EDWARD STREET CHILD SERVICES, INC.

FINANCIAL STATEMENTS

AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

JUNE 30, 2025 AND 2024

O'Connor Maloney
CERTIFIED PUBLIC ACCOUNTANTS

EDWARD STREET CHILD SERVICES, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors
Edward Street Child Services, Inc.
Worcester, Massachusetts

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, 2025 and 2024, 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.

O'Connor, Maloney and Company

Worcester, Massachusetts
January 8, 2026

EDWARD STREET CHILD SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

ASSETS

	2025	2024
Current		
Cash	81,888	21,419
Grants Receivable	33,714	62,125
Prepaid Expenses	14,164	15,415
Interest Receivable	9,715	11,167
Total	139,481	110,126
Property and Equipment		
Computer Equipment	24,428	24,428
Less: Accumulated Depreciation	24,428	24,428
Net	-	-
Noncurrent		
Operating Lease Right-of-Use Asset	57,612	79,504
Investments	1,821,190	2,022,768
Total	1,878,802	2,102,272
Total Assets	2,018,283	2,212,398

LIABILITIES AND NET ASSETS

	2025	2024
Current		
Accounts Payable and Accrued Expenses	44,500	40,534
Current Portion of Operating Lease Liability	23,064	21,267
Total	67,564	61,801
Noncurrent		
Operating Lease Liability, Net of Current Portion	38,044	61,107
Net Assets		
Without Donor Restrictions	1,852,754	1,980,340
With Donor Restrictions	59,921	109,150
Total	1,912,675	2,089,490
Total Liabilities and Net Assets	2,018,283	2,212,398

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, 2025 AND 2024

	2025	2024
Changes in Net Assets Without Donor Restrictions		
Support and Revenue:		
Grants and Donations	188,593	201,955
Program Services Fees	27,851	12,825
In-Kind Contribution	12,050	12,250
Investment Return, Net	291,061	259,978
Net Assets Released from Restrictions	170,729	221,541
Total	690,284	708,549
Expenses:		
Program Services	485,475	652,273
Management and General	221,910	173,444
Fundraising	110,485	98,531
Total	817,870	924,248
Decrease in Net Assets Without Donor Restrictions	(127,586)	(215,699)
Changes in Net Assets With Donor Restrictions		
Grants and Donations	121,500	167,250
Net Assets Released from Restrictions	(170,729)	(221,541)
Decrease in Net Assets With Donor Restrictions	(49,229)	(54,291)
Decrease in Net Assets	(176,815)	(269,990)
Net Assets, Beginning	2,089,490	2,359,480
Net Assets, Ending	1,912,675	2,089,490

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, 2025 AND 2024

	2025				2024			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Expenses								
Salaries and Related Expenses	214,495	101,794	47,262	363,551	358,643	61,346	51,910	471,899
Payroll Taxes	14,115	6,698	3,110	23,923	21,823	3,733	3,159	28,715
Insurance	5,295	1,535	844	7,674	6,135	1,050	888	8,073
Program Expenses	70,812			70,812	63,435			63,435
Depreciation				-		965		965
Legal and Accounting		52,024		52,024		52,249		52,249
Consulting Expenses	141,326	43,117	55,093	239,536	178,254	30,491	25,800	234,545
Rent	16,499	4,783	2,630	23,912	18,173	3,109	2,630	23,912
Office Expenses	15,236	7,380	1,190	23,806	815	12,497	13,856	27,168
Conferences and Travel	4,473	4,042	86	8,601	2,198	6,597		8,795
Dues and Subscriptions	1,533	47		1,580	805	1,067		1,872
Utilities	1,691	490	270	2,451	1,992	340	288	2,620
Total	485,475	221,910	110,485	817,870	652,273	173,444	98,531	924,248

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, 2025 AND 2024

	2025	2024
Cash Flows from Operating Activities		
Decrease in Net Assets	(176,815)	(269,990)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used in Operating Activities:		
Depreciation	-	965
Amortization of Right-of-Use Asset	21,892	21,310
Net Realized and Unrealized Gain on Investments	(241,208)	(188,582)
Decrease in Grants Receivable	28,411	394
(Increase) Decrease in Prepaid Expenses	1,251	(8,294)
Decrease in Interest Receivable	1,452	2,428
Decrease in Contract Retainer	-	1,250
Increase (Decrease) in Accounts Payable and Accrued Expenses	3,966	(1,652)
Repayments of the Principal Portion of Lease Liabilities	(21,266)	(19,577)
Total Adjustments	(205,502)	(191,758)
Net Cash Used in Operating Activities	(382,317)	(461,748)
Cash Flows from Investing Activities		
Proceeds from Sale of Investments	659,026	573,499
Purchase of Investments	(216,240)	(171,897)
Net Cash Provided by Investing Activities	442,786	401,602
Net Increase (Decrease) in Cash	60,469	(60,146)
Cash, Beginning	21,419	81,565
Cash, Ending	81,888	21,419

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

Note 1. Organization

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

Note 2. Summary of Significant Accounting Policies

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

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

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

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

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

Grants and other contributions are reported as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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

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.

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 Organization 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 2024 financial statements to conform them to them to the 2025 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 at June 30, 2025 and 2024.

Note 3. Investments (cont.)

The following is a summary of cost and fair values of investments at June 30, 2025:

	Cost	Fair Value
Cash Funds	40,757	40,757
Corporate Debt Securities	598,642	568,966
Equity Securities	514,334	1,150,687
Other	49,883	60,780
Total	1,203,616	1,821,190

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 the components of investment return:

	2025	2024
Interest and Dividend Income	64,604	88,003
Realized Gain on Investments	192,697	63,374
Unrealized Gain on Investments	48,511	125,209
Investment Expense	(14,751)	(16,608)
Net	291,061	259,978

Note 4. Net Assets with Donor Restrictions

Net Assets with Donor Restrictions consist of:

	2025	2024
Purpose Restrictions		
Master Teacher Grant	7,500	10,000
Together for Kids Grant	27,921	87,400
Day of Play	24,500	11,750
Total	59,921	109,150

Note 5. Net Assets Released from Restrictions

Net Assets Released from Donor Restrictions consist of:

	2025	2024
Master Teacher Grant	17,500	69,261
Together for Kids Grant	141,479	144,280
Succession Planning	-	8,000
Day of Play	11,750	-
Total	170,729	221,541

Note 6. 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, 2025 and 2024 are as follows:

	2025	**2024**
Lease Assets-Classification on Balance Sheet:		
Operating Lease Right-of-Use	57,612	79,504
Lease Liabilities-Classification on Balance Sheet:		
Operating Lease Liabilities	61,108	82,374

Total lease costs for the years ended June 30, 2025 and 2024 are as follows:

	2025	**2024**
Operating Lease Costs:		
Minimal Rentals	23,287	22,178
Contingent Rentals	625	1,734
Total Short-term Lease Costs	23,912	23,912

Weighted-Average Discount Rate:	
Operating leases	2.85%
Weighted-average remaining lease term:	
Operating lease	2.50

Note 6. Operating Lease (cont.)

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
2026	24,452
2027	25,674
2028	13,150
Total Lease Payment	63,276
Less: Imputed Interest	2,170
Present Value of Lease Liabilities	61,108

Note 7. 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 $11,754 for 2025 and $14,914 for 2024.

Note 8. 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 9. 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, 2025, the Organization does not anticipate any material liabilities will result from such audits.

Note 10. Operating Liquidity

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

	2025
Cash	81,888
Receivables	43,429
Investments	1,821,190
	1,946,507
Less: Amount Subject to Donor Restrictions	59,921
Financial assets available to meet cash needs for general expenditures within one year	1,886,586

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 11. Date Through Which Subsequent Events Have Been Evaluated

The Organization has evaluated all material subsequent events from the end of the fiscal year through January 8, 2026, the date the financial statements were available to be issued.