THE CHARLES RIVER ASSOCIATION FOR RETARDED CITIZENS, INC.
D/B/A THE CHARLES RIVER CENTER
AND AFFILIATES

COMBINED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

THE CHARLES RIVER ASSOCIATION FOR RETARDED CITIZENS, INC.
D/B/A THE CHARLES RIVER CENTER AND AFFILIATES

Contents
June 30, 2023 and 2022

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Independent Auditor's Report

To the Boards of Directors of
The Charles River Association for Retarded Citizens, Inc.
d/b/a The Charles River Center and Affiliates:

Opinion

We have audited the combined financial statements of The Charles River Association for Retarded Citizens, Inc. d/b/a The Charles River Center and Affiliates (Massachusetts corporations, not for profit) (collectively, the Agency), which comprise the combined statements of financial position as of June 30, 2023 and 2022, 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 combined financial position of The Charles River Association for Retarded Citizens, Inc. d/b/a The Charles River Center and Affiliates as of June 30, 2023 and 2022, 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 Agency 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.

Emphasis of Matter

As discussed in Note 2 to the combined financial statements, effective July 1, 2022, the Agency adopted Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. 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 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 Agency'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.

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 Agency'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 Agency'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 26 through 29 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 information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Boston, Massachusetts
October 24, 2023

THE CHARLES RIVER ASSOCIATION FOR RETARDED CITIZENS, INC.
D/B/A THE CHARLES RIVER CENTER AND AFFILIATES

Combined Statements of Financial Position
June 30, 2023 and 2022

Assets	**2023**	**2022**
Current Assets:		
Cash and cash equivalents	$ 6,359,456	$ 4,484,022
Restricted cash	314,126	272,798
Accounts receivable, net of allowance for doubtful accounts of approximately $24,000 and $64,000 at June 30, 2023 and 2022, respectively	4,147,668	4,624,732
Grant receivable	5,261,043	-
Prepaid expenses and other	194,305	238,251
Total current assets	16,276,598	9,619,803
Certificate of Deposit	131,045	130,717
Investments	11,698,896	16,042,139
Right-of-Use Operating Lease Assets	236,795	-
Construction in Progress	336,374	135,479
Property and Equipment, net	23,746,839	17,636,415
Total assets	$ 52,426,547	$ 43,564,553
Liabilities and Net Assets		
Current Liabilities:		
Current portion of bond payable	$ 272,065	$ -
Current portion of operating lease liabilities	96,455	-
Accounts payable, accrued expenses and other	1,899,668	1,736,512
Conditional Grant Advance	392,363	-
Total current liabilities	2,660,551	1,736,512
Deferred Retirement	355,988	300,115
Operating Lease Liabilities, net of current portion	145,111	-
Bond Payable and Unamortized Debt Issuance Costs, net of current portion	7,156,138	6,452,889
Total liabilities before conditional debt	10,317,788	8,489,516
Conditional Debt	885,755	885,755
Total liabilities	11,203,543	9,375,271
Net Assets:		
Without donor restrictions:		
Operating	17,862,365	16,214,217
Board designated	7,000,000	7,000,000
Property and equipment	12,603,138	7,230,576
Total without donor restrictions	37,465,503	30,444,793
With donor restrictions	3,757,501	3,744,489
Total net assets	41,223,004	34,189,282
Total liabilities and net assets	$ 52,426,547	$ 43,564,553

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

THE CHARLES RIVER ASSOCIATION FOR RETARDED CITIZENS, INC.
D/B/A THE CHARLES RIVER CENTER AND AFFILIATES

Combined Statements of Activities
For the Years Ended June 30, 2023 and 2022

	2023	**2022**
Net Assets Without Donor Restrictions:		
Operating support and revenue:		
Contract revenue and program service fees	$ 34,632,749	$ 31,200,244
Grants:		
Gross grant income - $5,287,916 for the year ended June 30, 2023		
Less - direct consulting expense - $754,027 for the year ended June 30, 2023		
Net grants	4,533,889	49,827
Investment income, net of fees	643,086	537,067
Fundraising revenue	413,934	787,680
Other	19,953	35,689
Net assets released from purpose restrictions	1,980	525
Total operating support and revenue	40,245,591	32,611,032
Operating expenses:		
Program services:		
Residential	21,825,811	21,062,189
Day activities	5,248,126	4,993,541
Family support	3,346,663	2,718,254
Total program services	30,420,600	28,773,984
Supporting services:		
General and administrative	3,009,299	2,954,816
Fundraising	338,139	280,378
Total supporting services	3,347,438	3,235,194
Total operating expenses	33,768,038	32,009,178
Changes in net assets without donor restrictions from operations	6,477,553	601,854
Non-operating revenue (expense):		
Net realized/unrealized gains (losses) on investments	543,157	(2,377,039)
Insurance proceeds, net	-	28,264
Write-off of unamortized debt issuance costs	-	(47,036)
Total non-operating revenue (expense)	543,157	(2,395,811)
Changes in net assets without donor restrictions	7,020,710	(1,793,957)
Net Assets With Donor Restrictions:		
Fundraising revenue	14,992	26,960
Net assets released from purpose restrictions	(1,980)	(525)
Changes in net assets with donor restrictions	13,012	26,435
Changes in net assets	$ 7,033,722	$ (1,767,522)

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

THE CHARLES RIVER ASSOCIATION FOR RETARDED CITIZENS, INC.
D/B/A THE CHARLES RIVER CENTER AND AFFILIATES

Combined Statements of Changes in Net Assets
For the Years Ended June 30, 2023 and 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, June 30, 2021	$ 32,238,750	$ 3,718,054	$ 35,956,804
Changes in net assets	(1,793,957)	26,435	(1,767,522)
Balance, June 30, 2022	30,444,793	3,744,489	34,189,282
Changes in net assets	7,020,710	13,012	7,033,722
Balance, June 30, 2023	$ 37,465,503	$ 3,757,501	$ 41,223,004

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

Combined Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities:		
Changes in net assets	$ 7,033,722	$ (1,767,522)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,165,901	1,102,675
Non-cash lease expense	4,771	-
Bad debts	80,016	6,635
Write-off of unamortized debt issuance costs	-	47,036
Net unrealized/realized (gains) losses on investments	(543,157)	2,377,039
Changes in operating assets and liabilities:		
Accounts receivable	397,048	(1,602,428)
Grant receivable	(5,261,043)	-
Prepaid expenses and other	43,946	64,045
Accounts payable, accrued expenses and other	219,029	(484,135)
Conditional grant advance	392,363	-
Net cash provided by (used in) operating activities	3,532,596	(256,655)
Cash Flows from Investing Activities:		
Acquisition of property and equipment	(260,004)	(524,687)
Cash paid for construction in progress	(7,217,216)	(2,385,779)
Purchases of investments	(649,989)	(840,386)
Proceeds from sales of investments	5,536,389	-
Interest earned on certificate of deposit	(328)	(736)
Net cash used in investing activities	(2,591,148)	(3,751,588)
Cash Flows from Financing Activities:		
Principal payments of bonds payable	-	(4,996,416)
Cash paid for debt issuance costs	(14,686)	(109,753)
Proceeds from bonds payable	990,000	6,562,642
Net cash provided by financing activities	975,314	1,456,473
Net Change in Cash, Cash Equivalents and Restricted Cash	1,916,762	(2,551,770)
Cash, Cash Equivalents and Restricted Cash:		
Beginning of year	4,756,820	7,308,590
End of year	$ 6,673,582	$ 4,756,820
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Combined Statements of Financial Position:		
Cash and cash equivalents	$ 6,359,456	$ 4,484,022
Restricted cash	314,126	272,798
Total cash, cash equivalents and restricted cash shown in the combined statements of cash flows	$ 6,673,582	$ 4,756,820
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 195,155	$ 173,332
Supplemental Disclosure of Non-Cash Transaction:		
Construction in progress placed in service	$ 7,016,321	$ 2,598,126

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

THE CHARLES RIVER ASSOCIATION FOR RETARDED CITIZENS INC.
D/B/A THE CHARLES RIVER CENTER AND AFFILIATES

Combined Statement of Functional Expenses
For the Year Ended June 30, 2023
(With Summarized Comparative Totals for the Year Ended June 30, 2022)

	2023								2022
	Program Services				Supporting Services				
	Residential	Day Activities	Family Support	Total Program Services	General and Adminis-trative	Fundraising	Total Supporting Services	Total	Total
Operating Expenses:									
Personnel costs:									
Salaries and wages	$ 14,580,878	$ 3,252,363	$ 1,172,562	$ 19,005,803	$ 1,309,295	$ 173,923	$ 1,483,218	$ 20,489,021	$ 19,935,521
Employee benefits	2,010,090	472,824	100,794	2,583,708	212,175	18,320	230,495	2,814,203	2,939,306
Payroll taxes	1,173,687	249,916	89,282	1,512,885	85,947	13,100	99,047	1,611,932	1,550,015
Total personnel costs	17,764,655	3,975,103	1,362,638	23,102,396	1,607,417	205,343	1,812,760	24,915,156	24,424,842
Occupancy	1,299,765	609,575	98,847	2,008,187	5,754	5,458	11,212	2,019,399	2,092,338
Stipends	-	-	1,258,256	1,258,256	-	-	-	1,258,256	794,552
Contracted services	387,052	248,195	508,365	1,143,612	-	-	-	1,143,612	747,285
Program and office support	499,035	105,927	54,212	659,174	468,150	1,059	469,209	1,128,383	943,009
Depreciation	741,701	119,780	3,764	865,245	154,800	-	154,800	1,020,045	945,479
Professional fees	-	-	-	-	587,172	10,365	597,537	597,537	584,512
Food	483,009	-	38	483,047	-	-	-	483,047	429,154
Transportation	348,120	76,233	7,208	431,561	35,257	-	35,257	466,818	499,353
Interest	161,054	4,073	-	165,127	30,028	-	30,028	195,155	173,332
Staff travel and training	61,128	11,319	20,681	93,128	43,565	884	44,449	137,577	97,074
Program supplies	60,503	37,077	26,313	123,893	118	-	118	124,011	119,556
Fundraising expenses	-	-	-	-	-	112,107	112,107	112,107	79,853
Miscellaneous	5,017	5,728	4,461	15,206	68,790	2,923	71,713	86,919	72,204
Bad debts	14,772	55,116	1,880	71,768	8,248	-	8,248	80,016	6,635
Total operating expenses	$ 21,825,811	$ 5,248,126	$ 3,346,663	$ 30,420,600	$ 3,009,299	$ 338,139	$ 3,347,438	$ 33,768,038	$ 32,009,178

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

THE CHARLES RIVER ASSOCIATION FOR RETARDED CITIZENS INC.
D/B/A THE CHARLES RIVER CENTER AND AFFILIATES

Combined Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program Services				Supporting Services			
	Residential	Day Activities	Family Support	Total Program Services	General and Adminis-trative	Fundraising	Total Supporting Services	Total
Operating Expenses:								
Personnel costs:								
Salaries and wages	$ 14,176,227	$ 3,050,589	$ 1,076,262	$ 18,303,078	$ 1,478,444	$ 153,999	$ 1,632,443	$ 19,935,521
Employee benefits	1,931,966	624,650	137,853	2,694,469	238,320	6,517	244,837	2,939,306
Payroll taxes	1,128,488	233,689	80,073	1,442,250	96,352	11,413	107,765	1,550,015
Total personnel costs	17,236,681	3,908,928	1,294,188	22,439,797	1,813,116	171,929	1,985,045	24,424,842
Occupancy	1,373,496	598,703	115,000	2,087,199	-	5,139	5,139	2,092,338
Stipends	-	-	794,552	794,552	-	-	-	794,552
Contracted services	195,470	127,935	423,880	747,285	-	-	-	747,285
Program and office support	512,672	88,413	40,245	641,330	301,413	266	301,679	943,009
Depreciation	689,860	126,382	2,431	818,673	126,806	-	126,806	945,479
Professional fees	-	-	-	-	563,320	21,192	584,512	584,512
Food	428,936	-	218	429,154	-	-	-	429,154
Transportation	358,535	85,525	14,910	458,970	40,383	-	40,383	499,353
Interest	139,806	4,004	-	143,810	29,522	-	29,522	173,332
Staff travel and training	53,025	5,763	17,910	76,698	19,973	403	20,376	97,074
Program supplies	65,446	40,332	13,473	119,251	305	-	305	119,556
Fundraising expenses	-	-	-	-	-	79,853	79,853	79,853
Miscellaneous	3,549	6,592	500	10,641	59,967	1,596	61,563	72,204
Bad debts	4,713	964	947	6,624	11	-	11	6,635
Total operating expenses	$ 21,062,189	$ 4,993,541	$ 2,718,254	$ 28,773,984	$ 2,954,816	$ 280,378	$ 3,235,194	$ 32,009,178

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

1. OPERATIONS AND NONPROFIT STATUS

The Charles River Association for Retarded Citizens, Inc. d/b/a The Charles River Center (the Center) is a Massachusetts nonprofit corporation formed in 1964 to provide day, residential and educational services to developmentally disabled individuals. Its mission is to empower and support people with developmental disabilities by offering high-quality, individualized opportunities that foster independence and community inclusion.

The Center and its Affiliates (see 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). The Center and its Affiliates are also exempt from state income taxes. Donors may deduct contributions made to the Center and its Affiliates within IRC regulations.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Agency (see below) prepares its combined financial statements 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).

Principles of Combination

The combined financial statements include the accounts of the Center and its Affiliates: Webster Street II, Inc., California Street Corporation, Marked Tree Corporation, CRARC, Inc., West Street Corporation, and Marshall Road, Inc. (collectively, the Affiliates). The Center and the Affiliates are related through common Board of Directors and management. The Affiliates were established to provide disabled individuals with housing facilities and services specifically designed to meet their physical, social and psychological needs, and to promote their health, security, happiness, and usefulness in longer living.

The Center and the Affiliates are referred to collectively as “the Agency” in the accompanying combined financial statements. All significant intercompany transactions and balances have been eliminated in the accompanying combined financial statements.

Uncombined Affiliates

In January 2013, the Agency and eight other member organizations entered into an agreement to form an entity called "The Resource Consortium, LLC" (the LLC) to provide case management services for those eligible for both Medicaid and Medicare.

The Agency’s current investment of $8,000 is included in prepaid expenses and other in the accompanying combined statements of financial position as of June 30, 2023 and 2022. There were no amounts due to or from the LLC as of June 30, 2023 or 2022, or revenues earned or expenses incurred by the Agency for the LLC during fiscal year 2023 or 2022. The Agency does not exercise control over the LLC and, accordingly, the LLC’s balance sheet and operating activities are not included in the accompanying combined financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncement

In February 016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes the guidance in *Topic 840, Leases*. *Topic 842* amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-of-use (ROU) assets and lease liabilities in the combined statements of financial position for operating leases. The Agency adopted *Topic 842* effective July 1, 2022, using the optional transition method provided in ASU 2018-11, *Leases (Topic 842): Targeted Improvements*. Under this transition method, financial information related to years prior to adoption remains as originally reported under *Topic 840*. The Agency elected the package of practice expedients permitted under the transition guidance within the new standard, which allowed the Agency to carry forward historical lease classifications, as well as to skip reassessment of the treatment of initial direct costs and of whether a contract is or contains a lease. The Agency also elected to exclude short-term leases from the combined statements of financial position.

The most significant impact of adoption was the recognition of total operating lease ROU assets and operating lease liabilities of $325,848 and $331,305, respectively, as of the adoption date on July 1, 2022, related to lessee accounting. The Agency expects the impact of adoption to be immaterial to the combined statements of activities and cash flows on an ongoing basis.

Cash and Cash Equivalents

The Agency considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents, except those funds that the Agency is required to maintain in separate funds (see Note 4) and amounts that are included in the Agency's investments (see Note 5). For the purpose of the combined statements of cash flows, cash and restricted cash includes cash and cash equivalents and restricted cash (see Note 4).

Accounts Receivable

Accounts receivable are stated as unpaid balances, less an allowance for doubtful accounts. The Agency provides for losses on accounts receivable using the allowance method. The allowance is based on experience, payment terms, and other circumstances. It is the Agency's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Grant Receivable

Unconditional promises to give are reported as grants receivable at net realizable value on the date the promise is verifiably committed. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value, and those that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met (see Note 15).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certificate of Deposit

As of June 30, 2023 and 2022, the Agency held a thirty-six-month certificate of deposit (CD) which matures in August 2024. The CD bears interest at 0.25% at June 30, 2023 and 2022. The CD is reflected as a long-term asset in the accompanying combined statements of financial position due to the length of its initial term and management's intent to continue to renew it upon maturity.

Investments

Investments are recorded in the combined financial statements at fair value. If an investment is directly held by the Agency and an active market with quoted prices exists, the market price of an identical investment is used to report fair value. Reported fair values of shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. Interest, dividends and mutual fund distributions are recorded when earned. Gains and losses are recognized as incurred or based on fair value changes during the period (see Note 5).

Investments include an endowment as well as funds held by the Agency for long-term purposes and generally are not used for operations. Accordingly, these investments have been classified as non-current assets in the accompanying combined statements of financial position regardless of maturity or liquidity.

Right of Use Assets and Lease Liabilities

The Agency determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be a lease or contain a lease if the contract conveys the right to control the use of identified property or equipment (an identified asset) in exchange for consideration. The Agency determines such assets are leased because the Agency has the right to obtain substantially all of the economic benefits from and the right to direct the use of the identified asset.

Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the Agency determines it does not have the right to control and direct the use of the identified asset. The Agency's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the Agency separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the ROU lease assets and lease liabilities. The Agency has elected the practical expedient to not separate lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

Leases result in the recognition of ROU lease assets and lease liabilities on the combined statement of financial position. ROU lease assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Agency determines lease classification as operating or finance at the later of the adoption date or lease commencement date.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Right of Use Assets and Lease Liabilities (Continued)

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU lease asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Agency uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Agency uses a risk-free rate based on the information available at the later of July 1, 2022, or commencement date to determine the present value of lease payments.

The lease term may include options to extend or to terminate the lease that the Agency is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term. The Agency has elected not to record leases with an initial term of twelve months or less on the combined statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the time of donation. Renewals and betterments of $5,000 or more are capitalized, while repairs and maintenance are expensed as incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives (see Note 6):

Buildings	20 - 40 years
Buildings and land improvements	3 - 20 years
Vehicles	3 - 5 years
Furniture and equipment	3 - 10 years

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which approximates the effective interest method.

Estimates

The preparation of the 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.

Fair Value Measurements

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

The Agency 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 Agency. 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. All qualifying assets and liabilities are valued using Level 1 inputs.

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

Operating net assets represent net assets which are available for operations.

Board designated net assets represent amounts designated by the Board of Directors for specific purposes. These funds can be spent with the approval of the Board of Directors. Board designated net assets are comprised of the following at June 30, 2023 and 2022:

Operating Reserve	$ 4,000,000
Working Capital Reserve	3,000,000
Total	$ 7,000,000

Property and equipment net assets represent amounts expended and resources available for property and equipment as well as leased buildings and equipment, portions of restricted cash, and construction in progress, net of related debt including operating lease liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net Assets With Donor Restrictions

The Agency receives grants that are designated by donors for specific purposes. These contributions are recorded as net assets with donor restrictions until they are expended for their designated purposes.

Net assets with donor restrictions consist of the following as of June 30:

	2023	2022
Capital advances (see Note 11)	$ 3,562,152	$ 3,562,152
Purpose restricted	150,349	137,337
Endowment funds	45,000	45,000
Total	$ 3,757,501	$ 3,744,489

Revenue Recognition

In accordance with ASC Subtopic 958-605, *Revenue Recognition*, the Agency 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 measurable performance-related barriers 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 Agency 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 Agency's primary source of revenue is from various Commonwealth of Massachusetts agencies and program service fees and is included in contract revenue and program service fees in the accompanying combined statements of activities. Amounts received under contracts with various Commonwealth of Massachusetts agencies have been recorded in accordance with ASC Subtopic 958. These contracts are considered nonreciprocal transactions because the general public receives the benefit as a result of the assets transferred. These conditional contributions are recognized as services are provided or as costs are incurred (see Note 11).

Grants are recorded as services are provided and costs are incurred. Grants 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. Donor restricted grants received and satisfied in the same period are included in net assets without donor restrictions.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

The Agency generally measures revenue for qualifying exchange transactions based on the amount of consideration the Agency expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Agency satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Agency evaluates its revenue contracts with customers based on the five-step model under ASC Topic 606: (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 Agency also receives amounts for third party fees billed to Medicaid for services in the Agency's adult foster care and day habilitation programs. Residential client fees include charges related to the care of the Agency's clients that reside in program sites, including charges for rent and other daily services provided. Revenue from residential client fees is recognized over time as services are provided in accordance with Topic 606. Performance obligations are determined based on the nature of the services provided by the Agency and the transaction price is determined based on prospectively determined rates per occasion of service set by Medicaid. For the years ended June 30, 2023 and 2022, third party fee revenue recognized under ASC Topic 606 of $3,228,449 and $2,698,122, respectively, is included in contract revenue and program service fees in the accompanying combined statements of activities. Third party fee receivables are included in accounts receivable, net of allowance for doubtful accounts in the accompanying combined statements of financial position, and consisted of the following at:

June 30, 2023	June 30, 2022	July 1, 2021
$592,801	$324,945	$316,762

Fundraising revenue is derived from the Agency's fundraising events and revenues are recognized at the time the event takes place. Fundraising revenue consists of both contributions and sales. The contribution portion of the special event income is recognized as revenue when unconditionally committed or received. The sales portion of the special event income is derived from various components, including sponsorships and program ads, in which the transaction price is determined annually. Fees collected in advance of the special events are initially recorded as deferred revenue (contract liabilities) and are only recognized in the combined statements of activities after the special event has occurred and the performance obligation has been met. There was no deferred revenue as of June 30, 2023 and 2022, as fees were collected, and the events were held in the same period.

For contributions that have been recognized prior to adoption of Topic 958, the standard is not required to be retrospectively applied. Prior to the adoption of Topic 958, the Agency had received capital advances (see Note 11). The Agency had assessed the probability of non-compliance related to the capital advances as low or remote, and accordingly, recorded the grant as net assets with donor restrictions until the time restrictions expire.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Management fee revenue from the Agency's Affiliates totaled $31,692 and $30,570 for the years ended June 30, 2023 and 2022, respectively. Services are generally provided on an annual basis incident to separate management agreements with each affiliate. These agreements specify the compensation for each affiliate. Compensation is generally fixed under the relevant agreement as a percentage of the Affiliates' residential income collected. The management service is considered a single performance obligation and the performance obligations under the agreements are satisfied evenly over the year as the affiliate receives the benefits provided the Agency. These amounts and the related management fee receivables are eliminated in the accompanying combined financial statements.

All other revenue is recognized as earned.

Donated Goods and Services

The Agency recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Agency receives services from a number of volunteers who give significant amount of their time to the Agency's programs but which do not meet the criteria for combined financial statement recognition. There were no donated goods or services received for the years ended June 30, 2023 and 2022, that met the criteria for recognition in the accompanying combined financial statements.

Expense Allocation and Classification

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, employee benefits, and payroll taxes, which are allocated on the basis of time and effort; occupancy costs and depreciation, which are allocated on a square footage basis occupied by a particular program or department; and general and administrative costs, which are allocated based on a pro-rata percentage of the overall expenses of the Agency.

Total expenses for the year ended June 30, 2023, are $34,495,192, including consulting costs of $727,154, which are shown net with gross grants revenue in the accompanying 2023 combined statement of activities. These consulting costs relate to services provided for the Employee Retention Tax Credit (see Note 15).

Combined Statements of Activities

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating support and revenue and operating expenses in the accompanying combined statements of activities. Non-operating revenue and expenses includes return on investments, insurance proceeds, and write-off of unamortized debt issuance costs.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Agency 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 Agency has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the combined financial statements at June 30, 2023 and 2022.

Subsequent Events

Subsequent events have been evaluated through October 24, 2023, which is the date the combined financial statements were available to be issued. See Notes 9 and 15 for events that met the criteria for disclosure in the combined financial statements.

3. FUNDING AND CONCENTRATIONS

The Agency receives a significant portion of its total operating support and revenue (approximately 70% and 78% for the years ended June 30, 2023 and 2022, respectively) from the Massachusetts Department of Developmental Services (DDS) under unit-rate and cost-reimbursable contracts. These reimbursements are subject to audit by DDS. In the opinion of management, the results of such audits, if any, will not have a material effect on the combined financial position of the Agency as of June 30, 2023 and 2022, or on its combined changes in net assets for the years then ended. Approximately 11% of the Agency's total operating support and revenue for the year ended June 30, 2023, was from the U.S. Treasury.

Approximately 83% and 85% of the Agency's accounts receivable at June 30, 2023 and 2022, respectively, was due from DDS.

100% of the Agency's grants receivables was due from the U.S. Treasury at June 30, 2023.

4. RESTRICTED CASH

Restricted cash includes funds held under terms of agreements between the Affiliates and the U.S. Department of Housing and Urban Development (HUD). These amounts are held in separate bank accounts and withdrawals are restricted for specific expenditures, some of which require HUD's approval.

The balance of restricted cash consists of the following as of June 30:

	2023	2022
Reserve for replacements	$ 299,614	$ 259,285
Tenant security deposits	10,072	9,075
Residual receipts	3,521	3,519
Other reserves	919	919
Total	$ 314,126	$ 272,798

5. INVESTMENTS

The following is a summary of the investment portfolio as of June 30:

2023	Level 1	Level 2	Level 3	Total
Mutual funds:				
Stocks	$ 5,242,119	$ -	$ -	$ 5,242,119
Foreign stocks	2,185,493	-	-	2,185,493
Fixed income and other	1,549,236	-	-	1,549,236
Multi-strategy	1,378,316	-	-	1,378,316
Total mutual funds	10,355,164	-	-	10,355,164
Money market account	946,274			946,274
U.S. Treasury Bills	397,458	-	-	397,458
	$ 11,698,896	$ -	$ -	$ 11,698,896

2022	Level 1	Level 2	Level 3	Total
Mutual funds:				
Stocks	$ 5,860,394	$ -	$ -	$ 5,860,394
Foreign stocks	3,135,508	-	-	3,135,508
Fixed income and other	2,976,392	-	-	2,976,392
Multi-strategy	2,065,600	-	-	2,065,600
Total mutual funds	14,037,894	-	-	14,037,894
Money market account	2,004,245	-	-	2,004,245
	$ 16,042,139	$ -	$ -	$ 16,042,139

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

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2023	2022
Buildings and building and land improvements	$ 26,523,968	$ 25,318,867
Land	10,031,587	4,228,611
Furniture and equipment	2,298,063	2,145,551
Vehicles	2,280,067	2,193,759
	41,133,685	33,886,788
Less - accumulated depreciation	17,386,846	16,250,373
	$ 23,746,839	$ 17,636,415

6. PROPERTY AND EQUIPMENT (Continued)

Depreciation expense was $1,165,901 and $1,102,675 for the years ended June 30, 2023 and 2022, respectively, of which $145,856 and $157,196, respectively, of depreciation pertaining to the Merritt Building is included in occupancy in the accompanying combined statements of functional expenses.

During fiscal year 2023, the Agency successfully won a bid to purchase United States Government-owned land located in Needham, Massachusetts for approximately $5,538,000. The acquisition was funded with a portion of the Agency's investments. The Agency is in the planning phase to determine the use for this land. The Agency expects to have a comprehensive plan completed in fiscal year 2024.

7. CONSTRUCTION IN PROGRESS

Construction in progress consists of the following projects at June 30:

	2023	2022
Land improvements	$ 279,403	$ -
Residential homes	56,971	135,479
	$ 336,374	$ 135,479

As projects are completed and placed in service, they are removed from construction in progress and transferred to property and equipment in the accompanying combined statements of financial position. As of June 30, 2023, construction in progress primarily consists of the improvements on land that was purchased by the Agency during fiscal year 2023 (see Note 6).

8. LINE OF CREDIT

In August 2021, the Agency secured a $1,000,000 revolving line of credit in conjunction with the refinancing of certain debt and matures in August 2041. (see Note 9). Borrowings are due on demand and interest is due monthly at an adjustable rate equal to the lender's prime rate (8.25% and 4.75% as of June 30, 2023 and 2022, respectively). All borrowings are secured by real property and equipment purchased using the proceeds of the line of credit. There were no amounts outstanding as of June 30, 2023 and 2022.

The Agency is required to maintain certain financial ratios and levels of working capital, as specified in the agreements. The Agency is also required to meet certain covenants before any advances could be drawn. The Agency was in compliance with these financial ratios and covenants at June 30, 2023 and 2022.

9. BOND PAYABLE

Bond payable consist of the following at June 30:

	2023		2022	
	Principal	Unamortized Debt Issuance Costs	Principal	Unamortized Debt Issuance Costs
Massachusetts Development Finance Agency Revenue Bond, Charles River Center Issue, Series 2021 in the amount of $7,900,000 (MDFA Bond). The bond bears interest at an initial interest rate of 2.75% per annum through August 2, 2031, at which time the rate is adjusted to a fixed rate of .79 times the sum of the Federal Home Loan Bank (FHLB) Classic Ten-Year Advance Rate, plus 1.40%. Monthly payments of interest only are due for the first two years from closing until the bond is fully drawn, at which time principal and interest are due monthly based on an eighteen-year amortization schedule with a final installment due at maturity on August 2, 2041. This bond is secured by specific real estate and is subject to prepayment penalties as defined in the agreement.	$ 7,552,642	$ 124,439	$ 6,562,642	$ 109,753
Less - current portion	272,065	-	-	-
	$ 7,280,577	$ 124,439	$ 6,562,642	$ 109,753

On August 2, 2021, the Agency refinanced its previous Series A and B bonds payable and mortgage note payable with the MDFA Bond. Proceeds of the MDFA Bond were drawn down at the closing date and were applied to the prepayment of the previous Series A and B bonds and a previous mortgage note payable for the Briarcliff property. Additional proceeds of the bond were drawn down during fiscal year 2023 and used to pay project costs for the acquisition of three new group residences. The Agency can draw bond proceeds up until August 2, 2023. The Agency utilized only $7,552,642 of the $7,900,000 available to be drawn on the bond. Subsequent to year end, beginning in September 2023, the Agency began repayment of principal and interest on the total amount of the bond obligation.

Unamortized debt issuance costs of $47,036 related to the previou Series A and B bonds payable were written off as a part of the bond refinancing for the year ended June 30, 2022, and are included in the accompanying 2022 combined statement of activities. As of June 30, 2023 and 2022, there is $124,439 and $109,753 of unamortized debt issuance costs on the MDFA Bond, respectively. Amortization of the MDFA Bond debt issuance costs commenced subsequent to year end in September 2023.

9. BOND PAYABLE (Continued)

Aggregate maturities of the bond payable are as follows:

2024	$ 272,065
2025	$ 335,492
2026	$ 344,967
2027	$ 354,709
2028	$ 364,265
Thereafter	$ 5,881,144

The MDFA Bond agreement contains various covenants with which the Agency must comply. The Agency was in compliance with these covenants at June 30, 2023 and 2022.

Total interest expense on the bond was $195,155 and $147,650 for the years ended June 30, 2023 and 2022, respectively, and is included in interest in the accompanying combined statements of functional expenses.

10. CONDITIONAL DEBT

The Agency has received several contingent loans from Community Economic Development Assistance Corporation (CEDAC) under the CEDAC Facility Consolidation Fund. These loans generally are not required to be repaid unless the project fails to maintain its status as low-income housing. The loans do not accrue interest unless the Agency is not in compliance with the terms of the loan agreements. It is the intention of the Boards of Directors and the management of the Agency to maintain these properties as low-income housing. Therefore, these loans have been classified as conditional debt and no interest has been accrued on them.

Conditional debt consists of the following at June 30, 2023 and 2022:

Mortgage note payable for the acquisition and renovation of the Marshall Road, Inc. project. Principal is due annually if a certain cash flow level, as defined in the agreement, is achieved. These levels of cash flow were not achieved for the years ended June 30, 2023 and 2022. All unpaid principal is due in full on October 30, 2026. CEDAC has the right to postpone payment until October 30, 2036.	$ 273,344
Mortgage note payable for the acquisition and renovation of the California Street Corporation project. Principal is due annually if a certain cash flow level, as defined in the agreement, is achieved. These levels of cash flow were not achieved for the years ended June 30, 2023 and 2022. All unpaid principal is due in full on October 12, 2030. CEDAC has the right to postpone payment until October 12, 2040.	225,745
Mortgage note payable for the acquisition and renovation of the West Street Corporation project. Principal is due annually if a certain cash flow level, as defined in the agreement, is achieved. These levels of cash flow were not achieved for the years ended June 30, 2023 and 2022. All unpaid principal is due in full on August 22, 2032. CEDAC has the right to postpone payment until August 22, 2042.	221,703

10. CONDITIONAL DEBT (Continued)

Mortgage note payable for the acquisition and renovation of the CRARC, Inc. project. Principal is due annually if a certain cash flow level, as defined in the agreement, is achieved. These levels of cash flow were not achieved for the years ended June 30, 2023 and 2022. All unpaid principal is due in full on February 12, 2028. CEDAC has the right to postpone payment until February 12, 2038.	88,870
Mortgage note payable for the acquisition and renovation of the Marked Tree Road Corporation project. Principal is due annually if a certain cash flow level, as defined in the agreement, is achieved. These levels of cash flow were not achieved for the years ended June 30, 2023 and 2022. All unpaid principal is due in full on September 25, 2027. CEDAC has the right to postpone payment until September 25, 2037.	76,093
	$ 885,755

11. COMMITMENTS

Capital Advances

As of June 30, 2023 and 2022, the Affiliates have received cumulative capital advances from HUD totaling $3,043,955. The capital advances are not required to be repaid and no interest is due as long as the properties remain available to very low-income households for a period of forty years in accordance with Section 811 of the National Housing Act of 1990. If the Affiliates do not comply with these terms, the entire cumulative advances will be due upon demand and will accrue interest at 5% from the date of default. There have been no violations of these terms as of June 30, 2023 and 2022. These capital advances are secured by a first mortgage on each Affiliate's respective property, as well as an assignment of each Affiliate's furniture and equipment, rents and accounts receivable.

California Street Corporation has received $93,197 from the City of Newton's Community Development Program for the same purpose outlined above.

Marshall Road, Inc. has received $145,000 from the Town of Wellesley for the same purpose outlined above.

The Center has received $280,000 from the Town of Needham for its South Street project and has similar restrictions as outlined above.

These amounts total $3,562,152 and are included in net assets with donor restrictions in the accompanying combined statements of financial position (see Note 2).

Conditional Grants

During fiscal years 2023 and 2022, the Agency was awarded multiple conditional commitments from various Commonwealth of Massachusetts agencies that pertain to the following fiscal year, which contain funder-imposed conditions that represent a barrier that must be overcome as well as a release from obligations. The Agency recognizes related revenue from these government contracts when funder-imposed conditions are substantially met (see Note 2). The funder-imposed conditions for these contract revenues include the requirement for the Agency to incur qualifying expenses.

11. COMMITMENTS (Continued)

Conditional Grants (Continued)

Total amounts committed but not recognized as of June 30, 2023 and 2022, summarized by agency, are as follows:

	2023	2022
DDS	$ 29,848,269	$ 28,736,499
Massachusetts Commission for the Blind	$ 542,052	$ 542,052
Massachusetts Rehabilitation Commission	$ 137,937	$ 137,937

During fiscal year 2023, the Agency received and collected a grant from DDS in the amount of $392,363. The grant includes a right of return if the funds are not spent in accordance with the program requirements. Thus, the grant has been accounted for as a conditional grant advance in the accompanying combined 2023 statement of financial position. The revenue will be recognized when the funds are spent for the designated purpose.

Operating Leases

The Agency leases 6,000 square feet of office space in Natick, Massachusetts through January 31, 2026. Monthly lease payments are $7,750 per month through January 2024, when they increase to $7,875 per month through the end of the lease term. Additional monthly operating expenses and taxes of approximately $2,000 represent variable costs, and are expensed as incurred.

The Agency also leases mail meters and copiers under operating leases agreements that expire at various periods through January 2026. Aggregate monthly lease payments on these leases total $399.

Operating lease expense of approximately $97,000 is included in occupancy in the accompanying 2023 combined statement of functional expenses for the year ended June 30, 2023.

Under *Topic 842*, the Agency elected the risk-free rate for all classes of lease assets and uses a 2.85% weighted-average discount rate for its facilities and equipment leases. The weighted-average remaining lease term for the Agency's operating leases is 2.51 years for its facilities and equipment.

The following summarizes the line items in the combined statement of financial position as of June 30, 2023 which include amounts for operating leases:

Operating right-of-use lease assets	$ 236,795
Operating lease liabilities:	
Current portion of operating lease liabilities	$ 96,455
Operating lease liabilities, net of current portion	145,111
Total operating lease liabilities	$ 241,566

11. COMMITMENTS (Continued)

Operating Leases (Continued)

The following summarizes cash flow information related to leases for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 97,783
ROU assets obtained in exchange for operating lease obligations:	
Operating leases	$ 325,848

Future undiscounted cash flows under the above agreements as of June 30, 2023, are as follows:

Fiscal Year	Amount
2024	$ 96,455
2025	97,152
2026	56,672
Total lease payments	250,279
Less - present value interest	8,713
Present value of lease liabilities	$ 241,566

Operating Leases - Topic 840

The Center has a lease agreement for office space in Natick, Massachusetts, which expires on January 31, 2026. The Center is responsible for monthly rental payments of $9,925 through January 2021, which then increase through January 2026, as well as additional operating expenses of approximately $2,000 per month. Rent expense and related expenses totaled $122,246 for the year ended June 30, 2022, and are included in occupancy in the accompanying combined statements of functional expenses. The Center elected not to straight-line the rent expense in accordance with ASC Topic, *Leases*, under U.S. GAAP as it was determined that the effect would be immaterial to the accompanying combined financial statements.

Remaining minimum lease commitments under existing leases as of June 30, 2022 are:

2023	$ 126,075
2024	126,075
2025	126,075
2026	73,544
	$ 451,769

12. RETIREMENT PLANS

401(k) Retirement Plan

The Agency maintains an IRC Section 401(k) Retirement Plan (the 401(k) Plan) for all eligible employees. Employees may make contributions to the 401(k) Plan up to the maximum allowed by law. The Agency makes matching contributions to the 401(k) Plan as determined by the Board of Directors. Agency contributions are fully vested at the earliest of the participant's 65th birthday or the participant's anniversary of five years of service. The Agency's total contributions under the 401(k) Plan were $77,524 and $69,556 for the years ended June 30, 2023 and 2022, respectively, and are included in employee benefits in the accompanying combined statements of functional expenses.

Deferred Compensation Plan

In fiscal year 2017, the Agency entered into a deferred compensation agreement with its President. As of June 30, 2023 and 2022, the Agency recorded a liability of $355,988 and $300,115, respectively ($50,000 per year starting in fiscal year 2017, interest started in fiscal year 2022), that is reflected as deferred retirement in the accompanying combined statements of financial position. As of June 30, 2023 and 2022, the Agency invested the funds in a money market account which in included in investments in the accompanying combined statements of financial position.

13. CONCENTRATIONS

The Agency maintains its cash balances in six Massachusetts banks. The Federal Deposit Insurance Corporation insures balances at each bank up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. The Agency has not experienced any losses in such accounts. The Agency believes it is not exposed to any significant credit risk on its operating cash balance. See Note 3 for additional concentrations.

14. RELATED PARTY TRANSACTIONS

A member of the Board of Directors is a Board member of a bank in which the Agency maintains deposits.

During fiscal years 2023 and 2022, the son of a member of the Board of Directors provided professional services related to the closing of properties of the Agency and was paid $1,500 and $20,433, respectively for these services.

As of June 30, 2023 and 2022, the Affiliates owed $1,515,470 and $1,380,923, respectively, to the Center for operating costs paid on the Affiliates' behalf, of which $6,617 and $8,000, respectively, are current and $1,508,853 and $1,372,923, respectively, are long-term. These balances have been eliminated in the accompanying combined financial statements.

For the years ended June 30, 2023 and 2022, the Center earned $17,040 of rental income from one of the Affiliates and $31,692 and $30,570, respectively, of management fees from the Affiliates. These balances have been eliminated in the accompanying combined financial statements.

15. EMPLOYEE RETENTION TAX CREDIT

The Employee Retention Tax Credit (ERTC) was first established by the 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 Agency must meet certain conditions as described in applicable laws and regulations.

The Agency has determined that it qualifies for both the 2021 and 2020 ERTC and is accounting for the credits as conditional grants under ASC Subtopic 958-605. These grants are conditional upon certain performance requirements and the incurrence of eligible expenses. In the opinion of management, these conditions were met as of June 30, 2023, and therefore, the entire amount of $5,261,043, which includes accrued interest, that the Agency expects to receive was recognized as revenue and is included in grant revenue in the accompanying 2023 combined statement of activities, net of consulting service costs incurred to obtain the credit of $754,027. As of June 30, 2023, the entire ERTC is outstanding and reflected as grant receivable in the accompanying 2023 combined statement of financial position. Eligibility for the credit and the credit calculations are subject to review and approval by the Federal government. In the opinion of management, the results of such reviews and audit will not have a material effect on the financial position of the Agency as of June 30, 2023, and on the changes in its net assets for the year then ended.

Subsequent to year-end, on July 17, 2023, the Agency collected the full amount of the credit from the U.S. Department of the Treasury.

16. CONTINGENCY

From time-to-time, the Agency is a defendant in lawsuits. It is management's belief that the Agency will prevail in these lawsuits and that the outcome of these cases will not have an adverse financial impact. Accordingly, no amounts have been reflected in the accompanying combined financial statements for any potential liability.

17. LIQUIDITY

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

	2023	2022
Cash and cash equivalents	$ 6,359,456	$ 4,484,022
Accounts receivable, net of allowance	4,147,668	4,624,732
Grant receivable	5,261,043	-
	15,768,167	9,108,754
Less - purpose restricted net assets (see Note 2)	(150,349)	(137,337)
Total financial assets	$ 15,617,818	$ 8,971,417

17. LIQUIDITY (Continued)

The Agency has a policy to structure its financial assets to be available and liquid as obligations become due. As of June 30, 2023 and 2022, the Agency has financial assets equal to approximately six and three months of operating expenses, respectively. In addition, the Agency has approximately $11,700,000 and $16,040,000 in investments as of June 30, 2023 and 2022, respectively, that are being held for long-term growth and sustainability (see Note 5). At any given time, these investments could be liquidated to meet ongoing obligations with prior approval of the Boards of Directors. The Agency also has a line of credit for borrowings up to $1,000,000 for immediate cash needs (see Note 8). These assets approximate an additional five and six months of operating expenses as of June 30, 2023 and 2022, respectively.

Combining Statement of Financial Position
June 30, 2023

Assets	**The Charles River Association for Retarded Citizens, Inc.**	**Webster St. II, Inc.**	**California Street Corporation**	**Marked Tree Corporation**	**CRARC, Inc.**	**West Street Corporation**	**Marshall Road, Inc.**	**Combined Total Before Eliminations**	**Eliminations**	**Combined Total**
Current Assets:										
Cash and cash equivalents	$ 6,343,228	$ 7,287	$ 1,276	$ 881	$ 392	$ 5,434	$ 958	$ 6,359,456	$ -	$ 6,359,456
Restricted cash	-	40,571	66,052	29,861	26,170	122,199	29,273	314,126	-	314,126
Accounts receivable, net of allowance for doubtful accounts of approximately $24,00(	4,145,060	-	648	-	1,960	-	-	4,147,668	-	4,147,668
Grant receivable	5,261,043	-	-	-	-	-	-	5,261,043	-	5,261,043
Current portion of due from affiliates	6,617	-	-	-	-	-	-	6,617	(6,617)	-
Prepaid expenses and other	194,102	-	-	-	-	-	203	194,305	-	194,305
Total current assets	15,950,050	47,858	67,976	30,742	28,522	127,633	30,434	16,283,215	(6,617)	16,276,598
Certificate of Deposit	131,045	-	-	-	-	-	-	131,045	-	131,045
Investments	11,698,896	-	-	-	-	-	-	11,698,896	-	11,698,896
Due from Affiliates, net of current portion	1,508,853	-	-	-	-	-	-	1,508,853	(1,508,853)	-
Right-of-Use Operating Lease Assets	236,795	-	-	-	-	-	-	236,795	-	236,795
Construction in Progress	287,957	-	-	-	-	48,417	-	336,374	-	336,374
Property and Equipment, net	21,338,447	610,996	186,283	373,640	330,202	314,508	730,866	23,884,942	(138,103)	23,746,839
Total assets	$ 51,152,043	$ 658,854	$ 254,259	$ 404,382	$ 358,724	$ 490,558	$ 761,300	$ 54,080,120	$ (1,653,573)	$ 52,426,547
Liabilities and Net Assets										
Current Liabilities:										
Current portion of bond payable	$ 272,065	$ -	$ -	$ -	$ -	$ -	$ -	$ 272,065	$ -	$ 272,065
Current portion of operating lease liabilities	96,455	-	-	-	-	-	-	96,455	-	96,455
Accounts payable, accrued expenses and other	1,838,990	22,762	7,799	5,359	13,168	7,583	4,007	1,899,668	-	1,899,668
Conditional Grant Advance	392,363	-	-	-	-	-	-	392,363	-	392,363
Current portion of due to affiliates	-	1,000	1,617	1,000	1,000	1,000	1,000	6,617	(6,617)	-
Total current liabilities	2,599,873	23,762	9,416	6,359	14,168	8,583	5,007	2,667,168	(6,617)	2,660,551
Deferred Retirement	355,988	-	-	-	-	-	-	355,988	-	355,988
Operating Lease Liabilities, net of current portion	145,111	-	-	-	-	-	-	145,111	-	145,111
Bond Payable and Unamortized Debt Issuance Costs	7,156,138	-	-	-	-	-	-	7,156,138	-	7,156,138
Due to Affiliates, net of current portion	-	499,285	229,042	240,307	148,065	156,803	235,351	1,508,853	(1,508,853)	-
Total liabilities before conditional debt	10,257,110	523,047	238,458	246,666	162,233	165,386	240,358	11,833,258	(1,515,470)	10,317,788
Conditional Debt	-	-	225,745	76,093	88,870	221,703	273,344	885,755	-	885,755
Total liabilities	10,257,110	523,047	464,203	322,759	251,103	387,089	513,702	12,719,013	(1,515,470)	11,203,543
Net Assets:										
Without donor restrictions:										
Operating	19,506,154	(515,760)	(236,534)	(245,785)	(159,881)	(159,952)	(239,197)	17,949,045	(86,680)	17,862,365
Board designated	7,000,000	-	-	-	-	-	-	7,000,000	-	7,000,000
Property and equipment	13,913,430	(114,633)	(509,698)	(45,592)	(146,298)	(291,073)	(151,575)	12,654,561	(51,423)	12,603,138
Total without donor restrictions	40,419,584	(630,393)	(746,232)	(291,377)	(306,179)	(451,025)	(390,772)	37,603,606	(138,103)	37,465,503
With donor restrictions	475,349	766,200	536,288	373,000	413,800	554,494	638,370	3,757,501	-	3,757,501
Total net assets	40,894,933	135,807	(209,944)	81,623	107,621	103,469	247,598	41,361,107	(138,103)	41,223,004
Total liabilities and net assets	$ 51,152,043	$ 658,854	$ 254,259	$ 404,382	$ 358,724	$ 490,558	$ 761,300	$ 54,080,120	$ (1,653,573)	$ 52,426,547

Combining Statement of Financial Position
June 30, 2022

Assets	**The Charles River Association for Retarded Citizens, Inc.**	**Webster St. II, Inc.**	**California Street Corporation**	**Marked Tree Corporation**	**CRARC, Inc.**	**West Street Corporation**	**Marshall Road, Inc.**	**Combined Total Before Eliminations**	**Eliminations**	**Combined Total**
Current Assets:										
Cash and cash equivalents	$ 4,476,528	$ 1,257	$ 433	$ 693	$ 2,696	$ 1,892	$ 523	$ 4,484,022	$ -	$ 4,484,022
Restricted cash	-	27,892	56,340	22,348	18,123	124,534	23,561	272,798	-	272,798
Accounts receivable, net of allowance for doubtful accounts of approximately $64,000	4,615,389	-	9,343	-	-	-	-	4,624,732	-	4,624,732
Current portion of due from affiliates	427,444	-	-	-	-	-	-	427,444	(427,444)	-
Prepaid expenses and other	238,163	-	-	-	-	-	88	238,251	-	238,251
Total current assets	9,757,524	29,149	66,116	23,041	20,819	126,426	24,172	10,047,247	(427,444)	9,619,803
Certificate of Deposit	130,717	-	-	-	-	-	-	130,717	-	130,717
Investments	16,042,139	-	-	-	-	-	-	16,042,139	-	16,042,139
Due from Affiliates, net of current portion	953,479	-	-	-	-	-	-	953,479	(953,479)	-
Construction in Progress	116,062	-	-	-	-	19,417	-	135,479	-	135,479
Property and Equipment, net	15,115,423	634,986	203,084	388,071	344,448	337,511	750,995	17,774,518	(138,103)	17,636,415
Total assets	$ 42,115,344	$ 664,135	$ 269,200	$ 411,112	$ 365,267	$ 483,354	$ 775,167	$ 45,083,579	$ (1,519,026)	$ 43,564,553
Liabilities and Net Assets										
Current Liabilities:										
Accounts payable, accrued expenses and other	$ 1,674,434	$ 17,242	$ 9,867	$ 6,192	$ 9,424	$ 11,183	$ 8,170	$ 1,736,512	$ -	$ 1,736,512
Current portion of due to affiliates	-	1,000	3,000	1,000	1,000	1,000	1,000	8,000	(8,000)	-
Total current liabilities	1,674,434	18,242	12,867	7,192	10,424	12,183	9,170	1,744,512	(8,000)	1,736,512
Deferred Retirement	300,115	-	-	-	-	-	-	300,115	-	300,115
Bond Payable and Unamortized Debt Issuance Costs	6,452,889	-	-	-	-	-	-	6,452,889	-	6,452,889
Due to Affiliates, net of current portion	-	458,879	229,042	227,579	128,388	111,331	217,704	1,372,923	(1,372,923)	-
Total liabilities before conditional debt	8,427,438	477,121	241,909	234,771	138,812	123,514	226,874	9,870,439	(1,380,923)	8,489,516
Conditional Debt	-	-	225,745	76,093	88,870	221,703	273,344	885,755	-	885,755
Total liabilities	8,427,438	477,121	467,654	310,864	227,682	345,217	500,218	10,756,194	(1,380,923)	9,375,271
Net Assets:										
Without donor restrictions:										
Operating	17,726,973	(475,864)	(232,133)	(234,078)	(136,116)	(121,622)	(226,263)	16,300,897	(86,680)	16,214,217
Board designated	7,000,000	-	-	-	-	-	-	7,000,000	-	7,000,000
Property and equipment	8,498,596	(103,322)	(502,609)	(38,674)	(140,099)	(294,735)	(137,158)	7,281,999	(51,423)	7,230,576
Total without donor restrictions	33,225,569	(579,186)	(734,742)	(272,752)	(276,215)	(416,357)	(363,421)	30,582,896	(138,103)	30,444,793
With donor restrictions	462,337	766,200	536,288	373,000	413,800	554,494	638,370	3,744,489	-	3,744,489
Total net assets	33,687,906	187,014	(198,454)	100,248	137,585	138,137	274,949	34,327,385	(138,103)	34,189,282
Total liabilities and net assets	$ 42,115,344	$ 664,135	$ 269,200	$ 411,112	$ 365,267	$ 483,354	$ 775,167	$ 45,083,579	$ (1,519,026)	$ 43,564,553

Combining Statement of Activities
For the Year Ended June 30, 2023

	The Charles River Association for Retarded Citizens, Inc.	Webster St. II, Inc.	California Street Corporation	Marked Tree Corporation	CRARC, Inc.	West Street Corporation	Marshall Road, Inc.	Combined Total Before Eliminations	Eliminations	Combined Total
Net Assets Without Donor Restrictions:										
Operating support and revenue:										
Contract revenue and program service fees	$ 34,309,217	$ 79,078	$ 55,334	$ 44,400	$ 48,960	$ 68,160	$ 44,640	$ 34,649,789	$ (17,040)	$ 34,632,749
Grants:										
Gross grant income - $5,287,916										
Less - direct consulting expense - $754,027										
Net grants	4,533,889	-	-	-	-	-	-	4,533,889	-	4,533,889
Investment income, net of fees	642,956	3	30	12	10	63	12	643,086	-	643,086
Fundraising revenue	413,934	-	-	-	-	-	-	413,934	-	413,934
Other	42,283	-	8,616	-	746	-	-	51,645	(31,692)	19,953
Net assets released from purpose restrictions	1,980	-	-	-	-	-	-	1,980	-	1,980
Total operating support and revenue	39,944,259	79,081	63,980	44,412	49,716	68,223	44,652	40,294,323	(48,732)	40,245,591
Operating expenses:										
Program services:										
Residential	21,351,174	130,288	75,470	63,037	79,680	102,891	72,003	21,874,543	(48,732)	21,825,811
Day activities	5,248,126	-	-	-	-	-	-	5,248,126	-	5,248,126
Family support	3,346,663	-	-	-	-	-	-	3,346,663	-	3,346,663
Total program services	29,945,963	130,288	75,470	63,037	79,680	102,891	72,003	30,469,332	(48,732)	30,420,600
Supporting services:										
General and administrative	3,009,299	-	-	-	-	-	-	3,009,299	-	3,009,299
Fundraising	338,139	-	-	-	-	-	-	338,139	-	338,139
Total supporting services	3,347,438	-	-	-	-	-	-	3,347,438	-	3,347,438
Total operating expenses	33,293,401	130,288	75,470	63,037	79,680	102,891	72,003	33,816,770	(48,732)	33,768,038
Changes in net assets without donor restrictions from operations	6,650,858	(51,207)	(11,490)	(18,625)	(29,964)	(34,668)	(27,351)	6,477,553	-	6,477,553
Non-operating revenue:										
Net realized/unrealized gains on investments	543,157	-	-	-	-	-	-	543,157	-	543,157
Changes in net assets without donor restrictions	7,194,015	(51,207)	(11,490)	(18,625)	(29,964)	(34,668)	(27,351)	7,020,710	-	7,020,710
Net Assets With Donor Restrictions:										
Fundraising revenue	14,992	-	-	-	-	-	-	14,992	-	14,992
Net assets released from purpose restrictions	(1,980)	-	-	-	-	-	-	(1,980)	-	(1,980)
Changes in net assets with donor restrictions	13,012	-	-	-	-	-	-	13,012	-	13,012
Changes in net assets	$ 7,207,027	$ (51,207)	$ (11,490)	$ (18,625)	$ (29,964)	$ (34,668)	$ (27,351)	$ 7,033,722	$ -	$ 7,033,722

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

	The Charles River Association for Retarded Citizens, Inc.	Webster St. II, Inc.	California Street Corporation	Marked Tree Corporation	CRARC, Inc.	West Street Corporation	Marshall Road, Inc.	Combined Total Before Eliminations	Eliminations	Combined Total
Net Assets Without Donor Restrictions:										
Operating support and revenue:										
Contract revenue and program service fees	$ 30,890,622	$ 75,751	$ 62,400	$ 34,911	$ 40,800	$ 68,160	$ 44,640	$ 31,217,284	$ (17,040)	$ 31,200,244
Grants	49,827	-	-	-	-	-	-	49,827	-	49,827
Investment income, net of fees	536,932	3	28	16	15	63	10	537,067	-	537,067
Fundraising revenue	787,680	-	-	-	-	-	-	787,680	-	787,680
Other	66,259	-	-	-	-	-	-	66,259	(30,570)	35,689
Net assets released from purpose restrictions	525	-	-	-	-	-	-	525	-	525
Total operating support and revenue	32,331,845	75,754	62,428	34,927	40,815	68,223	44,650	32,658,642	(47,610)	32,611,032
Operating expenses:										
Program services:										
Residential	20,576,924	136,039	85,855	63,167	78,535	95,141	74,138	21,109,799	(47,610)	21,062,189
Day activities	4,993,541	-	-	-	-	-	-	4,993,541	-	4,993,541
Family support	2,718,254	-	-	-	-	-	-	2,718,254	-	2,718,254
Total program services	28,288,719	136,039	85,855	63,167	78,535	95,141	74,138	28,821,594	(47,610)	28,773,984
Supporting services:										
General and administrative	2,954,816	-	-	-	-	-	-	2,954,816	-	2,954,816
Fundraising	280,378	-	-	-	-	-	-	280,378	-	280,378
Total supporting services	3,235,194	-	-	-	-	-	-	3,235,194	-	3,235,194
Total operating expenses	31,523,913	136,039	85,855	63,167	78,535	95,141	74,138	32,056,788	(47,610)	32,009,178
Changes in net assets without donor restrictions from operations	807,932	(60,285)	(23,427)	(28,240)	(37,720)	(26,918)	(29,488)	601,854	-	601,854
Non-operating revenue (expense):										
Net realized/unrealized losses on investments	(2,377,039)	-	-	-	-	-	-	(2,377,039)	-	(2,377,039)
Insurance proceeds, net	-	-	-	28,264	-	-	-	28,264	-	28,264
Write-off of unamortized debt issuance costs	(47,036)	-	-	-	-	-	-	(47,036)	-	(47,036)
Total non-operating revenues (expense)	(2,424,075)	-	-	28,264	-	-	-	(2,395,811)	-	(2,395,811)
Changes in net assets without donor restriction	(1,616,143)	(60,285)	(23,427)	24	(37,720)	(26,918)	(29,488)	(1,793,957)	-	(1,793,957)
Net Assets With Donor Restriction:										
Fundraising revenue	26,960	-	-	-	-	-	-	26,960	-	26,960
Net assets released from purpose restrictions	(525)	-	-	-	-	-	-	(525)	-	(525)
Changes in net assets with donor restriction	26,435	-	-	-	-	-	-	26,435	-	26,435
Changes in net assets	$ (1,589,708)	$ (60,285)	$ (23,427)	$ 24	$ (37,720)	$ (26,918)	$ (29,488)	$ (1,767,522)	$ -	$ (1,767,522)