EDWARD STREET CHILD SERVICES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

O'Connor Maloney
CERTIFIED PUBLIC ACCOUNTANTS

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

November 29, 2018

The Board of Directors
Edward Street Child Services, Inc.

We have reviewed the accompanying financial statements of Edward Street Child Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018 and 2017 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

O'Connor, Maloney and Company, P.C.

Certified Public Accountants

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EDWARD STREET CHILD SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS

	2018	2017
Current		
Cash	27,425	43,663
Contributions Receivable	20,449	685
Prepaid Expenses	1,058	341
Interest Receivable	19,704	13,199
Total	68,636	57,888
Property and Equipment		
Computer Equipment	18,915	16,897
Less: Accumulated Depreciation	14,736	12,453
Net	4,179	4,444
Investments	2,814,743	2,956,458
Total Assets	2,887,558	3,018,790

LIABILITIES AND NET ASSETS

	2018	2017
Current		
Accounts Payable and Accrued Expenses	7,884	5,374
Net Assets		
Unrestricted	2,804,674	2,938,416
Temporarily Restricted	75,000	75,000
Total	2,879,674	3,013,416
Total Liabilities and Net Assets	2,887,558	3,018,790

See accompanying notes to financial statements
and independent accountants' review report.

EDWARD STREET CHILD SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Changes in Unrestricted Net Assets		
Support and Revenue:		
Grants and Donations	54,185	12,565
Investment Income	105,053	138,251
Net Realized Gain on Sale of Investments	57,891	141,588
Net Unrealized Gain on Investments	14,634	127,460
Net Assets Released from Restrictions	95,892	96,621
Total	327,655	516,485
Expenses:		
Program Services	312,800	299,857
Management and General	108,582	82,343
Fundraising and Development	40,015	37,236
Total	461,397	419,436
Increase (Decrease) in Unrestricted Net Assets	(133,742)	97,049
Changes in Temporarily Restricted Net Assets		
Grants and Donations	95,892	91,801
Net Assets Released from Restrictions	(95,892)	(96,621)
Decrease in Temporarily Restricted Net Assets	-	(4,820)
Increase (Decrease) in Net Assets	(133,742)	92,229
Net Assets, Beginning	3,013,416	2,921,187
Net Assets, Ending	2,879,674	3,013,416

See accompanying notes to financial statements
and independent accountants' review report.

O'Connor Maloney
CERTIFIED PUBLIC ACCOUNTANTS

EDWARD STREET CHILD SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018				2017			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Expenses								
Salaries	192,678	32,958	27,888	253,524	188,232	27,355	27,617	243,204
Payroll Taxes	15,231	2,605	2,205	20,041	14,528	2,111	2,132	18,771
Insurance	31,749	5,431	4,595	41,775	28,369	4,123	4,162	36,654
Program Expenses	46,670			46,670	40,502			40,502
Investment Fees		26,788		26,788		23,748		23,748
Depreciation		2,283		2,283		556		556
Legal and Accounting		12,240		12,240	295	10,038		10,333
Consulting Expenses		5,713		5,713		5,217		5,217
Rent	11,740	2,009	1,699	15,448	10,216	1,485	1,499	13,200
Telephone	2,178	372	315	2,865	2,831	412	415	3,658
Office Expenses	4,252	11,240	3,071	18,563	3,553	6,669	40	10,262
Conferences and Travel	7,732	5,369	242	13,343	10,620	405	876	11,901
Dues and Subscriptions	570	1,074		1,644	711	224	495	1,430
Utilities		500		500				-
Total	312,800	108,582	40,015	461,397	299,857	82,343	37,236	419,436

See accompanying notes to financial statements and independent accountants' review report.

EDWARD STREET CHILD SERVICES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

INCREASE (DECREASE) IN CASH

	2018	2017
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	(133,742)	92,229
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Used in Operating Activities:		
Depreciation	2,283	556
Net Realized and Unrealized Gain on Investments	(72,525)	(269,048)
(Increase) Decrease in Contributions Receivable	(19,764)	15,167
Increase in Prepaid Expenses	(717)	(341)
Increase in Interest Receivable	(6,505)	(1,841)
Increase (Decrease) in Accounts Payable and Accrued Expenses	2,510	(13,733)
Total Adjustments	(94,718)	(269,240)
Net Cash Used in Operating Activities	(228,460)	(177,011)
Cash Flows from Investing Activities		
Capital Expenditures	(2,018)	(5,000)
Proceeds from Sale of Investments	1,077,408	1,093,023
Purchase of Investments	(863,168)	(890,686)
Net Cash Provided by Investing Activities	212,222	197,337
Net Increase (Decrease) in Cash	(16,238)	20,326
Cash, Beginning	43,663	23,337
Cash, Ending	27,425	43,663

See accompanying notes to financial statements and independent accountants' review report.

EDWARD STREET CHILD SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

(See Independent Accountants' Review Report)

Note 1. Organization

The Organization is a non-profit organization located in Worcester, Massachusetts and is exempt from income taxes under Internal Revenue Code Section 501(c)(3). It serves to promote the growth of children and strengthening of families by improving the delivery of early learning services.

Note 2. Summary of Significant Accounting Policies

The Organization prepares its financial statements on the accrual method of accounting.

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

> Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the Organization. The Organization held no permanently restricted net assets at June 30, 2018 or 2017.
>
> Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. At June 30, 2018 and 2017, temporarily restricted net assets consist of a Master Teacher grant and an Early Childhood Matters grant from the Greater Worcester Community Foundation.
>
> Unrestricted net assets – Net assets not subject to donor-imposed stipulations.

Grants and other contributions are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions subject to donor imposed stipulations that are met in the same reporting period are reported as unrestricted support.

The Organization records certain types of in-kind support, including professional services, as contribution revenue. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as in-kind support are offset by equal amounts included in expenses or, if capitalized, property and equipment.

EDWARD STREET CHILD SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

(See Independent Accountants' Review Report)

Note 2. Summary of Significant Accounting Policies (cont.)

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support and revenue and expenses. Actual results could vary from the estimates that were used.

Property and Equipment are recorded at cost or, if donated, at the estimated fair market value at the date of the gift, and are depreciated on a straight-line basis over the estimated useful lives of the assets.

Investments stated at fair value and accordingly, changes in unrealized gains or losses are recognized in the period in which the changes occur. Investments are initially recorded on the trade date at the cost to purchase each investment, and donated investments are initially valued at fair value at the date of receipt.

The Organization is exempt from income tax under Section 501(3) of the Internal Revenue Code. Management does not believe the Organization's financial statements contain any uncertain tax positions. Generally, the Organization's tax returns remain subject to examination for a period of three years.

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

Certain reclassifications have been made to the 2017 financial statements to conform them to the 2018 presentation.

EDWARD STREET CHILD SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

(See Independent Accountants' Review Report)

Note 3. Investments

Investments are recorded at fair value determined from quoted market prices at each measurement date. Unrealized gains and losses are allocated to temporarily restricted and unrestricted net assets. Fair value is defined as the price that would be received to sell an asset (i.e. the "exit price") in an orderly transaction between market participants.

In determining fair value, the Organization uses various valuation approaches. U.S. generally accepted accounting principles establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in the markets that are not active or for which all significant inputs are observable, either directly or indirectly. The Organization held no Level 2 investments at June 30, 2018 and 2017.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The Organization held no Level 3 investments at June 30, 2018 and 2017.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

All investments are valued under Level 1 hierarchy of fair value measurement.

EDWARD STREET CHILD SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

(See Independent Accountants' Review Report)

Note 3. Investments (cont.)

The following is a summary of cost and fair values of investments at June 30, 2018:

	Cost	Fair Value
Cash Funds	74,240	74,240
Exchange Traded Products	69,556	65,258
Corporate Debt Securities	1,074,436	1,060,219
Equity Securities	1,003,891	1,561,683
Other	54,381	53,343
Total	2,276,504	2,814,743

The following is a summary of cost and fair values of investments at June 30, 2017:

	Cost	Fair Value
Cash Funds	111,176	111,176
Corporate Debt Securities	1,155,283	1,160,285
Equity Securities	1,147,795	1,684,997
Total	2,414,254	2,956,458

The following is a summary of the components of investment return:

	2018	2017
Interest and Dividends	105,053	138,251
Realized Gain on Investments	57,891	141,588
Unrealized Gain on Investments	14,634	127,460
Total	177,578	407,299

EDWARD STREET CHILD SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

(See Independent Accountants' Review Report)

Note 4. Operating Lease

In 2013, the Organization began leasing its operating facilities under a non-cancelable operating lease agreement with an initial term of three years. The lease was renewed for an additional one year period. In January 2018, the Organization renewed the lease for an additional five years.

Minimum future rental payments under this lease for each of the next five years are:

Year Ending June 30:

2019	19,284
2020	19,670
2021	20,063
2022	20,464
2023	10,333
Total	89,814

Rent expense incurred under these arrangements was $15,448 in 2018 and $13,200 in 2017.

Note 5. Date Through Which Subsequent Events Have Been Evaluated

The Organization has evaluated all material subsequent events from the end of the fiscal year through November 29, 2018, the date the financial statements were available to be issued.