

CAPE COD CHILDREN'S PLACE, INC.
(a nonprofit corporation)

FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Cape Cod Children's Place, Inc.

Opinion

We have audited the accompanying financial statements of Cape Cod Children's Place, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cape Cod Children's Place, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the year 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Cape Cod Children's Place, Inc. 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.

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, that raise substantial doubt about Cape Cod Children's Place, Inc.'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 generally accepted auditing standards and *Government Auditing Standards* 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, including omissions, 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.

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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 Cape Cod Children's Place, Inc.'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, that raise substantial doubt about Cape Cod Children's Place, Inc.'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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2024, on our consideration of Cape Cod Children's Place, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cape Cod Children's Place, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cape Cod Children's Place, Inc.'s internal control over financial reporting and compliance.

Sanders, Walsh & Eaton, CPAs, LLC

Chatham, Massachusetts
November 8, 2024

CAPE COD CHILDREN'S PLACE, INC.

Statements of Financial Position

June 30, 2024 and 2023

ASSETS

	<u>2024</u>	<u>2023</u>
Current Assets:		
Cash and cash equivalents	\$ 66,291	\$ 780,266
Operating investments	1,047,977	508,628
Accounts receivable, net	30,849	37,510
Grants receivable, net	426,913	354,274
Prepaid expenses	8,966	12,019
Total Current Assets	<u>1,580,996</u>	<u>1,692,696</u>
Non-current Assets:		
Endowment investments	421,108	86,665
Beneficial interest in assets held by community foundation	226,331	203,377
Property and equipment, net	485,845	520,776
Operating lease right of use asset	70,443	88,164
Total Non-current Assets	<u>1,203,727</u>	<u>898,982</u>
Total Assets	<u>\$ 2,784,724</u>	<u>\$ 2,591,678</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	\$ 4,084	\$ 110,245
Accrued expenses	42,471	33,673
Deferred revenue	17,932	23,854
Operating lease liability - current portion	17,525	16,922
Total Current Liabilities	<u>82,012</u>	<u>184,695</u>
Long-term Liabilities:		
Operating lease liability - less current portion	54,951	72,476
Total Long-term Liabilities	<u>54,951</u>	<u>72,476</u>
Total Liabilities	<u>136,963</u>	<u>257,171</u>
Net Assets:		
Without donor restrictions	1,996,597	1,948,874
With donor restrictions	651,164	385,633
Total Net Assets	<u>2,647,761</u>	<u>2,334,507</u>
Total Liabilities and Net Assets	<u>\$ 2,784,724</u>	<u>\$ 2,591,678</u>

The accompanying notes are an integral part of these financial statements

CAPE COD CHILDREN'S PLACE, INC.

Statement of Activities
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support:			
Tuition and fees:			
Preschool program	\$ 196,714	\$ -	\$ 196,714
Infant and toddler program	107,164	-	107,164
SeaBabies offsite childcare program	19,093	-	19,093
Total tuition and fees	322,970	-	322,970
Contributions	98,283	471,464	569,747
In-kind contributions	36,000	-	36,000
Government and foundational grants	2,276,625	-	2,276,625
Special events, net of \$16,054 direct benefits to donors	35,218	-	35,218
Contract revenue	250	-	250
Investment return (loss), net	58,029	43,590	101,619
Distributions from and change in value of beneficial interest in assets held by community foundation	-	22,954	22,954
Net assets released from restrictions	272,477	(272,477)	-
Total Revenue, Gains and Other Support	3,099,853	265,531	3,365,384
Expenses:			
Programs:			
Grant programs	2,132,914	-	2,132,914
Preschool program	328,477	-	328,477
Infant and toddler program	167,466	-	167,466
SeaBabies offsite childcare program	81,106	-	81,106
Total program expenses	2,709,963	-	2,709,963
Supporting services:			
Management and general	306,168	-	306,168
Fundraising	36,000	-	36,000
Total supporting services expense	342,168	-	342,168
Total Expenses	3,052,131	-	3,052,131
Change in Net Assets	47,723	265,531	313,254
Net Assets, Beginning of Year	1,948,874	385,633	2,334,507
Net Assets, End of Year	\$ 1,996,597	\$ 651,164	\$ 2,647,761

The accompanying notes are an integral part of these financial statements

CAPE COD CHILDREN'S PLACE, INC.
Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support:			
Tuition and fees:			
Preschool program	\$ 194,318	\$ -	\$ 194,318
Infant/toddler program	84,365	-	84,365
SeaBabies offsite childcare program	40,945	-	40,945
Total tuition and fees	<u>319,629</u>	<u>-</u>	<u>319,629</u>
Contributions	76,273	174,365	250,638
In-kind contributions	36,000	-	36,000
Government and foundational grants	2,429,502	-	2,429,502
Special events, net of \$14,598 direct benefits to donors	34,100	-	34,100
Contract revenue	600	-	600
Investment return (loss), net	27,728	-	27,728
Distributions from and change in value of beneficial interest in assets held by community foundation	-	16,289	16,289
Net assets released from restrictions	28,145	(28,145)	-
Total Revenue, Gains and Other Support	<u>\$2,951,976.51</u>	<u>\$ 162,509</u>	<u>\$ 3,114,486</u>
Expenses:			
Programs:			
Grant programs	1,654,676	-	1,654,676
Preschool program	243,085	-	243,085
Infant/toddler program	124,477	-	124,477
SeaBabies offsite childcare program	90,374	-	90,374
Total program expenses	<u>2,112,612</u>	<u>-</u>	<u>2,112,612</u>
Supporting services:			
Management and general	296,840	-	296,840
Fundraising	36,000	-	36,000
Total supporting services expense	<u>332,840</u>	<u>-</u>	<u>332,840</u>
Total Expenses	<u>2,445,452</u>	<u>-</u>	<u>2,445,452</u>
Change in Net Assets	506,525	162,509	669,034
Net Assets, Beginning of Year	<u>1,442,350</u>	<u>223,124</u>	<u>1,665,474</u>
Net Assets, End of Year	<u>\$ 1,948,874</u>	<u>\$ 385,633</u>	<u>\$ 2,334,507</u>

The accompanying notes are an integral part of these financial statements

CAPE COD CHILDREN'S PLACE, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2024

	Program services					Supporting services			Total
	Grant	Preschool	Infant/Toddler	SeaBabies Childcare	Total	Management and General	Fundraising	Total	
Bad debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bank and credit card fees		952	21	18	991	646	-	1,637	
Training and continuing education	26,444	371	136	136	27,087	439	-	27,526	
Contract labor and substitutes	491,139	-	-	-	491,139	12,600	-	503,739	
Depreciation	-	-	-	-	-	36,257	-	36,257	
Miscellaneous	9,154	941	466	275	10,836	4,597	-	15,433	
Operating lease expense	22,870	254	126	63	23,313	6,451	36,000	65,764	
Utilities	22,728	2,627	1,278	623	27,256	1,056	-	28,312	
Office expenses	28,951	6,259	3,246	2,049	40,505	7,445	-	47,950	
Professional services	270	-	-	-	270	17,150	-	17,420	
Repairs and maintenance	34,716	10,668	4,589	2,401	52,374	4,758	-	57,132	
Salaries, benefits and related costs	1,303,256	300,633	155,109	73,372	1,832,370	209,408	-	2,041,778	
Stipends	47,776	-	-	-	47,776	-	-	47,776	
Supplies and materials	60,657	5,772	2,495	2,169	71,093	5,361	-	76,454	
Taxes - other	-	-	-	-	-	-	-	-	
Travel and client transportation	43,297	-	-	-	43,297	-	-	43,297	
Vouchers and scholarships	41,656	-	-	-	41,656	-	-	41,656	
Total Expenses	\$ 2,132,914	\$ 328,477	\$ 167,466	\$ 81,106	\$ 2,709,963	\$ 306,168	\$ 36,000	\$ 3,052,131	

The accompanying notes are an integral part of these financial statements

CAPE COD CHILDREN'S PLACE, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2023

	Program services					Supporting services		Total
	Grant	Preschool	Infant/Toddler	SeaBabies Childcare	Total	Management and General	Fundraising	
Bad debt	\$ -	\$ 2,707	\$ -	\$ 778	\$ 3,485	\$ -	\$ -	\$ 3,485
Bank and credit card fees	28	986	208	-	1,222	545	-	1,767
Training and continuing education	6,058	696	473	473	7,700	1,185	-	8,885
Contract labor and substitutes	239,007	-	-	110	239,117	3,780	-	242,897
Depreciation	750	-	-	-	750	39,690	-	40,440
Miscellaneous	12,504	-	-	-	12,504	86,320	-	98,824
Operating lease expense	24,848	211	108	76	25,243	2,923	36,000	64,166
Utilities	39,149	7,428	3,692	2,636	52,905	3,141	-	56,046
Office expenses	16,920	2,800	838	1,009	21,567	7,238	-	28,805
Professional services	-	-	-	-	-	19,450	-	19,450
Repairs and maintenance	8,451	2,242	883	520	12,096	2,489	-	14,585
Salaries, benefits and related costs	1,095,615	219,158	117,034	83,736	1,515,543	123,193	-	1,638,736
Stipends	60,470	35	18	18	60,541	-	-	60,541
Supplies and materials	59,654	6,822	1,223	1,018	68,717	6,886	-	75,603
Taxes - other	444	-	-	-	444	-	-	444
Travel and client transportation	33,106	-	-	-	33,106	-	-	33,106
Vouchers and scholarships	57,673	-	-	-	57,673	-	-	57,673
Total Expenses	\$ 1,654,676	\$ 243,085	\$ 124,477	\$ 90,374	\$ 2,112,612	\$ 296,840	\$ 36,000	\$ 2,445,452

The accompanying notes are an integral part of these financial statements

CAPE COD CHILDREN'S PLACE, INC.Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 313,254	\$ 669,034
Adjustments to reconcile net assets to net cash provided (used) by operating activities:		
Depreciation	36,257	40,440
Change in value of beneficial interest held at community foundation	(22,954)	(16,289)
Contribution restricted to endowment	(274,947)	(52,000)
Endowment net investment (return) loss	(59,496)	(14,272)
(Increase) decrease in operating assets:		
Accounts and grants receivable, net	(65,978)	(146,336)
Prepaid expenses	3,052	(6,366)
Operating lease right of use asset	17,721	(88,164)
Increase (decrease) in operating liabilities:		
Accounts payable	(106,161)	105,768
Accrued expenses	8,798	(5,080)
Deferred revenue	(5,923)	(172,880)
Operating lease liability	(16,922)	89,398
Net Cash Provided by (Used in) Operating Activities	<u>(173,299)</u>	<u>403,253</u>
Cash Flows from Investing Activities:		
Purchases of operating investments	(539,349)	(513,952)
Purchases of property and equipment	(1,326)	(5,806)
(Addition to) withdrawal from endowment	(274,947)	(52,000)
Net Cash Provided by (Used in) Investing Activities	<u>(815,623)</u>	<u>(571,758)</u>
Cash Flows from Financing Activities:		
Collection of contributions restricted to endowment	274,947	52,000
Net Cash from Financing Activities	<u>274,947</u>	<u>52,000</u>
Net change in cash and cash equivalents	(713,975)	(116,505)
Cash and cash equivalents, beginning of year	<u>780,266</u>	<u>896,771</u>
Cash and cash equivalents, end of year	<u>\$ 66,291</u>	<u>\$ 780,266</u>

The accompanying notes are an integral part of these financial statements

CAPE COD CHILDREN'S PLACE, INC.

Notes to Financial Statements

For the Years Ended June 30, 2024 and 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Cape Cod Children's Place, Inc. (the Organization), is a Massachusetts non-profit corporation established in 1994 whose purpose is to provide pre-school educational, social, childcare, and family support services.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Net Assets

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

Net Assets Without Donor Restrictions: Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. The governing board has designated, from net assets without donor restrictions, a board-designated endowment.

Net Asset With Donor Restrictions: Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets 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 statements of activities as net assets released from restrictions. The Organization reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized when received and released from restrictions when the assets are placed in service.

Beneficial Interest in Assets Held by Community Foundation

During 2021, the Organization established an endowment fund for the amount of \$200,000 that is perpetual in nature (the fund) under a community foundation's (the CF) Non-Profit Agency Fund and named the Organization as beneficiary. The Organization granted variance power to the CF, which allows the CF to modify any condition or restriction on its distribution for any specified charitable purpose or to any specified organization if, in the sole judgment of the CF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the CF for the Organization's benefit and is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

Compensated Absences

Compensated absences have not been accrued because the amount cannot be reasonably estimated.

CAPE COD CHILDREN'S PLACE, INC.

Notes to Financial Statements

For the Years Ended June 30, 2024 and 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivables and Allowance for Credit Losses

The education provides educational services to a broad range of customers throughout Cape Cod, MA . Customers are typically provided with different payment terms and discounts if payments are received within certain time frame. The Organization has tracked historical loss information for its accounts receivable and compiled historical credit loss percentages for different aging categories (current, 1–30 days past due, 31–60 days past due, 61–90 days past due, and more than 90 days past due). The Organization believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for accounts receivable held at June 30, 2024 and 2023 because the composition of the accounts receivable at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). Additionally, the Organization has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. Accordingly, the Organization estimated the allowance for credit losses at June 30, 2024 and 2023 totaled \$1,500 and \$1,500, respectively.

Changes in the allowance for credit losses for receivables are as follows for the years ended June 30:

	2024	2023
Allowance for Credit Losses, Beginning of Year	\$ 1,500	\$ 1,500
Provision for credit losses	-	3,485
Charge-offs	-	(3,485)
Recoveries	-	-
Allowance for Credit Losses, End of Year	<u>\$ 1,500</u>	<u>\$ 1,500</u>

Grants Receivables

Grants receivable consists primarily of noninterest-bearing amounts due for program activities under town, federal, and state contracts and grants. The amounts are within existing grant awards and are, therefore, recorded as revenue in the year the expenditures are incurred. The Organization determines the allowance for uncollectable grants receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Grants receivable are written off when deemed uncollectable. At June 30, 2024 and 2023, management has determined that the allowance would be \$0 and \$0, respectively. At June 30, 2024 and 2023, the entire grants receivable balance is due from governmental agencies and expected to be collected in one year or less.

Property and Equipment

Property and equipment additions over \$1,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2024 and 2023.

CAPE COD CHILDREN'S PLACE, INC.

Notes to Financial Statements

For the Years Ended June 30, 2024 and 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their values in the statement of financial position. Net investment return (loss) is reported in the statements of activities and consists of interest and dividends income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Advertising Costs

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising costs for the years ended June 30, 2024 and 2023, were \$6,406 and \$7,919, respectively.

In-kind Contributions

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note K). The Organization does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Revenue and Revenue Recognition

The Organization recognizes revenue from student tuition and fees during the month in which the related services are provided to students. The performance obligation of delivering educational services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the month. Payment for tuition is required at the beginning of each month for that month. All amounts received prior to the commencement of the classes, including enrollment deposits, are deferred to the applicable period.

Special events revenue is comprised of an exchanged element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

With the exception of goods and services provided in connection with the educational services, which are transferred over the academic year, all goods and services are transferred at a point in time.

A significant portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when expenditures have incurred in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. No amounts have been received in advance under these federal and state contracts.

CAPE COD CHILDREN'S PLACE, INC.

Notes to Financial Statements

For the Years Ended June 30, 2024 and 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Foundational and town grants are considered non reciprocal transactions or contributions that further the programs of the Organization. Accordingly, revenue is recorded upon receipt of the notification of grant award, or, if conditions for performance are imposed, revenue is recognized when conditions have been met.

Income Taxes

The Organization is organized as Massachusetts nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organization described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundation under IRC Sections 509(a)(1) and (3), respectively. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Organization's Forms 990 and other income tax filings required by state or local tax authorities are no longer subject to tax examination for years before 2021.

Functional Allocation of Expenses

The cost of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain expenses have been allocated among the program and supporting services benefited on a reasonable basis that is consistently applied. The expenses that are allocated include miscellaneous, operating lease expense, utilities, office expense, repair and maintenance which are allocated on a square-footage basis, as well as salaries, benefits and related cost, training and education, supplies and materials, office expenses, bank and credit card fees, and miscellaneous, which are allocated on the basis of estimates of time and effort.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. As of June 30, 2024 and 2023, the Organization had approximately \$0 and \$524,461 respectively, in excess of FDIC insurance limits. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts and grants receivable are limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the Organization's mission. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

CAPE COD CHILDREN'S PLACE, INC.

Notes to Financial Statements

For the Years Ended June 30, 2024 and 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of use (ROU) assets and lease liabilities in the statement of financial position. The ROU assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. All of the ROU assets and lease liabilities arise from operating leases. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. The Organization includes in the determination of the ROU assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. Operating lease expense is recognized on a straight-line basis over the lease term.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease term as a discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the risk-free rate option to the building and office equipment classes of assets. The Organization has also elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. The Organization elected the practical expedient to not separate lease and non-lease components for real estate and office equipment leases.

Recently Adopted Accounting Standards

In 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, Leases, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Organization recognized right-of-use assets of \$105,073 and lease liabilities totaling \$89,398 in its statement of financial position as of July 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended June 30, 2023.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

NOTE B – CONCENTRATION OF REVENUE SOURCES

The Organization's program services are funded primarily by the Commonwealth of Massachusetts Department of Early Education and Care (EEC) and the Department of Public Health (DPH). Grants receivable from these two agencies represents 100% and 100% of the Organization's total grants receivable balance at June 30, 2024 and 2023, respectively. Approximately 54% and 48% of the Organization's total revenue derives from grants from these two state agencies at June 30, 2024 and 2023, respectively. The current level of the Organization's operations and program services may be impacted if funding is not renewed.

CAPE COD CHILDREN'S PLACE, INC.

Notes to Financial Statements

For the Years Ended June 30, 2024 and 2023

NOTE C - FAIR VALUE MEASUREMENTS AND DISCLOSURES

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumption about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability 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 or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in market that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3: Unobservable inputs for the asset or liability. In these situations, inputs using the best information available in the circumstances are developed.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the assessment of the quality, risk, or liquidity profile of the asset or liability.

Portion of the Organization's investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values.

The fair value of the beneficial interest in asset held by community foundation is based on the fair value of fund investment as reported by the community foundation. This is considered to be Level 3 measurements.

The following table presents assets measured at fair value on a recurring basis, except those measured at carrying value at June 30, 2024 and 2023:

CAPE COD CHILDREN'S PLACE, INC.

Notes to Financial Statements

For the Years Ended June 30, 2024 and 2023

NOTE C - FAIR VALUE MEASUREMENTS AND DISCLOSURES (Continued)

	2024			
	Fair Value Measurements at Report Date Using			
	Total	Quoted Prices in Active Mkts for Identical Assets (Level1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Operating investments				
Non-traded CDs at carrying value	\$ 1,047,977	\$ -	\$ -	\$ -
Endowment investments				
Global equity mutual funds	421,108	421,108	-	-
Beneficial interest in:				
Assets held by community foundation	226,331	-	-	226,331
	<u>\$ 1,695,416</u>	<u>\$ 421,108</u>	<u>\$ -</u>	<u>\$ 226,331</u>

	2023			
	Fair Value Measurements at Report Date Using			
	Total	Quoted Prices in Active Mkts for Identical Assets (Level1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Operating investments				
Non-traded CDs at carrying value	\$ 508,628	\$ -	\$ -	\$ -
Endowment investments				
Global equity mutual funds	86,665	86,665	-	-
Beneficial interest in:				
Assets held by community foundation	203,377	-	-	203,377
	<u>\$ 798,670</u>	<u>\$ 86,665</u>	<u>\$ -</u>	<u>\$ 203,377</u>

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2024 and 2023:

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)	
	Beneficial interest in assets held by community foundation	
	2024	2023
Balance, Beginning of Year	\$ 203,377	\$ 187,088
Net investment return (loss)	22,954	16,289
Purchases/contributions of investments	-	-
Distributions	-	-
Balance, End of Year	<u>\$ 226,331</u>	<u>\$ 203,377</u>

CAPE COD CHILDREN'S PLACE, INC.

Notes to Financial Statements

For the Years Ended June 30, 2024 and 2023

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2024 and 2023:

	2024	2023
Leasehold improvements	\$ 830,093	\$ 830,093
Equipment, furniture and fixtures	100,767	99,441
	<u>930,860</u>	<u>929,534</u>
Less accumulated depreciation	(445,015)	(408,758)
Property and Equipment, Net	<u>\$ 485,845</u>	<u>\$ 520,776</u>

NOTE E – GRANTS

State and federal cost-reimbursable grants are major source of support for the Organization, primarily from the Massachusetts Department of Early Education and Care (EEC) and the Department of Public Health (DPH). During the fiscal years, the Organization was also awarded other town and private grants. Town grants are cost-reimbursable, paid quarterly and are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

The summary of grant revenue included the following, for the years ended June 30, 2024 and 2023:

	2024	2023
State grants, MA Departments of EEC/The Children's Trust/DPH	\$ 805,220	\$ 787,828
Federal grants, pass-through MA Departments of DPH	782,562	678,889
Federal grants, pass-through the Children's Trust/EEC	225,898	22,539
Foundational and town grants	462,945	503,561
Employee Retention Credit	-	436,685
Total Grant Revenue	<u>\$ 2,276,625</u>	<u>\$ 2,429,502</u>

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Subject to expenditures for specified purpose:		
Education - maternal wellness	\$ 34,741	\$ 53,000
Emergency fund (Childcare Vouchers)	15,850	20,876
Family support	3,705	56,380
	<u>54,296</u>	<u>130,256</u>
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Restricted by donors for		
Available for general use	43,590	-
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
General use	326,947	52,000
Total endowments	<u>370,537</u>	<u>52,000</u>

CAPE COD CHILDREN'S PLACE, INC.

Notes to Financial Statements

For the Years Ended June 30, 2024 and 2023

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Perpetual in nature, not subject to spending policy or appropriation:

Beneficial interest in assets held by community foundation	226,331	203,377
	<u>\$ 651,164</u>	<u>\$ 385,633</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Satisfaction of purpose restrictions:		
Education - maternal wellness	\$ 202,176	\$ 9,503
Emergency fund (childcare vouchers)	17,626	-
Family support	<u>52,675</u>	<u>18,642</u>
	<u>\$ 272,477</u>	<u>\$ 28,145</u>

NOTE G – REVENUE FROM CONTRACT WITH CUSTOMERS

Receivables from contracts with customers are reported as accounts receivable, net in the accompanying statements of financial position. Contract liabilities are reported as deferred revenue in the accompanying statements of financial position. The beginning and ending balances for accounts receivables and deferred revenue were as follows for the years ended June 30, 2024 and 2023:

	<u>July 1, 2023</u>	<u>June 30, 2024</u>
Accounts receivable, net of allowance for credit losses	\$ 37,510	\$ 30,849
Deferred revenue	23,854	17,932
	<u>July 1, 2022</u>	<u>June 30, 2023</u>
Accounts receivable, net of allowance for credit losses	\$ 45,666	\$ 37,510
Deferred revenue	196,734	23,854

Deferred revenue represents amounts received in advance for student tuition and under cost-reimbursable grants that are deferred to the applicable period. The following table provides information about significant changes in deferred revenue for years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Deferred Revenue, Beginning of Year	\$ 23,854	\$ 196,734
Revenue recognized that was included in deferred revenue at the beginning of the year	(23,854)	(196,734)
Increases in deferred revenue due to cash received during the year	<u>17,932</u>	<u>23,854</u>
Deferred Revenue, End of Year	<u>\$ 17,932</u>	<u>\$ 23,854</u>

Due to the nature and timing of the performance and/or transfer of services and products, substantially all contract liabilities at June 30 of each year are recognized in the following year.

CAPE COD CHILDREN'S PLACE, INC.

Notes to Financial Statements

For the Years Ended June 30, 2024 and 2023

NOTE H – ENDOWMENT

The Organization endowment (the Endowment) consists of funds established by donors to provide annual funding for general operations. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

The Organization Board of Directors has interpreted the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2024 and 2023, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

The Organization does not have underwater endowments at June 30, 2024 and 2023.

Investment and Spending Policies

The Organization has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. The target minimum rate of return is the Consumer Price Index plus 4 percent on an annual basis. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective spending must be flexible in order to endure periods of underperformance without excessive deterioration of principal. The investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

CAPE COD CHILDREN'S PLACE, INC.

Notes to Financial Statements

For the Years Ended June 30, 2024 and 2023

NOTE H – ENDOWMENT (Continued)

Investment and Spending Policies

The Organization use an endowment spending-rate formula to determine the maximum amount to spend from the Endowment. The Organization will target a 4% draw of the rolling 12 quarters (3 year) average market value of the portfolio (base amount). In addition, the Investment Committee may also authorize up to 50% of the amount by which the 3 year average net total return exceeds the 3 year average annual Consumer Price Index (CPI). The Investment Committee will review the spending calculation and its effect on the investment account and make recommendation to the Organization's Board of Directors annually. In establishing this policy, the Organization considered the long-term expected return on the Endowment and set the rate with the objective of maintaining the purchasing power of the Endowment over time.

The Organization had the following endowment net asset composition by type of fund, as of June 30, 2024 and 2023:

	2024		
	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	\$ 50,571	\$ -	\$ 50,571
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	326,947	326,947
Accumulated investment gains	-	43,590	43,590
	\$ 50,571	\$ 370,537	\$ 421,108
	2023		
	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	\$ 34,665	\$ -	\$ 34,665
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	52,000	52,000
Accumulated investment gains	-	-	-
	\$ 34,665	\$ 52,000	\$ 86,665

CAPE COD CHILDREN'S PLACE, INC.

Notes to Financial Statements

For the Years Ended June 30, 2024 and 2023

NOTE H – ENDOWMENT(Continued)

Changes in endowment net assets for the years ended June 30, 2024 and 2023 are as follows:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 34,665	\$ 52,000	\$ 86,665
Investment return (loss), net	15,906	43,590	59,496
Contributions	-	274,947	274,947
Appropriation of endowment assets pursuant to spending-rate policy	-	-	-
Other changes:			
Distribution from board-designated endowment pursuant to distribution policy	-	-	-
Endowment net assets, end of year	<u>\$ 50,571</u>	<u>\$ 370,537</u>	<u>\$ 421,108</u>
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 20,393	\$ -	\$ 20,393
Investment return (loss), net	14,272	-	14,272
Contributions	-	52,000	52,000
Appropriation of endowment assets pursuant to spending-rate policy	-	-	-
Other changes:			
Distribution from board-designated endowment pursuant to distribution policy	-	-	-
Endowment net assets, end of year	<u>\$ 34,665</u>	<u>\$ 52,000</u>	<u>\$ 86,665</u>

NOTE I – LIQUIDITY AND AVAILABILITY

The Organization operates with balanced budget for each fiscal year and anticipates collecting sufficient revenue to cover short term general expenditures not covered by donor-restricted resources. A substantial portion of annual revenue is comprised of grants and contributions received during the year. The Organization considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to management and general and fundraising activities undertaken to support those services.

The Organization endowment funds consist of donor-restricted endowments and funds designated by the Board of Directors as endowments. Income from donor-restricted endowments is available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Organization board-designated endowment is subject to an annual spending rate of 4 percent as described in Note H and totaled \$50,571 and \$34,665 at June 30, 2024 and 2023, respectively. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.

CAPE COD CHILDREN'S PLACE, INC.

Notes to Financial Statements

For the Years Ended June 30, 2024 and 2023

NOTE I – LIQUIDITY AND AVAILABILITY (Continued)

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Financial assets, at year end:	2024	2023
Cash and cash equivalents	\$ 66,291	\$ 780,266
Operating investments	1,047,977	508,628
Accounts receivable, net	30,849	37,510
Grants receivable, net	426,913	354,274
Endowment investments	421,108	86,665
Beneficial interest in assets held by community foundation	226,331	203,377
Total financial assets	2,219,469	1,970,719
Less amounts not available for general expenditures within one year, due to contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions	54,296	130,256
Endowments - original donor-restricted gift amount	326,947	52,000
Perpetual in nature - not subject to spending policy or appropriation	226,331	203,377
	607,574	385,633
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,611,894	\$ 1,585,087

The Organization is also supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in future periods, the Organization maintains sufficient resources to meet those responsibilities to its donors. Thus, certain financial assets may not be available for general expenditures within one year. As part of the Organization's liquidity management, it has a policy to structure its assets to be available as its general expenditures, liabilities, and other obligations come due.

The Organization regularly monitors liquidity to meet its operating needs and other commitments and obligations. The Organization's goal is generally to maintain financial assets to meet 90 days of general expenditures. As part of its liquidity plan, excess cash is invested in short-term investments, CDs and money market accounts. Management prepares regular cash flow projections to determine liquidity needs. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash.

NOTE J – LEASES

The Organization leases certain teaching facilities and equipment at various terms under long-term non-cancelable operating lease agreements. The leases expire at various dates through 2048 and provide for renewal options ranging from two to five years. These renewal options are included in the determination of the right-of-use assets and lease liabilities. The Organization's operating leases provide for increases in future minimum annual rental payments. Additionally, the operating lease agreements requires the Organization to pay real estate taxes, insurance, and repairs.

CAPE COD CHILDREN'S PLACE, INC.

Notes to Financial Statements

For the Years Ended June 30, 2024 and 2023

NOTE J – LEASES (Continued)

The weighted-average discount rate applied to calculate lease liabilities as of June 30, 2024 and 2023 was 5% and 5%, respectively. For the years ended June 30, 2024 and 2023, total lease cost comprised of operating lease cost of \$21,810 and \$21,810, respectively, and short-term lease cost of \$43,954 and 42,356, respectively. As of June 30, 2024 and 2023 the weighted-average remaining lease term for the Organization's operating leases was approximately nine and ten years, respectively. Cash paid for operating leases for the years ended June 30, 2024 and 2023 was \$21,010 and \$20,575 respectively. Right of use assets obtained in exchange for lease liabilities under operating leases for the years ended June 30, 2024 and 2023 totaled \$0 and \$105,073, respectively.

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of June 30, 2024:

2025	20,738
2026	16,388
2027	16,863
2028	6,844
2029	1,778
Thereafter	55,434
Total lease payments	<u>\$ 118,045</u>
Less interest	<u>(45,569)</u>
Present value of lease liabilities	<u><u>\$ 72,476</u></u>

NOTE K - CONTRIBUTED NON-FINANCIAL ASSETS

Contributed nonfinancial assets recognized within the statements of activities included the following at June 30, 2024 and 2023:

		2024		
		Revenue Recognized	Utilization in	Donor Restrictions
Contributed space	Fundraising	<u>\$ 36,000</u>		No donor restrictions
		<u>\$ 36,000</u>		Valuation Techniques and Inputs
				Contributed space is valued using estimated rental rates for similar spaces in the local real estate market.
		2023		
		Revenue Recognized	Utilization in	Donor Restrictions
Contributed space	Fundraising	<u>\$ 36,000</u>		No donor restrictions
		<u>\$ 36,000</u>		Valuation Techniques and Inputs
				Contributed space is valued using estimated rental rates for similar spaces in the local real estate market.

CAPE COD CHILDREN'S PLACE, INC.

Notes to Financial Statements

For the Years Ended June 30, 2024 and 2023

NOTE L - EMPLOYEE RETENTION CREDIT

The CARES Act provides an employee retention credit (ERC) subject to certain conditions such as meeting the rules for a decline in gross receipts and incurring qualified expenses (payroll costs). ERC is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through December 31, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to \$10,000 of qualified wages per quarter. The Organization substantially met the conditions for the tax credit under the CARES Act and expects to continue to receive tax credits under the additional relief provisions for qualified wages through December 31, 2021. During the fiscal years ended June 30, 2024 and 2023, the Organization recorded \$0 and \$436,685 respectively, related to the CARES ERC in government grants on the Organization's statements of activities. As of June 30, 2024 and 2023, the Organization has \$0 and \$0, respectively, receivable balance from the United States government related to the CARES Act.

NOTE M – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 8, 2024, the date the financial statements were available to be issued.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Cape Cod Children's Place, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Cape Cod Children's, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024 and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 8, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cape Cod Children's Place, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Cape Cod Children's Place, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Cape Cod Children's Place, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weaknesses* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected in a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cape Cod Children's Place, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sanders, Walsh & Eaton, CPAs, LLC

Osterville, Massachusetts
November 8, 2024