EDWARD STREET CHILD SERVICES, INC.

FINANCIAL STATEMENTS

AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

JUNE 30, 2024 AND 2023

EDWARD STREET CHILD SERVICES, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

December 2, 2024

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, 2024 and 2023, 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 reviews.

Accountants' Conclusion

Based on our reviews, 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.

Certified Public Accountants

EDWARD STREET CHILD SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

ASSETS

	2024	2023
Current		
Cash	21,419	81,565
Grants Receivable	62,125	62,519
Prepaid Expenses	15,415	7,121
Contract Retainer	-	1,250
Interest Receivable	11,167	13,595
Total	110,126	166,050
Property and Equipment		
Computer Equipment	24,428	24,428
Less: Accumulated Depreciation	24,428	23,463
Net	-	965
Noncurrent		
Operating Lease Right-of-Use Asset	79,504	100,814
Investments	2,022,768	2,235,788
Total	2,102,272	2,336,602
Total Assets	2,212,398	2,503,617

LIABILITIES AND NET ASSETS

	2024	2023
Current		
Accounts Payable and Accrued Expenses	40,535	42,186
Current Portion of Operating Lease Liability	21,267	19,576
Total	61,802	61,762
Noncurrent		
Operating Lease Liability, Net of Current Portion	61,107	82,375
Net Assets		
Without Donor Restrictions	1,980,339	2,196,039
With Donor Restrictions	109,150	163,441
Total	2,089,489	2,359,480
Total Liabilities and Net Assets	2,212,398	2,503,617

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, 2024 AND 2023

	2024	2023
Changes in Net Assets Without Donor Restrictions		
Support and Revenue:		
Grants and Donations	214,205	240,902
Program Services Fees	12,825	8,850
In-Kind Contribution	-	250
Investment Return, Net	259,977	202,737
Net Assets Released from Restrictions	221,541	205,381
Total	708,548	658,120
Expenses:		
Program Services	649,333	605,533
Management and General	175,036	119,437
Fundraising	99,878	79,523
Total	924,247	804,493
Decrease in Net Assets Without Donor Restrictions	(215,699)	(146,373)
Changes in Net Assets With Donor Restrictions		
Grants and Donations	167,250	240,000
Net Assets Released from Restrictions	(221,541)	(205,381)
Increase (Decrease) in Net Assets With Donor Restrictions	(54,291)	34,619
Decrease in Net Assets	(269,990)	(111,754)
Net Assets, Beginning	2,359,480	2,471,234
Net Assets, Ending	2,089,490	2,359,480

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, 2024 AND 2023

	2024	2023
Cash Flows from Operating Activities		
Decrease in Net Assets	(269,990)	(111,754)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Used in Operating Activities:		
Depreciation	965	1,103
Amortization of Right-of-Use Asset, Net	1,734	1,137
Net Realized and Unrealized Gain on Investments	(188,582)	(129,648)
Decrease in Contributions Receivable	394	122,243
(Increase) Decrease in Prepaid Expenses	(8,294)	2,697
Decrease in Interest Receivable	2,428	2,065
Decrease in Contract Retainer	1,250	-
Decrease in Accounts Payable and Accrued Expenses	(1,651)	(110,347)
Total Adjustments	(191,756)	(110,750)
Net Cash Used in Operating Activities	(461,746)	(222,504)
Cash Flows from Investing Activities		
Proceeds from Sale of Investments	573,499	511,120
Purchase of Investments	(171,899)	(301,274)
Net Cash Provided by Investing Activities	401,600	209,846
Net Decrease in Cash	(60,146)	(12,658)
Cash, Beginning	81,565	94,223
Cash, Ending	21,419	81,565

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	2024	2023
Right-of-Use Asset Received in Exchange for Operating Lease Liability	-	119,734

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, 2024 AND 2023

	2024				2023			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Expenses								
Salaries and Related Expenses	358,643	61,346	51,910	471,899	316,940	54,213	45,873	417,026
Payroll Taxes	21,823	3,733	3,159	28,715	21,486	3,675	3,110	28,271
Insurance	6,135	1,050	888	8,073	3,665	627	531	4,823
Program Expenses	51,185			51,185	125,826			125,826
Depreciation		965		965		1,103		1,103
Legal and Accounting		52,249		52,249		20,503		20,503
Consulting Expenses	187,564	32,083	27,147	246,794	113,911	19,485	16,487	149,883
Rent	18,173	3,109	2,630	23,912	16,918	2,894	2,449	22,261
Office Expenses	815	12,497	13,856	27,168	2,172	9,697	10,811	22,680
Conferences and Travel	2,198	6,597		8,795	1,866	5,665		7,531
Dues and Subscriptions	805	1,067		1,872	941	1,265		2,206
Utilities	1,992	340	288	2,620	1,808	310	262	2,380
Total	649,333	175,036	99,878	924,247	605,533	119,437	79,523	804,493

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

EDWARD STREET CHILD SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

(See 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.

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

(See Independent Accountants' Review Report)

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

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.

The Organization adopted Accounting Standards Codification 842: Leases as of July 1, 2022.

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.

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.

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the company that are subject to the guidance in FASB ASC 326 were trade accounts receivable.

The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/ enhanced disclosures only.

Certain reclassifications have been made to the 2023 financial statements to conform them to them to the 2024 presentation.

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.

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.

Note 3. Investments (cont.)

The following is a summary of cost and fair values of investments at June 30, 2024:

	Cost	Fair Value
Cash Funds	29,024	29,024
Corporate Debt Securities	741,139	677,670
Equity Securities	641,187	1,257,760
Other	52,482	58,314
Total	1,463,832	2,022,768

The following is a summary of cost and fair values of investments at June 30, 2023:

	Cost	Fair Value
Cash Funds	121,706	121,706
Corporate Debt Securities	762,034	666,665
Equity Securities	137,978	136,888
Mutual Funds	741,013	1,252,347
Other	52,482	58,182
Total	1,815,213	2,235,788

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

	2024	2023
Interest and Dividend Income	88,003	90,145
Realized Gain on Investments	63,374	4,826
Unrealized Gain on Investments	125,208	124,822
Investment Expense	(16,608)	(17,056)
Net	259,977	202,737

(See Independent Accountants' Review Report)

Note 4. Net Assets with Donor Restrictions

Net Assets with Donor Restrictions consist of:

	2024	2023
Purpose Restrictions		
Master Teacher Grant	10,000	54,262
Together for Kids Grant	87,400	109,179
Day of Play	11,750	-
Total	109,150	163,441

Note 5. Operating Lease

In January 2018, the Organization entered into a non-cancelable operating lease agreement of its facilities that expired in December 2022 with one 5-year option to extend that was exercised in January 2023, which expires in December 2027. The Organization is also responsible for contingent rental payments of certain operating expenses associated with the building. The weighted-average discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term. Operating leases with a term of 12 months or less are not recorded on the statement of financial position.

Total right-of-use assets and lease liabilities at June 30, 2024 and 2023 are as follows:

	2024	2023
Lease Assets-Classification on Balance Sheet:		
Operating Lease Right-of-Use	79,504	100,814
Lease Liabilities-Classification on Balance Sheet:		
Operating Lease Liabilities	82,374	101,951

Total lease costs for the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Operating Lease Costs:		
Minimal Rentals	22,178	19,349
Contingent Rentals	1,734	2,912
Total Short-term Lease Costs	23,912	22,261

EDWARD STREET CHILD SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

(See Independent Accountants' Review Report)

Note 5. Operating Lease (cont.)

Weighted-Average Discount Rate:	
Operating leases	2.85%
Weighted-average remaining lease term:	
Operating lease	3.50

Future minimum lease payments required under operating and finance leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

Year Ending June 30,	Operating Amounts
2025	23,287
2026	24,452
2027	25,674
2028	13,150
Total Lease Payment	86,563
Less: Imputed Interest	4,189
Present Value of Lease Liabilities	82,374

Operating Cash Flows from Operating Leases	22,178	19,349

Note 6. Retirement Plan Expense

The Organization maintains a defined contribution retirement plan to provide benefits for eligible employees. Contributions, which are determined by the Board of Directors, totaled $14,914 for 2024 and $13,499 for 2023.

Note 7. Concentrations

The Organization received a substantial amount of its revenue from the City of Worcester. If a significant reduction in the level of its funding were to occur, it may have an effect on the Organization's programs and activities.

Note 8. Contingencies and Uncertainties

The Organization received financial assistance in the form of a state contract. Entitlement to these resources is generally conditioned upon compliance with terms and conditions of contracts and budgets and applicable regulations, including the expenditures of the resources for eligible purposes. Substantially all contracts are subject to financial and compliance audits by each funding source. Any disallowance as a result of audits becomes a liability of the Organization. As of June 30, 2024, the Organization does not anticipate any material liabilities will result from such audits.

Note 9. Operating Liquidity

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

	2024
Cash	21,419
Receivables	73,292
Investments	2,022,768
	2,117,479
Less: Amount Subject to Donor Restrictions	109,150
Financial assets available to meet cash needs for general expenditures within one year	2,008,329

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 10. Subsequent Events

The Organization has evaluated all material subsequent events from the end of the fiscal year through December 2, 2024, the date the financial statements were available to be issued.