



**NEWTON COMMUNITY SERVICE CENTERS, INC.**

**FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**NEWTON COMMUNITY SERVICE CENTERS, INC. D/B/A FAMILY ACCESS OF NEWTON**

Contents  
June 30, 2024 and 2023

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50 Washington Street  
Westborough, MA 01581  
508.366.9100  
aafcpa.com

## Independent Auditor's Report

To the Board of Directors of  
Newton Community Service Centers, Inc. d/b/a Family ACCESS of Newton:

### **Opinion**

We have audited the financial statements of Newton Community Service Centers, Inc. d/b/a Family ACCESS of Newton (a Massachusetts corporation, not for profit) (the Center), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Newton Community Service Centers, Inc. d/b/a Family ACCESS of Newton as of June 30, 2024 and 2023, and the changes in its net assets and its 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 Center 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.

### **Substantial Doubt About the Company's Ability to Continue as a Going Concern**

The accompanying financial statements have been prepared assuming that the Center will continue as a going concern. As discussed in Note 10 to the financial statements, the Center has incurred recurring losses from operations, and has stated that substantial doubt exists about the Center's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 10. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Center's ability to continue as a going concern within one year after the date that the 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 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 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 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 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 Center'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Center'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.

*AAFCPA, Inc.*

Boston, Massachusetts  
November 11, 2024

**NEWTON COMMUNITY SERVICE CENTERS, INC. D/B/A FAMILY ACCESS OF NEWTON**

Statements of Financial Position  
June 30, 2024 and 2023

<b>Assets</b>	<b>2024</b>	<b>2023</b>
Current Assets:		
Cash	\$ 427,633	\$ 612,688
Contracts receivable, net	70,889	67,211
Current portion of pledges receivable	50,450	68,700
Prepaid expenses	41,294	37,801
Total current assets	590,266	786,400
Pledges Receivable, net	84,024	4,402
Property and Equipment, net	1,062,632	1,032,282
Total assets	<u>\$ 1,736,922</u>	<u>\$ 1,823,084</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Line of credit	\$ 180,000	\$ -
Current portion of notes payable	12,608	12,050
Accounts payable and accrued expenses	425,832	337,741
Client deposits	271,716	273,939
Total current liabilities	890,156	623,730
Notes Payable, net of current portion	220,054	232,662
Total liabilities	<u>1,110,210</u>	<u>856,392</u>
Net Assets:		
Without donor restrictions:		
Operating	(421,029)	102,045
Property and equipment	829,970	787,570
Total without donor restrictions	408,941	889,615
With donor restrictions	217,771	77,077
Total net assets	<u>626,712</u>	<u>966,692</u>
Total liabilities and net assets	<u>\$ 1,736,922</u>	<u>\$ 1,823,084</u>

**NEWTON COMMUNITY SERVICE CENTERS, INC. D/B/A FAMILY ACCESS OF NEWTON**

Statements of Activities and Changes in Net Assets  
For the Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue and Support:</b>						
Program service revenue:						
Tuition and fees	\$ 2,711,265	\$ -	\$ 2,711,265	\$ 2,323,825	\$ -	\$ 2,323,825
Support:						
Grants and contracts	1,573,250	-	1,573,250	1,550,431	1,500	1,551,931
Contributions	122,343	134,800	257,143	184,512	7,700	192,212
Interest and other income	3,255	-	3,255	7,958	-	7,958
Net assets released from time restrictions	61,428	(61,428)	-	48,756	(48,756)	-
Net assets released from program restrictions	10,000	(10,000)	-	10,000	(10,000)	-
Total support	1,770,276	63,372	1,833,648	1,801,657	(49,556)	1,752,101
Total operating revenue and support	4,481,541	63,372	4,544,913	4,125,482	(49,556)	4,075,926
<b>Operating Expenses:</b>						
Child and family services	4,296,338	-	4,296,338	3,979,896	-	3,979,896
General and administrative	414,723	-	414,723	434,091	-	434,091
Fundraising and development	251,154	-	251,154	163,913	-	163,913
Total operating expenses	4,962,215	-	4,962,215	4,577,900	-	4,577,900
Changes in net assets from operations	(480,674)	63,372	(417,302)	(452,418)	(49,556)	(501,974)
<b>Non-operating Revenue (Expenses):</b>						
Capital grants	22,678	77,322	100,000	-	-	-
Construction in progress written off	(22,678)	-	(22,678)	-	-	-
Total non-operating revenue (expenses)	-	77,322	77,322	-	-	-
Changes in net assets	(480,674)	140,694	(339,980)	(452,418)	(49,556)	(501,974)
<b>Net Assets:</b>						
Beginning of year	889,615	77,077	966,692	1,342,033	126,633	1,468,666
End of year	\$ 408,941	\$ 217,771	\$ 626,712	\$ 889,615	\$ 77,077	\$ 966,692

The accompanying notes are an integral part of these statements.

**NEWTON COMMUNITY SERVICE CENTERS, INC. D/B/A FAMILY ACCESS OF NEWTON**

Statements of Cash Flows

For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ (339,980)	\$ (501,974)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	113,290	105,502
Change in discount on pledges receivable	(1,278)	7,258
Capital Grants	(100,000)	-
Changes in operating assets and liabilities:		
Grant receivable	-	58,303
Contracts receivable	(3,678)	(18,361)
Pledges receivable	(60,094)	42,334
Prepaid expenses	(3,493)	(3,985)
Accounts payable and accrued expenses	88,091	44,469
Client deposits	(2,223)	2,178
	<u>(309,365)</u>	<u>(264,276)</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	<u>(143,640)</u>	<u>(135,519)</u>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from line of credit	935,000	-
Principal payments on line of credit	(755,000)	-
Principal payments on notes payable	(12,050)	(11,569)
Capital grants	<u>100,000</u>	<u>-</u>
	<u>267,950</u>	<u>(11,569)</u>
<b>Net Change in Cash</b>	<b>(185,055)</b>	<b>(411,364)</b>
<b>Cash:</b>		
Beginning of year	<u>612,688</u>	<u>1,024,052</u>
End of year	<u>\$ 427,633</u>	<u>\$ 612,688</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest	<u>\$ 13,702</u>	<u>\$ 10,823</u>

**NEWTON COMMUNITY SERVICE CENTERS, INC. D/B/A FAMILY ACCESS OF NEWTON**

Statements of Functional Expenses  
For the Years Ended June 30, 2024 and 2023

	2024				2023			
	Program	Supporting Services		Total	Program	Supporting Services		Total
	Child and Family Services	General and Administrative	Fundraising and Development		Child and Family Services	General and Administrative	Fundraising and Development	
<b>Personnel and Related:</b>								
Salaries and wages	\$ 2,928,848	\$ 208,776	\$ 129,263	\$ 3,266,887	\$ 2,687,917	\$ 206,782	\$ 85,684	\$ 2,980,383
Fringe benefits	313,609	29,210	29,208	372,027	283,713	41,807	14,386	339,906
Payroll taxes	247,008	16,065	9,247	272,320	228,558	13,066	6,086	247,710
Total personnel and related	3,489,465	254,051	167,718	3,911,234	3,200,188	261,655	106,156	3,567,999
<b>Occupancy:</b>								
Occupancy and facility cost	136,078	17,232	2,398	155,708	141,840	10,139	2,464	154,443
Depreciation	71,917	9,508	1,322	82,747	64,018	8,866	1,205	74,089
Insurance	54,555	8,290	988	63,833	44,569	6,596	797	51,962
Interest	-	11,919	-	11,919	-	10,782	-	10,782
Total occupancy	262,550	46,949	4,708	314,207	250,427	36,383	4,466	291,276
<b>Other:</b>								
Independent contractors	152,914	2,233	60,027	215,174	159,036	1,097	39,522	199,655
Bank and other fees	96,386	6,544	661	103,591	81,659	7,517	634	89,810
Technology	77,730	9,315	6,186	93,231	55,483	11,036	5,379	71,898
Professional and other	18,239	59,774	-	78,013	14,177	57,740	-	71,917
Marketing	42,531	-	10,165	52,696	61,235	-	5,567	66,802
Program	41,987	-	-	41,987	34,392	-	-	34,392
Office supplies	19,959	19,849	648	40,456	21,865	19,735	818	42,418
Depreciation	26,542	3,512	489	30,543	27,143	3,759	511	31,413
Telephone	24,103	4,415	552	29,070	18,526	554	860	19,940
Recruiting	24,888	3,972	-	28,860	39,846	33,926	-	73,772
Staff training	14,518	1,999	-	16,517	10,378	-	-	10,378
Transportation	4,526	2,110	-	6,636	5,541	689	-	6,230
Total other	544,323	113,723	78,728	736,774	529,281	136,053	53,291	718,625
Total expenses	\$ 4,296,338	\$ 414,723	\$ 251,154	\$ 4,962,215	\$ 3,979,896	\$ 434,091	\$ 163,913	\$ 4,577,900

The accompanying notes are an integral part of these statements.

## NEWTON COMMUNITY SERVICE CENTERS, INC. D/B/A FAMILY ACCESS OF NEWTON

Notes to Financial Statements  
June 30, 2024 and 2023

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### 1. OPERATIONS AND NONPROFIT STATUS

Newton Community Service Centers, Inc. d/b/a Family ACCESS of Newton (the Center) is a private, nonprofit, multi-service organization that strengthens individual, family, and community life through a network of support services and educational programs. The Center promotes social, emotional, and physical wellness and continuity of care for all ages. The Center serves a racially, ethnically, and culturally diverse population regardless of economic circumstances from Newton, Waltham, and surrounding communities in Massachusetts.

The Center is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Center is also exempt from state income taxes. Donors may deduct contributions made to the Center within the requirements of the IRC.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Center prepares its 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).

#### Recently Adopted Accounting Pronouncement

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 replaces the “incurred loss” credit losses framework with a new accounting standard that requires management’s measurement of the allowance for credit losses to be based on a broader range of reasonable and supportable information for lifetime credit loss estimates. This amendment was adopted effective July 1, 2023, with no significant impact to the Center’s financial statements.

#### Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash

For the purpose of the statements of cash flows, management considers cash to be any amounts held in checking and savings accounts. Cash includes client deposits.

#### Pledges Receivable

Pledges receivable are recorded as unconditionally committed. Long-term pledges receivable at June 30, 2024 and 2023, have been discounted to present value using a discount rate of 3% (see Note 3).

#### Contracts Receivable and Allowance for Doubtful Accounts

Included in contracts receivable are amounts for contract services which were not received by the Center prior to fiscal year-end. The allowance for doubtful accounts is recorded based on the collection history and management’s communications with the payers that may be uncollectible, if any. The allowance for doubtful accounts was \$2,000 as of June 30, 2024 and 2023.

## NEWTON COMMUNITY SERVICE CENTERS, INC. D/B/A FAMILY ACCESS OF NEWTON

Notes to Financial Statements  
June 30, 2024 and 2023

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Allowance for Doubtful Pledges Receivable

An allowance for doubtful pledges receivable is recorded based on management's analysis of specific accounts and their estimate of amounts that may be uncollectible, if any. Amounts are written-off against the allowance when they are determined to be uncollectible.

#### 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 with an aggregate cost of \$1,000 or more are capitalized, while repairs and maintenance are expensed as they are incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Land improvements	10 - 35 years
Building and improvements	10 - 40 years
Software and equipment	3 - 7 years

Land is not depreciated.

#### Client Deposits

Client deposits consist of nonrefundable tuition payments that are recognized as income at the conclusion of the school year or applied towards a subsequent enrollment period. Client deposits are included in cash in the accompanying statements of financial position.

#### Net Assets

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Center. The Center has grouped its net assets without donor restrictions into the following categories:

*Operating net assets* represent net assets which are available for operations and bear no external restrictions.

*Property and equipment net assets* reflect the net book value of the Center's property and equipment, net of related debt.

Net assets with donor restrictions are those amounts received with donor restrictions that have not yet been expended for their designated purpose or subject to the passage of time. Net assets with donor restrictions consist of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Time restrictions	\$ 138,949	\$ 65,577
Capital restriction	77,322	-
Program restrictions	<u>1,500</u>	<u>11,500</u>
Total net assets with donor restrictions	<u>\$ 217,771</u>	<u>\$ 77,077</u>

## NEWTON COMMUNITY SERVICE CENTERS, INC. D/B/A FAMILY ACCESS OF NEWTON

Notes to Financial Statements  
June 30, 2024 and 2023

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition

In accordance with ASC Topic 958, the Center 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 a measurable performance-related barrier 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.

ASC Topic 958 prescribes that the Center 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. See Note 10 for the Center's conditional awards as of June 30, 2024.

Grants and contributions from government agencies (contract revenue), foundations, individuals, and corporations are recorded in accordance with ASC Topic 958 as revenue and net assets without donor restrictions upon receipt or when unconditionally committed by the donor. Donor restricted grants and contributions that are donations with time or purpose restrictions are recognized as revenue and net assets with donor restrictions when received or when unconditionally committed by the donor. Transfers are made to net assets without donor restrictions as costs are incurred or time restrictions have lapsed.

The Center generally measures revenue for qualifying exchange transactions based on the amount of consideration the Center expects to be entitled for the transfer of goods or services to a client, then recognizes this revenue when or as the Center satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Center 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.

Tuition and fees are recognized as services are provided. The performance obligations of delivering daycare services are simultaneously received and consumed by the recipients; therefore, the revenue is recognized as daycare services are provided. Tuition and fees are recognized in accordance with ASC Topic 606. Tuition and fees received in advance of services to be provided are recorded as client deposits.

Total contracts receivable are as follows as of June 30:

<u>2024</u>	<u>2023</u>	<u>2022</u>
\$ 72,889	\$ 69,211	\$ 50,850

Interest and other is recognized as earned.

#### Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenue and support and operating expenses in the accompanying statements of activities and changes in net assets. Non-operating revenue consists of capital grant activity and construction in process costs that were written off.

## NEWTON COMMUNITY SERVICE CENTERS, INC. D/B/A FAMILY ACCESS OF NEWTON

Notes to Financial Statements  
June 30, 2024 and 2023

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Donated Services

The Center receives services of volunteers in various aspects of its programs. The value of these services is not reflected in the accompanying financial statements, since the value assigned to these services by the volunteers is not ascertainable and does not meet the recognition criteria outlined in U.S. GAAP.

#### Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated to programs based upon management's estimate of the percentage attributable to each program. Certain categories of expenses are attributable to more than one function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are personnel and related costs, which are allocated based on the basis of time and effort of each employee, and occupancy, depreciation and insurance, which are allocated based on square footage.

#### Fair Value Measurements

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

The Center 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 Center. 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.

## NEWTON COMMUNITY SERVICE CENTERS, INC. D/B/A FAMILY ACCESS OF NEWTON

Notes to Financial Statements  
June 30, 2024 and 2023

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Income Taxes

The Center 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 financial statements regarding a tax position taken or expected to be taken in a tax return. The Center has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2024 and 2023. The Center's information and tax returns are subject to examination by the Federal and state jurisdictions.

#### Subsequent Events

Subsequent events have been evaluated through November 11, 2024, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the accompanying financial statements.

### 3. PLEDGES RECEIVABLE

Pledges receivable are due as follows as of June 30:

	<u>2024</u>	<u>2023</u>
Amounts due in:		
Less than one year	\$ 50,450	\$ 68,700
One to five years	<u>89,200</u>	<u>8,300</u>
	139,650	77,000
Less - discount	2,176	898
Less - allowance	<u>3,000</u>	<u>3,000</u>
	134,474	73,102
Less - current portion	<u>50,450</u>	<u>68,700</u>
	\$ 84,024	\$ 4,402
Long-term pledges receivable, net	<u>\$ 84,024</u>	<u>\$ 4,402</u>

### 4. PROPERTY AND EQUIPMENT, CONSTRUCTION IN PROCESS AND DEPRECIATION

Property and equipment, and construction in process consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land and land improvements	\$ 37,611	\$ 37,611
Building and improvements	2,657,561	2,626,764
Software and equipment	705,064	678,723
Construction in process	<u>118,997</u>	<u>32,495</u>
	3,519,233	3,375,593
Less - accumulated depreciation	<u>2,456,601</u>	<u>2,343,311</u>
	\$ 1,062,632	\$ 1,032,282
Property and equipment, net	<u>\$ 1,062,632</u>	<u>\$ 1,032,282</u>

Construction in process consists of building renovations, with an expected budget of \$1,212,606 and an estimated date of completion of April 2025.

**NEWTON COMMUNITY SERVICE CENTERS, INC. D/B/A FAMILY ACCESS OF NEWTON**

Notes to Financial Statements  
June 30, 2024 and 2023

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**5. LINE OF CREDIT**

The Center has a \$1,000,000 revolving line of credit with a bank. Outstanding borrowings are due on demand and interest is payable monthly at the *Wall Street Journal's* prime rate (8.5% and 8.25% at June 30, 2024 and 2023, respectively), floating daily, with a floor of 3.25%. The line of credit is collateralized by a first mortgage on the Center's property. The line of credit is renewable annually in October. The outstanding balance was \$180,000 as of June 30, 2024. There was no outstanding balance as of June 30, 2023.

**6. NOTES PAYABLE**

The Center has a note payable to a bank with an original principal balance of \$500,000 and a maturity date of April 8, 2038. The interest rate on this note is 4.25%. The interest rate will adjust to the most recent available five-year Federal Home Loan Bank of Boston Regular Classic Advance Rate plus 2.75% on August 8, 2025, and will adjust every five years thereafter. Principal and interest are due in monthly installments of \$1,866. The balance of this note was \$232,662 and \$244,712 as of June 30, 2024 and 2023, respectively. The note is collateralized by a second mortgage on the property and an assignment of leases and rents.

Maturities of the notes payable are as follows:

<u>Fiscal Year</u>	
2025	\$ 12,608
2026	\$ 13,162
2027	\$ 13,740
2028	\$ 14,322
2029	\$ 14,998
Thereafter	\$ 163,832

**7. EMPLOYEE BENEFIT PLAN**

The Center maintains a tax-deferred compensation plan (the Plan) under Section 403(b) of the IRC. The Plan allows employees who are eighteen years of age and are expected to work 1,000 hours per year to make a deferred contribution from the date of hire. The Plan also includes a discretionary matching contribution by the Center of 25% of employees' voluntary salary reductions up to a maximum of 6% of each eligible employee's compensation. The Center contributed \$1,139 and \$1,230 to the Plan during the years ended June 30, 2024 and 2023, respectively.

**8. CONCENTRATIONS**

Approximately 72% and 82% of the Center's pledges receivable were due from one donor and two donors at June 30, 2024 and 2023, respectively (see Note 3).

The Center's contracts receivable and contract revenue were as follows for the year ended June 30:

	<u>Contracts Receivable</u>		<u>Contracts Revenue</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Department of Children and Family	52%	75%	23%	27%
Department of Early Education and Care	38%	22%	75%	69%

## NEWTON COMMUNITY SERVICE CENTERS, INC. D/B/A FAMILY ACCESS OF NEWTON

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### 9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Center's financial assets available within one year from the statements of financial position date for general operating purposes are as follows as of June 30:

	<u>2024</u>	<u>2023</u>
Cash	\$ 427,633	\$ 612,688
Contracts receivable, net	70,889	67,211
Current portion of pledges receivable	<u>50,450</u>	<u>68,700</u>
Total financial assets	548,972	748,599
Less - client deposits	271,716	273,939
Less - net assets subject to purpose restrictions	<u>1,500</u>	<u>11,500</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 275,756</u>	<u>\$ 463,160</u>

As part of the Center's liquidity management, the Center has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of June 30, 2024 and 2023, the Center has financial assets equal to approximately a half month and one month of operating expenses, respectively. The Center also has access to the remaining available balance of \$820,000 and \$1,000,000 as of June 30, 2024 and 2023, respectively, on its \$1,000,000 line of credit (see Note 5). These amounts can be draw upon, as needed, to cover operating costs.

### 10. CONTINUING OPERATIONS

The Center incurred changes in net assets from operations of \$(417,302) and \$(501,974) for the years ended June 30, 2024 and 2023, respectively. The Center's net assets without donor restrictions for operations are \$(421,029) and \$102,045 as of June 30, 2024 and 2023, respectively. Management's assessment has concluded that these conditions raise substantial doubt about the Center's ability to continue as a going concern.

Management has a revenue monitoring and enhancement plan in place which includes continuing to promote the Early Learning Center's open market rate slots, as well as opening additional classrooms to meet demand to ramp up and increase the occupancy of the program to one that ensures profitability. During fiscal year 2024, the Center increased the number of communities being served from 19 to 24.

The Center is also working on partnerships to expand the exposure of the Center to target individual and foundation grants. During fiscal year 2024, the Center had submitted 33% more grant proposals than in fiscal year 2023, gained new funders, reactivated several lapsed donors, and continues seeking new support opportunities. Management also has implemented cost-cutting strategies, which include, consolidating management roles, reducing staff, reduction of health insurance costs, reduction in payment transaction fees, and implementing a time management system to improve efficiency.

Management's plans are intended to enable the Center's ability to meet its obligations and operating requirements in a timely manner. Management has taken several forward-looking steps as they work to improve the financial performance of the Center over the remainder of the fiscal year, bringing operating results closer to breakeven in fiscal year 2025. The development committee, Board and grant writer are actively working on new sources of funding and have identified 22% more grant opportunities in fiscal year 2025 compared to fiscal year 2024. Cost-cutting measures implemented to date are beginning to decrease personnel expenses directly, and management will continue to reassess the fiscal performance of the Center and employ additional action, as necessary. Management's plans have not yet been fully executed and, as a result, there is substantial doubt about the Center's ability to continue as a going concern for one year from November 11, 2024.

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### **11. CONDITIONAL GRANTS**

During fiscal year 2024, the Center was awarded a government contract totaling approximately \$104,000 that contained funder-imposed conditions that represent a barrier that must be overcome, as well as a right of return of assets or release from obligations. The Center recognizes related revenue from these government contracts when funder-imposed conditions are substantially met. The funder-imposed conditions for this contract revenue include the requirement for the Center to provide services. Given the aforementioned reasons, no amounts pertaining to these conditional commitments are included in the accompanying financial statements.

### **12. RECLASSIFICATION**

Certain amounts in the fiscal year 2023 financial statements have been reclassified to conform with the fiscal year 2024 presentation.