act (CAA) and American Rescue Plan (ARP). ERTC provides a refundable tax credit against certain employment taxes equal to 50% of the first \$10,000 in qualified wages paid to each employee between March 12, 2020 and December 31, 2020 (2020 ERTC), and 70% of the first \$10,000, per quarter, in qualified wages paid to each employee between January 1, 2021 and September 30, 2021 (2021 ERTC). To be eligible, the Organization must meet certain conditions as described in applicable laws and regulations. Subsequent to year end, the Organization has determined that it qualifies for the 2021 ERTC in the amount of \$3,419,473.

18. RECLASSIFICATION

Certain amounts in the fiscal year 2021 combined financial statements have been reclassified to conform with the fiscal year 2022 combined financial statements presentation.

COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

Combining Statement of Financial Position
June 30, 2022

Assets	Communities for People, Inc.	Doc Wayne Youth Services, Inc.	Boston Alcohol and Substance Abuse Programs, Inc.	Total
Current Assets				
Cash and cash equivalents	\$ 8,755	\$ 73,204	\$ 11,701	\$ 93,660
Certificate of deposit	-	-	11,042	11,042
Grants, contributions and other receivables, net of allowance for doubtful accounts of approximately \$664,000	3,188,494	165,148	94,006	3,447,648
Due from (to) affiliates	(114,833)	172,589	(57,756)	-
Prepaid expenses and other	254,834	35,358	8,253	298,445
Total current assets	3,337,250	446,299	67,246	3,850,795
Deposit	-	-	21,000	21,000
Investments	2,437,461	637,866	-	3,075,327
Cash Surrender Value of Life Insurance	451,991	-	-	451,991
Property and Equipment, net	706,029	2,515	5,878	714,422
Total assets	<u>\$ 6,932,731</u>	<u>\$ 1,086,680</u>	<u>\$ 94,124</u>	<u>\$ 8,113,535</u>
Liabilities and Net Assets				
Current Liabilities:				
Current portion of long-term debt	\$ 20,903	\$ -	\$ -	\$ 20,903
Accounts payable and accrued expenses	1,193,516	78,102	7,208	1,278,826
Current portion of accrued retirement	30,000	-	-	30,000
Refundable advance	564,213	-	496	564,709
Escrow funds	548,308	-	-	548,308
Total current liabilities	2,356,940	78,102	7,704	2,442,746
Accrued Retirement, net of current portion	107,391	-	-	107,391
Long-Term Debt, net of current portion	349,635	-	-	349,635
Total liabilities	<u>2,813,966</u>	<u>78,102</u>	<u>7,704</u>	<u>2,899,772</u>
Net Assets:				
Without donor restrictions:				
Operating	3,783,274	569,380	80,542	4,433,196
Property and equipment	335,491	2,515	5,878	343,884
Total without donor restrictions	4,118,765	571,895	86,420	4,777,080
With donor restrictions	-	436,683	-	436,683
Total net assets	<u>4,118,765</u>	<u>1,008,578</u>	<u>86,420</u>	<u>5,213,763</u>
Total liabilities and net assets	<u>\$ 6,932,731</u>	<u>\$ 1,086,680</u>	<u>\$ 94,124</u>	<u>\$ 8,113,535</u>

COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

Combining Statement of Financial Position
June 30, 2021

Assets	Communities for People, Inc.	Doc Wayne Youth Services, Inc.	Boston Alcohol and Substance Abuse Programs, Inc.	Total
Current Assets:				
Cash and cash equivalents	\$ 1,105,853	\$ 690,935	\$ 63,831	\$ 1,860,619
Certificate of deposit	-	-	11,039	11,039
Grants, contributions and other receivables, net of allowance for doubtful accounts of approximately \$329,000	1,692,550	64,603	69,533	1,826,686
Due from (to) affiliates	136,564	69,152	(205,716)	-
Prepaid expenses and other	288,167	13,058	15,760	316,985
Total current assets	3,223,134	837,748	(45,553)	4,015,329
Deposit	-	-	21,000	21,000
Investments	4,311,411	511,275	-	4,822,686
Cash Surrender Value of Life Insurance	436,082	-	-	436,082
Property and Equipment, net	765,206	6,192	11,859	783,257
Total assets	<u>\$ 8,735,833</u>	<u>\$ 1,355,215</u>	<u>\$ (12,694)</u>	<u>\$ 10,078,354</u>
Liabilities and Net Assets				
Current Liabilities:				
Current portion of long-term debt	\$ 19,834	\$ -	\$ -	\$ 19,834
Accounts payable and accrued expenses	814,133	46,715	27,227	888,075
Current portion of accrued retirement	30,000	-	-	30,000
Refundable advance	-	-	10,098	10,098
Escrow funds	510,894	-	-	510,894
Total current liabilities	1,374,861	46,715	37,325	1,458,901
Accrued Retirement, net of current portion	132,516	-	-	132,516
Long-term Debt, net of current portion	4,533,182	-	22,983	4,556,165
Total liabilities	<u>6,040,559</u>	<u>46,715</u>	<u>60,308</u>	<u>6,147,582</u>
Net Assets:				
Without donor restrictions:				
Operating	2,320,526	259,435	(84,861)	2,495,100
Property and equipment	374,748	6,192	11,859	392,799
Total without donor restrictions	2,695,274	265,627	(73,002)	2,887,899
With donor restrictions	-	1,042,873	-	1,042,873
Total net assets	<u>2,695,274</u>	<u>1,308,500</u>	<u>(73,002)</u>	<u>3,930,772</u>
Total liabilities and net assets	<u>\$ 8,735,833</u>	<u>\$ 1,355,215</u>	<u>\$ (12,694)</u>	<u>\$ 10,078,354</u>

COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

Combining Statement of Activities
For the Year Ended June 30, 2022

	Communities for People, Inc.	Doc Wayne Youth Services, Inc.	Boston Alcohol and Substance Abuse Programs, Inc.	Combined Totals Before Eliminations	Eliminations	Combined Total
Net Assets Without Donor Restrictions:						
Operating support and revenue:						
Government contracts	\$ 13,300,443	\$ 316,660	\$ 14,512	\$ 13,631,615	\$ -	\$ 13,631,615
Grants and contributions	23,407	1,031,261	300,589	1,355,257	(300,000)	1,055,257
Net assets released from purpose restrictions	-	1,042,873	-	1,042,873	-	1,042,873
Program service fees	-	285,985	311,868	597,853	(139,215)	458,638
Other	15,909	8,916	8,198	33,023	-	33,023
Management fees	164,889	-	-	164,889	(135,981)	28,908
Total operating support and revenue	<u>13,504,648</u>	<u>2,685,695</u>	<u>635,167</u>	<u>16,825,510</u>	<u>(575,196)</u>	<u>16,250,314</u>
Operating expenses:						
Program services	12,854,423	1,792,148	470,726	15,117,297	(245,131)	14,872,166
General and administrative	2,468,379	234,999	28,002	2,731,380	(20,770)	2,710,610
Fundraising	104,609	253,872	-	358,481	(9,295)	349,186
Total operating expenses	<u>15,427,411</u>	<u>2,281,019</u>	<u>498,728</u>	<u>18,207,158</u>	<u>(275,196)</u>	<u>17,931,962</u>
Changes in net assets without donor restrictions from operations	<u>(1,922,763)</u>	<u>404,676</u>	<u>136,439</u>	<u>(1,381,648)</u>	<u>(300,000)</u>	<u>(1,681,648)</u>
Non-operating revenue (expense):						
Forgiveness of debt	4,162,558	-	22,983	4,185,541	-	4,185,541
Grant expense	(442,354)	-	-	(442,354)	300,000	(142,354)
Investment return, net	(373,950)	(98,408)	-	(472,358)	-	(472,358)
Total non-operating revenue (expense)	<u>3,346,254</u>	<u>(98,408)</u>	<u>22,983</u>	<u>3,270,829</u>	<u>300,000</u>	<u>3,570,829</u>
Changes in net assets without donor restrictions	<u>1,423,491</u>	<u>306,268</u>	<u>159,422</u>	<u>1,889,181</u>	<u>-</u>	<u>1,889,181</u>
Net Assets With Donor Restrictions:						
Operating support and revenue:						
Grants	-	436,683	-	436,683	-	436,683
Net assets released from purpose restrictions	-	(1,042,873)	-	(1,042,873)	-	(1,042,873)
Changes in net assets with donor restrictions	<u>-</u>	<u>(606,190)</u>	<u>-</u>	<u>(606,190)</u>	<u>-</u>	<u>(606,190)</u>
Changes in net assets	<u>\$ 1,423,491</u>	<u>\$ (299,922)</u>	<u>\$ 159,422</u>	<u>\$ 1,282,991</u>	<u>\$ -</u>	<u>\$ 1,282,991</u>

COMMUNITIES FOR PEOPLE, INC. AND AFFILIATES

Combining Statement of Activities
For the Year Ended June 30, 2021

	Communities for People, Inc.	Doc Wayne Youth Services, Inc.	Boston Alcohol and Substance Abuse Programs, Inc.	Combined Totals Before Eliminations	Eliminations	Combined Total
Net Assets Without Donor Restrictions:						
Operating support and revenue:						
Government contracts	\$ 12,227,238	\$ 176,967	\$ 32,620	\$ 12,436,825	\$ -	\$ 12,436,825
Grants and contributions	17,378	808,442	51,872	877,692	-	877,692
Net assets released from purpose restrictions	-	285,000	-	285,000	-	285,000
Program service fees	-	298,448	381,205	679,653	(136,491)	543,162
Other	172,540	5,164	8,371	186,075	-	186,075
Management fees	202,253	-	-	202,253	(141,781)	60,472
	<u>12,619,409</u>	<u>1,574,021</u>	<u>474,068</u>	<u>14,667,498</u>	<u>(278,272)</u>	<u>14,389,226</u>
Total operating support and revenue						
Operating expenses:						
Program services	11,880,524	1,061,604	575,753	13,517,881	(190,402)	13,327,479
General and administrative	1,971,881	217,493	57,861	2,247,235	(87,415)	2,159,820
Fundraising	62,443	174,020	-	236,463	(455)	236,008
	<u>13,914,848</u>	<u>1,453,117</u>	<u>633,614</u>	<u>16,001,579</u>	<u>(278,272)</u>	<u>15,723,307</u>
	<u>13,914,848</u>	<u>1,453,117</u>	<u>633,614</u>	<u>16,001,579</u>	<u>(278,272)</u>	<u>15,723,307</u>
Total operating expenses						
Changes in net assets without donor restrictions from operations						
	<u>(1,295,439)</u>	<u>120,904</u>	<u>(159,546)</u>	<u>(1,334,081)</u>	<u>-</u>	<u>(1,334,081)</u>
Non-operating revenue:						
Forgiveness of debt	-	-	30,800	30,800	-	30,800
Investment return, net	582,190	11,275	-	593,465	-	593,465
	<u>582,190</u>	<u>11,275</u>	<u>30,800</u>	<u>624,265</u>	<u>-</u>	<u>624,265</u>
Total non-operating revenue						
Changes in net assets without donor restrictions						
	<u>(713,249)</u>	<u>132,179</u>	<u>(128,746)</u>	<u>(709,816)</u>	<u>-</u>	<u>(709,816)</u>
Net Assets With Donor Restrictions:						
Operating support and revenue:						
Grants	-	954,463	-	954,463	-	954,463
Net assets released from purpose restrictions	-	(285,000)	-	(285,000)	-	(285,000)
	<u>-</u>	<u>669,463</u>	<u>-</u>	<u>669,463</u>	<u>-</u>	<u>669,463</u>
Changes in net assets with donor restrictions						
	<u>-</u>	<u>669,463</u>	<u>-</u>	<u>669,463</u>	<u>-</u>	<u>669,463</u>
Changes in net assets						
	<u>\$ (713,249)</u>	<u>\$ 801,642</u>	<u>\$ (128,746)</u>	<u>\$ (40,353)</u>	<u>\$ -</u>	<u>\$ (40,353)</u>