

**BETTER DAY ADULT SOCIAL PROGRAM  
FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Better Day Adult Social Program  
Marlborough, Massachusetts

### **Report on the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Better Day Adult Social Program (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Better Day Adult Social Program as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Better Day Adult Social Program and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Other Matters***

##### ***Adjustment to Prior Year Financial Statements***

As discussed in Note 6 to the financial statements, the Organization has restated beginning net assets as of January 1, 2023 to conform to accounting principles generally accepted in the United States of America for revenue recognition. 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 Better Day Adult Social Program's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Better Day Adult Social Program'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 Better Day Adult Social Program's ability to continue as a going concern for a reasonable period of time.

Board of Directors  
Better Day Adult Social Program

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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Quincy, Massachusetts  
May 14, 2024

**BETTER DAY ADULT SOCIAL PROGRAM  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2023**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$	147,293
Accounts Receivable		600
Total Current Assets		147,893

**OTHER ASSETS**

Property and Equipment		567,027
Less: Accumulated Depreciation		(17,495)
Property and Equipment, Net		549,532

Total Assets		\$ 697,425
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Current Portion of Mortgages Payable	\$	25,275
Accrued Expenses		16,920
Deferred Revenue		7,125
Total Current Liabilities		49,320

**LONG-TERM LIABILITIES**

Mortgages Payable, Net		408,001
Total Liabilities		457,321

**NET ASSETS**

Without Donor Restrictions		240,104
Total Net Assets		240,104

Total Liabilities and Net Assets		\$ 697,425
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See accompanying Notes to Financial Statements.

**BETTER DAY ADULT SOCIAL PROGRAM  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Program Service Fees	\$ 477,085	\$ -	\$ 477,085
Grants	26,000	-	26,000
Contributions	37,590	-	37,590
Contributed Goods & Services	5,880	-	5,880
Sponsorship Revenue	1,175	-	1,175
Total Revenues	<u>547,730</u>	<u>-</u>	<u>547,730</u>
<b>EXPENSES</b>			
Program Services	339,608	-	339,608
Supporting Services - Management and General	109,614	-	109,614
Supporting Services - Fundraising	14,405	-	14,405
Total Expenses and Losses	<u>463,627</u>	<u>-</u>	<u>463,627</u>
<b>CHANGE IN NET ASSETS</b>	84,103	-	84,103
Net Assets - Beginning of Year (Restated)	<u>156,001</u>	<u>-</u>	<u>156,001</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 240,104</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 240,104</u></u>

See accompanying Notes to Financial Statements.

**BETTER DAY ADULT SOCIAL PROGRAM  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2023**

	Program Expenses	Supporting Services		Total Expenses
		Management and General	Fundraising and Development	
Salaries and Related Expenses	\$ 230,748	\$ 75,351	\$ -	\$ 306,099
Occupancy	5,945	661	-	6,606
Professional Services	-	14,061	-	14,061
Insurance	-	11,576	-	11,576
Interest	19,571	2,802	-	22,373
Staff Development	1,425	-	-	1,425
Depreciation	15,745	1,750	-	17,495
Utilities	8,419	935	-	9,354
Program Supplies	35,456	-	-	35,456
Repairs and Maintenance	22,299	2,478	-	24,777
Event Expenses	-	-	3,708	3,708
Advertising and Promotion	-	-	10,697	10,697
<b>Total Functional Expenses</b>	<b>\$ 339,608</b>	<b>\$ 109,614</b>	<b>\$ 14,405</b>	<b>\$ 463,627</b>

See accompanying Notes to Financial Statements.

**BETTER DAY ADULT SOCIAL PROGRAM  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2023**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets	\$ 84,103
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation	17,495
(Increase) Decrease in Assets:	
Accounts Receivable, Net	825
Increase (Decrease) in Liabilities:	
Accrued Expenses and Other Liabilities	9,032
Deferred Revenue	7,125
Net Cash Provided by Operating Activities	<u>118,580</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of Property and Equipment	<u>(47,743)</u>
Net Cash Provided (Used) by Investing Activities	(47,743)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Payments on Mortgage and Loan Payable	<u>(23,352)</u>
Net Cash Provided (Used) by Financing Activities	<u>(23,352)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	47,485
Cash and Cash Equivalents - Beginning of Year	<u>99,808</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 147,293</u></u>
<b>SUPPLEMENTAL DISCLOSURE(S) OF CASH FLOW INFORMATION</b>	
Cash Paid During the Year for:	
Interest	<u><u>\$ 21,746</u></u>

See accompanying Notes to Financial Statements.

**BETTER DAY ADULT SOCIAL PROGRAM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 ORGANIZATION**

**Organization**

Better Day Adult Social Program (the Organization) is a 501(c)(3) nonprofit organization that offers a social day program uniquely designed to support, connect, and provide meaningful engagement for adults living with cognitive impairment in the MetroWest area. The Organization provides social services necessary for the functioning of an adult daycare center, offering services to individuals that wish to maintain their independent living status and benefit from the interaction and peer support they receive from the program.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis and in accordance with the reporting principles of nonprofit accounting as defined by professional standards. A summary of significant account policies consistently applied in preparation of the accompanying financial statements follows.

**Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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.

**Display of Net Assets by Class**

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purposes for which the resources was restricted has been fulfilled, or both.

**BETTER DAY ADULT SOCIAL PROGRAM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

For financial statement purposes, the Organization considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

**Accounts Receivable**

Accounts receivables arise during the provision of program services. An estimated allowance for credit loss is recorded to the extent it is probable that a portion or all of a particular account will not be collected. In evaluating the collectability of other receivables, the Organization considers a number of factors, including payment trends, age of the accounts and, if applicable, the status of ongoing disputes with third-parties. Actual collections in subsequent periods may require changes in the estimated allowance for credit losses. Changes in these estimates are charged or credited to revenue as a contractual allowance in the period of the change in estimate. As of December 31, 2023, accounts receivable were expected to be collected within one year and management considered the amounts to be fully collectible.

**Property and Equipment**

Property and equipment are stated at cost if acquired, or if donated at fair value on the date of donation. The Organization capitalizes all nonexpendable items with a cost in excess of \$2,000 and a useful life greater than one year. Expenditures for repairs and maintenance are expensed when incurred. Depreciation is computed using the straight-line method over useful estimated lives of the assets as follows:

Buildings	39 Years
Building Improvements	10 to 39 Years

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the assets' carrying amount over the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

**Revenue Recognition**

To determine revenue recognition for the arrangements that the Organization determines are within the scope of Topic 606, the Organization performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligation(s) in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligation(s) in the contract, and (5) recognize revenue when the Organization satisfies a performance obligation. Performance obligations are determined based on the nature of the services provided by the Organization. Revenue that consists of performance obligations satisfied at a point in time is generally recognized when criteria for the contract have been achieved, or when specific events have occurred, and when there are no additional services related to that obligation.

**BETTER DAY ADULT SOCIAL PROGRAM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

Program service fees are billed at in the month prior to services commencing. Accordingly, billings are recorded as deferred revenue if the payments are received before the services are completed. Program service revenue is recognized over time as the services are rendered.

The Organization’s contract assets and liabilities included accounts receivable and deferred revenue during 2023. The following reconciles the changes in the accounts during 2023:

Accounts Receivable - January 1 (Restated)	\$	1,425
Net Change in Accounts Receivable		(825)
Accounts Receivable - December 31	<u>\$</u>	<u>600</u>
Deferred Revenue - Beginning of Year, January 1	\$	-
Net Change in Deferred Revenue		7,125
Deferred Revenue - End of Year, December 31	<u>\$</u>	<u>7,125</u>

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the statements of activities as net assets released from restrictions. If restrictions are met in the year received, the revenue is recognized as contributions without donor restrictions.

**Functional Expense Allocations**

The costs of providing the various programs and the administration of the Organization have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting services benefited.

*Employee Compensation and Related Expenses* – Compensation is allocated based on time and effort; related expenses, such as payroll taxes and fringe benefits, are allocated in the same proportions as employee compensation.

*Allocation of Other Expenses* – Certain expenses, including depreciation, utilities, and repairs and maintenance are allocated to programs and supporting services based on the square footage that each function occupies in the building.

**Concentration of Credit Risk**

The Organization maintains its cash balances with a high-quality financial institution. Periodically, such amounts may exceed Federal Deposit Insurance Corporation (FDIC) limits. Risk associated with cash are mitigated by banking with creditworthy institutions. The Organization has not experienced any losses in such accounts.

**BETTER DAY ADULT SOCIAL PROGRAM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

Better Day Adult Social Program is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of IRC. Better Day Adult Social Program files as a tax-exempt organization.

**Loan Issuance Costs**

The Organization presents loan issuance costs as a direct deduction from the face amount of the related borrowings, amortizing debt issuance costs using the effective interest method over the life of the debt, and records the amortization as a component of interest expense.

**Donated Services and In-Kind Contributions**

Donated materials and services are reflected as contributions at their estimated fair market value at date of donation. Contributions of services are only recognized if the services received (a) create or enhance nonfinancial assets, and (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations. Donated goods or services for the year ended December 31, 2023 were as follows:

	<u>Value</u>	<u>Usage/ Restrictions</u>	<u>Fair Value Technique</u>
Donated Meals	\$ 2,080	Restricted and Utilized for Program Activities	Estimated Retail Cost of Food
Contributed Services	3,800	Restricted and Utilized for Program Activities	Value of Services if Purchased Based on Hourly Rates
Total	<u>\$ 5,880</u>		

**Subsequent Events**

Subsequent events have been evaluated through May 14, 2024, which is the date the financial statements were available to be issued.

**Adoption of New Accounting Standard**

At the beginning of 2023, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of the Standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

**BETTER DAY ADULT SOCIAL PROGRAM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

The Organization regularly monitors liquidity to meet its operating needs and other financial obligations. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following as of December 31:

Cash and Cash Equivalents	\$ 147,293
Accounts Receivable	600
Total	<u>\$ 147,893</u>

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31, 2023:

Land	\$ 65,000
Building Improvements	43,927
Building	458,100
Subtotal	<u>567,027</u>
Less: Accumulated Depreciation and Amortization	<u>(17,495)</u>
Total Property and Equipment	<u>\$ 549,532</u>

Depreciation expense totaled \$17,495 for the year ended December 31, 2023.

**NOTE 5 LOANS PAYABLE**

The Organization had the following loans payable as of December 31:

<u>Description</u>	<u>Amount</u>
Mortgage Payable, payable in 120 monthly payments of \$548.37, bearing interest at 4.875%, due September 2032, secured by property.	\$ 46,797
Mortgage Payable, payable in 240 monthly payments of \$3,281.97, bearing interest at 4.75%, rate adjustable in September 2027 to FHLB Rate plus 2.5%, due September 2037, secured by property.	<u>395,354</u>
Subtotal	442,151
Less: Unamortized Closing Costs	(8,875)
Less: Current Portion of Mortgages Payable	<u>(25,275)</u>
Total	<u>\$ 408,001</u>

**BETTER DAY ADULT SOCIAL PROGRAM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 5 LOANS PAYABLE (CONTINUED)**

Future payments of the loans payable are as follows as of December 31:

<u>Year Ending December 31, 2023</u>	<u>Amount</u>
2024	\$ 25,275
2025	26,508
2026	27,801
2027	29,157
2028	30,579
Thereafter	302,831
Total	<u><u>\$ 442,151</u></u>

**NOTE 6 RESTATEMENT OF BEGINNING BALANCES**

The beginning net assets as of January 1, 2023 have been restated to correct for proper recognition of program service revenue in. In 2022, certain program service revenue was recognized in advance of the provision of services. As such, the following balances were restated as of January 1, 2023:

	<u>As Previously Stated December 31, 2022</u>	<u>As Restated December 31, 2022</u>	<u>Adjustment</u>
Accounts Receivable	\$ 42,675	\$ 1,425	\$ (41,250)
Net Assets Without Donor Restrictions	197,251	156,001	(41,250)



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