EDWARD STREET CHILD SERVICES, INC.

FINANCIAL STATEMENTS

AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

JUNE 30, 2022 AND 2021

O'Connor Maloney
CERTIFIED PUBLIC ACCOUNTANTS

EDWARD STREET CHILD SERVICES, INC.

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O'Connor Maloney
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

December 12, 2022

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 statements of financial position as of June 30, 2022 and 2021 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.

We are required to be independent of Edward Street Child Services, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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

Certified Public Accountants

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EDWARD STREET CHILD SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS

	2022	2021
Current		
Cash	94,223	174,332
Contributions Receivable	184,762	54,127
Prepaid Expenses	9,818	5,167
Contract Retainer	1,250	-
Interest Receivable	15,660	13,958
Total	305,713	247,584
Property and Equipment		
Computer Equipment	24,428	24,428
Less: Accumulated Depreciation	22,361	21,258
Net	2,067	3,170
Investments	2,315,987	2,876,443
Total Assets	2,623,767	3,127,197

LIABILITIES AND NET ASSETS

	2022	2021
Current		
Accounts Payable and Accrued Expenses	152,533	78,479
Refundable Advance	-	12,779
Total	152,533	91,258
Net Assets		
Without Donor Restrictions	2,342,412	2,858,327
With Donor Restrictions	128,822	177,612
Total	2,471,234	3,035,939
Total Liabilities and Net Assets	2,623,767	3,127,197

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

EDWARD STREET CHILD SERVICES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Changes in Net Assets Without Donor Restrictions		
Support and Revenue:		
Grants and Donations	412,593	116,499
U.S. Government Grant	12,779	73,017
Program Services Fees	3,299	8,500
In-Kind Contribution	525	-
Investment Return, Net	(228,752)	574,022
Net Assets Released from Restrictions	96,290	435,344
Total	296,734	1,207,382
Expenses:		
Program Services	650,516	712,729
Management and General	100,360	89,396
Fundraising	61,773	51,023
Total	812,649	853,148
Increase (Decrease) in Net Assets Without Donor Restrictions	(515,915)	354,234
Changes in Net Assets With Donor Restrictions		
Grants and Donations	47,500	535,000
Net Assets Released from Restrictions	(96,290)	(435,344)
Increase (Decrease) in Net Assets With Donor Restrictions	(48,790)	99,656
Increase (Decrease) in Net Assets	(564,705)	453,890
Net Assets, Beginning	3,035,939	2,582,049
Net Assets, Ending	2,471,234	3,035,939

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

EDWARD STREET CHILD SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022				2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Expenses								
Salaries	205,411	35,136	29,730	270,277	256,975	43,956	37,194	338,125
Payroll Taxes	22,183	3,794	3,211	29,188	19,988	3,419	2,893	26,300
Insurance	39,911	6,827	5,777	52,515	41,729	7,138	6,040	54,907
Program Expenses	207,231			207,231	297,493			297,493
Depreciation		1,103		1,103		1,159		1,159
Legal and Accounting		18,500		18,500		15,697		15,697
Consulting Expenses	104,678	17,907	15,151	137,735	75,812	3,447	2,108	81,367
Rent	15,895	2,718	2,301	20,914	13,990	2,393	2,025	18,408
Telephone	1,687	289	244	2,220	2,645	452	383	3,480
Office Expenses	1,101	9,481	5,120	15,701	1,351	8,792	166	10,309
Conferences and Travel	1,866	3,057		4,923	724	1,647		2,371
Dues and Subscriptions	48,895	1,265		50,160	546	1,044		1,590
Utilities	1,658	284	240	2,182	1,476	252	214	1,942
Total	650,516	100,360	61,773	812,649	712,729	89,396	51,023	853,148

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

EDWARD STREET CHILD SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	(564,705)	453,890
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Used in Operating Activities:		
Depreciation	1,103	1,159
Net Realized and Unrealized (Gain) Loss on Investments	294,863	(502,773)
Increase in Contributions Receivable	(130,635)	(48,276)
Increase in Prepaid Expenses	(4,651)	(2,237)
(Increase) Decrease in Interest Receivable	(1,702)	3,255
Increase in Contract Retainer	(1,250)	-
Increase in Accounts Payable and Accrued Expenses	74,054	67,715
Increase (Decrease) in Refundable Advance	(12,779)	3,039
Total Adjustments	219,003	(478,118)
Net Cash Used in Operating Activities	(345,702)	(24,228)
Cash Flows from Investing Activities		
Proceeds from Sale of Investments	823,684	657,241
Purchase of Investments	(558,091)	(551,744)
Net Cash Provided by Investing Activities	265,593	105,497
Net Increase (Decrease) in Cash	(80,109)	81,269
Cash, Beginning	174,332	93,063
Cash, Ending	94,223	174,332

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

Note 1. Organization

Edward Street Child Services, Inc. (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.

Revenue and the related costs are recorded by the Organization when evidence of an arrangement exist, services have been rendered, the fee is fixed or determinable, and the collection of resulting receivables is reasonably assured.

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:

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or passage of time.

Net assets without donor restrictions – Net assets not subject to donor-imposed stipulations.

Grants and other contributions are reported as with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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.

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 purchases in excess of $2,500 are capitalized at cost, if purchased, or if donated, at the fair value at the date of receipt and are depreciated on a straight-line basis over the estimated useful lives of the assets.

Investments are 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.

Refundable advance represents unexpended amounts under the Paycheck Protection Program Loan. Support is recognized as the qualified expenses are paid.

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.

Note 3. Investments

Investments are recorded at fair value determined from quoted market prices at each measurement date. 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.

Note 3. Investments (cont.)

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.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

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.

The following is a summary of cost and fair values of investments at June 30, 2022:

	Cost	**Fair Value**
Cash Funds	16,317	16,317
Corporate Debt Securities	1,120,503	977,033
Equity Securities	846,117	1,245,961
Other	52,482	76,676
Total	2,035,419	2,315,987

Note 3. Investments (cont.)

The following is a summary of cost and fair values of investments at June 30, 2021:

	Cost	Fair Value
Cash Funds	89,375	89,375
Corporate Debt Securities	923,237	968,689
Equity Securities	979,137	1,673,184
Mutual Funds	50,000	64,153
Other	52,482	81,042
Total	2,094,231	2,876,443

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

	2022	2021
Interest and Dividend Income	89,774	91,925
Realized Gain on Investments	189,321	146,024
Unrealized Gain on Investments	(484,185)	356,749
	(205,090)	594,698
Less: Investment Expense	23,662	20,676
Net	(228,752)	574,022

Note 4. Net Assets with Donor Restrictions

Net Assets with Donor Restrictions consist of:

	2022	2021
Purpose Restrictions		
Computer technology Grant	1,663	6,206
Sponsorship	2,500	-
Together for Kids Grant	124,659	171,406
Total	128,822	177,612

EDWARD STREET CHILD SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

(See Independent Accountants' Review Report)

Note 5. Operating Lease

The Organization leases its operating facilities under a non-cancelable operating lease agreement that expires in December 2022.

Following is the minimum future rental payment required under the lease for the next year:

Year Ending June 30:	
2023	10,333
Total	10,333

Rent expense incurred under non-cancelable operating leases totaled $20,914 in 2022 and $18,408 in 2021.

Note 6. Operating Liquidity

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

	2022
Cash	94,223
Receivables	200,424
Investments	2,315,987
	2,610,634
Less: Amount Subject to Donor Restrictions	128,822
Financial assets available to meet cash needs for general expenditures within one year	2,481,812

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 7. Commitment and Contingencies

In March 2020, local, U.S. and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating the temporary shut-down of business in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management expects this matter may have a material financial impact on the Organization's financial position, investment balances and results of future operations, such potential impact cannot be reasonably estimated.

In an effort to reduce the negative economic impact of the global pandemic, the United States Government provided economic stimulus under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Part of the CARES Act includes a forgivable loan program administered by the Small Business Administration (SBA) called the Paycheck Protection Program (PPP). The Organization applied for a PPP loan and in May 2020, it received proceeds of $66,500 and had twenty-four weeks to use at least sixty percent of the funds for payroll costs and the remainder for other qualified expenses. The Organization used the funds for the aforementioned criteria and applied for and was granted loan forgiveness for the full amount of the loan. Qualified disbursements may be subject to audit by the SBA.

The Organization applied for a second PPP loan and on April 28, 2021 and received proceeds of $76,055. The requirements under the second PPP loan must meet the same criteria as the first PPP loan and the terms of forgiveness are also the same. The Organization used the funds for the aforementioned criteria and applied for and was granted loan forgiveness for the full amount of the loan. Qualified disbursements may be subject to audit by the SBA

Note 8. Subsequent Events

The Organization has evaluated all material subsequent events from the end of the fiscal year through December 12, 2022, the date the financial statements were available to be issued.

At December 12, 2022, the Organization's investment balance had decreased by approximately $15,000 since June 30, 2022.