

FAMILY CENTERS INC.

Financial Statements

Years Ended June 30, 2024 and 2023

FAMILY CENTERS INC.

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Independent Auditor's Report

To the Board of Trustees
Family Centers Inc.
Greenwich, Connecticut

Opinion

We have audited the accompanying financial statements of Family Centers Inc., which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, 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 Family Centers Inc. 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 (U.S. GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. 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 Family Centers 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 these financial statements in accordance with U.S. GAAP; 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 Family Centers Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

To the Board of Trustees
Family Centers Inc.

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 U.S. 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 U.S. 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 Family Centers 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 Family Centers 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 audits.

Cirone Friedberg, LLP

Shelton, Connecticut
February 13, 2025

FAMILY CENTERS INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,296,561	\$ 1,237,298
Investments	8,076,324	9,401,101
Accounts Receivable, Net of Allowance for Credit Losses	674,808	1,171,979
Grants Receivable	1,554,903	627,053
Due from FCITC Partners	-	18,102
Shared Appreciation Note	631,000	569,000
Prepaid Expenses and Other Assets	349,908	526,645
Property and Equipment, Net	6,890,234	4,419,160
Right-of-Use Asset - Operating Lease	230,458	-
Donor Restricted Investments in Perpetuity	<u>2,452,975</u>	<u>2,452,975</u>
Total Assets	<u>\$ 23,157,171</u>	<u>\$ 20,423,313</u>
LIABILITIES AND NET ASSETS		
<u>Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 1,306,920	\$ 894,418
Deferred Revenue	30,950	36,789
Notes Payable	342	6,734
Refundable Deposits	130,636	133,965
Refundable Advances	43,132	1,134,243
Operating Lease Liability	235,393	-
Total Liabilities	<u>1,747,373</u>	<u>2,206,149</u>
<u>Net Assets</u>		
Without Donor Restriction	13,490,660	10,384,529
With Donor Restriction	<u>7,919,138</u>	<u>7,832,635</u>
Total Net Assets	<u>21,409,798</u>	<u>18,217,164</u>
Total Liabilities and Net Assets	<u>\$ 23,157,171</u>	<u>\$ 20,423,313</u>

See notes to financial statements.

FAMILY CENTERS INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Operating Revenue, Support and Other Changes						
Government Grant Income	\$ 10,456,453	\$ -	\$ 10,456,453	\$ 8,996,271	\$ -	\$ 8,996,271
Program Fees	8,541,754	-	8,541,754	6,938,724	-	6,938,724
Contributions and Non Governmental Grants	3,725,965	756,056	4,482,021	3,859,308	1,319,781	5,179,089
Special Events Revenue	1,352,757	-	1,352,757	988,718	-	988,718
Special Events Direct Benefit to Donors	<u>(208,056)</u>	<u>-</u>	<u>(208,056)</u>	<u>(218,358)</u>	<u>-</u>	<u>(218,358)</u>
Special Events, Net	1,144,701	-	1,144,701	770,360	-	770,360
Other Income	9,991	-	9,991	48,662	-	48,662
Net Assets Released from Restriction	<u>1,446,386</u>	<u>(1,446,386)</u>	<u>-</u>	<u>1,392,772</u>	<u>(1,392,772)</u>	<u>-</u>
Total Operating Revenue, Support and Other Changes	<u>25,325,250</u>	<u>(690,330)</u>	<u>24,634,920</u>	<u>22,006,097</u>	<u>(72,991)</u>	<u>21,933,106</u>
Functional Expenses						
Program Services:						
Education and Human Services	10,012,225	-	10,012,225	9,798,511	-	9,798,511
Health Care Connections	<u>9,269,338</u>	<u>-</u>	<u>9,269,338</u>	<u>8,595,550</u>	<u>-</u>	<u>8,595,550</u>
Total Program Services	19,281,563	-	19,281,563	18,394,061	-	18,394,061
Management and General	2,400,283	-	2,400,283	2,273,502	-	2,273,502
Development and Fundraising	<u>752,106</u>	<u>-</u>	<u>752,106</u>	<u>723,215</u>	<u>-</u>	<u>723,215</u>
Total Functional Expenses Before Depreciation	<u>22,433,952</u>	<u>-</u>	<u>22,433,952</u>	<u>21,390,778</u>	<u>-</u>	<u>21,390,778</u>
Change in Net Assets from Operations Before Depreciation	2,891,298	(690,330)	2,200,968	615,319	(72,991)	542,328
Depreciation	<u>453,401</u>	<u>-</u>	<u>453,401</u>	<u>389,683</u>	<u>-</u>	<u>389,683</u>
Change in Net Assets from Operations	2,437,897	(690,330)	1,747,567	225,636	(72,991)	152,645
Other Changes in Net Assets						
Investment Return, Net	<u>668,234</u>	<u>776,833</u>	<u>1,445,067</u>	<u>386,005</u>	<u>484,251</u>	<u>870,256</u>
Change in Net Assets	3,106,131	86,503	3,192,634	611,641	411,260	1,022,901
Net Assets - Beginning of Year	<u>10,384,529</u>	<u>7,832,635</u>	<u>18,217,164</u>	<u>9,772,888</u>	<u>7,421,375</u>	<u>17,194,263</u>
Net Assets - End of Year	<u>\$ 13,490,660</u>	<u>\$ 7,919,138</u>	<u>\$ 21,409,798</u>	<u>\$ 10,384,529</u>	<u>\$ 7,832,635</u>	<u>\$ 18,217,164</u>

See notes to financial statements.

FAMILY CENTERS 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	\$ 3,192,634	\$ 1,022,901
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Depreciation	453,401	389,683
Provision for Credit Losses	118,257	148,775
Amortization of Right-of-Use Asset - Operating Lease	52,797	-
Realized and Unrealized Investment Gains, Net	(1,475,668)	(505,001)
Contributions Restricted for Capital Projects	(2,124,949)	(471,996)
Changes in Assets and Liabilities:		
Accounts Receivable	378,914	(686,915)
Grants Receivable	(927,850)	21,100
Due from FCITC Partners	18,102	78,348
Prepaid Expenses and Other Assets	176,737	(251,193)
Accounts Payable and Accrued Expenses	412,502	2,783
Deferred Revenue	(5,839)	9,289
Refundable Deposits	(3,329)	(31,637)
Refundable Advances	(1,091,111)	845,168
Operating Lease Liability	(47,862)	-
Total Adjustments	<u>(4,065,898)</u>	<u>(451,596)</u>
Net Cash (Used) Provided by Operating Activities	<u>(873,264)</u>	<u>571,305</u>
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(2,924,475)	(877,043)
Proceeds from Sales of Investments	3,421,224	2,486,625
Purchases of Investments	<u>(682,779)</u>	<u>(3,847,010)</u>
Net Cash Used by Investing Activities	<u>(186,030)</u>	<u>(2,237,428)</u>
Cash Flows from Financing Activities		
Proceeds from Contributions Restricted for Capital Projects	2,124,949	471,996
Principal Payments on Notes Payable	<u>(6,392)</u>	<u>(7,958)</u>
Net Cash Provided by Financing Activities	<u>2,118,557</u>	<u>464,038</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,059,263	(1,202,085)
Cash and Cash Equivalents - Beginning of Year	<u>1,237,298</u>	<u>2,439,383</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,296,561</u>	<u>\$ 1,237,298</u>

Supplemental Cash Flow Information

During the year ended June 30, 2024, FCI recognized a right-of-use asset - operating lease of \$283,255 in exchange for an operating lease liability of the same amount.

See notes to financial statements.

FAMILY CENTERS INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services			Supporting Services		Total
	Education and Human Services	Health Care Connections	Total Program Services	Management and General	Development and Fundraising	
Salaries and Benefits	\$ 8,007,237	\$ 7,242,007	\$ 15,249,244	\$ 1,339,069	\$ 579,750	\$ 17,168,063
Contracted Client Services	269,421	992,236	1,261,657	9,866	-	1,271,523
Supplies	453,370	169,323	622,693	54,823	780	678,296
Professional Fees	190,089	66,326	256,415	346,799	15,112	618,326
Occupancy	380,157	84,763	464,920	55,084	20,487	540,491
Hardware and Software Support	35,473	142,474	177,947	214,823	20,466	413,236
Client Assistance	199,222	93,924	293,146	4,500	-	297,646
Telecommunications	109,579	102,096	211,675	34,859	7,235	253,769
Insurance	95,915	94,669	190,584	15,315	6,697	212,596
Professional Development	113,090	32,421	145,511	41,429	2,949	189,889
Public Awareness	42,806	30,992	73,798	57,034	15,616	146,448
Provision for Credit Losses	1,430	116,827	118,257	-	-	118,257
Special Events	-	-	-	-	75,638	75,638
Miscellaneous	4,712	6,201	10,913	57,735	1,048	69,696
Dues and Memberships	9,325	33,538	42,863	22,843	549	66,255
Lease Expense	8,615	-	8,615	57,285	-	65,900
Equipment Expense	24,358	29,549	53,907	3,563	4,365	61,835
Finance and Other Fees	-	25	25	60,307	25	60,357
Travel	21,585	22,498	44,083	15,181	103	59,367
Client Activities	45,841	9,301	55,142	-	-	55,142
Postage	-	168	168	9,768	1,286	11,222
Total Functional Expenses Before Depreciation	10,012,225	9,269,338	19,281,563	2,400,283	752,106	22,433,952
Depreciation	203,397	188,305	391,702	47,957	13,742	453,401
Total Functional Expenses	\$ 10,215,622	\$ 9,457,643	\$ 19,673,265	\$ 2,448,240	\$ 765,848	\$ 22,887,353

See notes to financial statements.

FAMILY CENTERS INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services			Supporting Services		Total
	Education and Human Services	Health Care Connections	Total Program Services	Management and General	Development and Fundraising	
Salaries and Benefits	\$ 7,622,427	\$ 6,608,139	\$ 14,230,566	\$ 1,217,331	\$ 578,022	\$ 16,025,919
Contracted Client Services	343,137	1,073,560	1,416,697	3,856	-	1,420,553
Supplies	452,440	117,139	569,579	85,327	795	655,701
Professional Fees	230,598	24,733	255,331	388,494	8,600	652,425
Occupancy	343,438	56,956	400,394	79,937	15,062	495,393
Hardware and Software Support	16,822	58,566	75,388	220,175	19,391	314,954
Client Assistance	357,632	132,518	490,150	2,968	-	493,118
Telecommunications	97,282	88,386	185,668	37,145	6,142	228,955
Insurance	75,751	79,171	154,922	27,824	10,567	193,313
Professional Development	118,162	52,927	171,089	15,965	6,284	193,338
Public Awareness	25,809	28,596	54,405	87,937	23,591	165,933
Provision for Credit Losses	-	148,775	148,775	-	-	148,775
Special Events	-	-	-	-	35,944	35,944
Miscellaneous	8,590	6,293	14,883	19,605	2,370	36,858
Dues and Memberships	9,202	47,497	56,699	6,944	786	64,429
Equipment Expense	42,014	39,673	81,687	14,679	12,591	108,957
Finance and Other Fees	-	63	63	51,766	25	51,854
Travel	16,078	17,817	33,895	6,554	1	40,450
Client Activities	39,102	14,615	53,717	38	36	53,791
Postage	27	126	153	6,957	3,008	10,118
Total Functional Expenses Before Depreciation	9,798,511	8,595,550	18,394,061	2,273,502	723,215	21,390,778
Depreciation	164,361	160,760	325,121	43,626	20,936	389,683
Total Functional Expenses	\$ 9,962,872	\$ 8,756,310	\$ 18,719,182	\$ 2,317,128	\$ 744,151	\$ 21,780,461

See notes to financial statements.

FAMILY CENTERS INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

NOTE 1 - NATURE OF OPERATIONS

Family Centers Inc. (FCI), originally founded in 1891, is a not-for-profit corporation which offers quality health, education and human service programs serving over 20,000 lower Fairfield County residents annually. FCI's programs include preschool and early care programs for young children; bereavement and family counseling services; primary medical, dental and mental health services; vocational and self-sufficiency support; English language and basic literacy education; and more. FCI has a long history of innovation and collaboration with other agencies in furtherance of its mission to empower children, adults, families and communities to reach their potential. Additionally, FCI has grown through mergers with other not-for-profit agencies, such as Family & Children's Services, Center for HOPE, Healthcare Connection, and Literacy Volunteers of Stamford/Greenwich.

FCI is a not-for-profit organization incorporated under the Nonstock Corporation Act of the State of Connecticut, and as a 501(c)(3) organization is exempt from federal income tax under Section 501(a) of the Internal Revenue Code. FCI is also exempt from state income tax.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Newly Adopted Accounting Standard

Effective July 1, 2023, FCI adopted Accounting Standards Codification (ASC) 326, *Financial Instruments - Credit Losses* (ASC 326), which significantly changes how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in ASC 326 is a shift from the incurred loss model to the expected loss model, which requires consideration of a broader range of reasonable and supportable information to inform users of the financial statements about credit loss estimates, including an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by FCI that are subject to the guidance in ASC 326 are comprised of accounts receivable. The impact of the adoption of ASC 326 was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

Basis of Accounting and Presentation

The financial statements of FCI have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, the accounts of FCI are reported in the following net asset categories:

Net Assets Without Donor Restriction

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of FCI's Board of Trustees.

FAMILY CENTERS INC.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Presentation (continued)

Net Assets With Donor Restriction

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of FCI or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain 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. Accordingly, actual results could differ from those estimates. It is management's opinion that the estimates applied in the accompanying financial statements are reasonable.

Cash and Cash Equivalents

FCI considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents, except for those short-term investments managed by FCI's investment managers as part of their long-term investment strategies.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return, net of fees in the statements of activities. See Note 4 for a discussion of fair value measurements.

Purchases and sales of securities are reflected on the trade date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date. These amounts are reported in the statements of activities as increases or decreases in net assets without donor restriction or net assets with donor restriction, as appropriate, based on any donor stipulations or law.

FAMILY CENTERS INC.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

FCI follows the practice of capitalizing all expenditures toward the acquisition of and improvement on land, buildings and equipment in excess of \$5,000 at cost; the fair value of donated property is similarly capitalized. Fixed assets are depreciated over their estimated useful lives of 3 to 45 years on the straight-line method. Repairs and maintenance are charged to expense as incurred.

Revenue Recognition

Contributions

FCI recognizes contributions when cash, securities, unconditional promises to give, other assets, or a notification of a beneficial interest are received. Conditional promises to give, that is, those with measurable performance or other barriers and right of return, are not recognized until the conditions on which they depend have been met.

Contributions received are recorded as net assets without donor restriction or net assets with donor restriction, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restriction if the restriction expires or the restricted purpose is satisfied in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restriction, depending on the nature of the restriction. When a restriction expires or the restricted purpose is satisfied, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restriction.

Contributions receivable that are expected to be received within one year of the financial statement date are reflected at their net realizable value (the gross amount of the contributions receivable, net of an allowance for credit losses). Contributions receivable that are expected to be collected more than one year after the financial statement date are reflected at the present value of their estimated future cash flows using a discount rate at the date the promise to give is received commensurate with the risks involved.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable consists of program service fees charged to clients and insurance payors for patient sessions, infant day care, childcare services, contracted services and employee assistance services. Accounts receivable are recorded at the amount FCI expects to collect. FCI recognizes an expected allowance for credit losses for accounts receivable, when applicable, which is updated to reflect any changes in credit risk since the accounts receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist within the accounts receivable. If applicable, accounts receivable may also be evaluated individually when they do not share similar risk characteristics which could exist in circumstances where amounts are considered at risk or uncollectible.

FAMILY CENTERS INC.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Accounts Receivable and Allowance for Credit Losses (continued)

The allowance for credit losses for accounts receivable is derived from a review of FCI's historical losses based on management's evaluation of past loss experience, known and inherent risks in their accounts. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by FCI. FCI believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses for accounts receivable as the overall customer base has remained constant. The allowance for credit losses was \$135,886 and \$158,856 as of June 30, 2024 and 2023, respectively.

FCI writes off accounts receivable when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with FCI's accounting policy election. There were \$118,257 and \$148,775 of write-offs for the years ended June 30, 2024 and 2023, respectively. Accounts receivables, net as of June 30, 2022 was \$1,260,892.

Donated Services and Non-Cash Contributions

Goods or services have been provided by various organizations and a number of unpaid volunteers have contributed their time. Donated goods and services are recognized as contributions if the goods or services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. FCI recognizes in-kind contribution revenue and a corresponding expense in an amount approximating estimated fair market value at the time of the donation. Donated goods or services that do not meet the above criteria are not recognized.

Program Fees

FCI enters into contracts to provide various services including preschool and early care programs as well as healthcare and dental services. The payment terms and conditions in the contracts require payment to be received when billed. When the timing of FCI's delivery of services is different from the timing of the payments made by customers, FCI recognizes a contract liability (payment precedes performance) until the performance obligations are satisfied.

Contracts with payment in arrears are recognized as receivables. The balance in refundable deposits was \$165,602 as of June 30, 2022.

FCI recognizes service and event fees, at a point in time, when they have satisfied their performance obligations, which is when the service or event takes place. Amounts received prior to the performance of the programs or events are reported as deferred revenue in the statements of financial position. The balance in deferred revenue was \$27,500 as of June 30, 2022.

FAMILY CENTERS INC.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Government Grant Income

FCI recognizes revenue from cost-reimbursable state and federal grants, which are conditioned upon certain performance requirements and/or the incurrence of certain allowable qualifying expenses, when FCI has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

Leases

FCI accounts for leases in accordance with ASC 842 *Leases* (ASC 842). FCI is a lessee under an operating lease for certain equipment. Leases for other equipment are evaluated using the criteria outlined in ASC 842, to determine whether they will be classified as operating or finance leases. FCI determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. FCI determines if an arrangement conveys the right to use an identified asset and whether FCI obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. FCI recognizes a lease liability and right-of-use (ROU) asset at the commencement date of leases.

ROU Assets

An ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs.

Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the lease term as lease expense.

Lease Liabilities

A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate in effect at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable; otherwise, FCI uses a risk-free discount rate based on U.S. Treasury instruments for a comparable lease term based on the information available at the commencement date for each lease. FCI used the secured overnight financing rate (SOFR) for its operating lease.

FAMILY CENTERS INC.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Lease Liabilities (continued)

FCI has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset that FCI is reasonably certain to exercise. FCI recognizes lease cost associated with their short-term leases on a straight-line basis over the lease term.

Functional Allocation of Expenses

The cost of providing the various program and supporting services has been reported on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefitted. Such allocations have been determined by management on an equitable basis. Allocation of overhead expenses including occupancy, telecommunications, and depreciation are allocated to functional areas based upon square footage. The allocations of insurance, salary and related expenses for management and supervision of program service functions are made by management based on the time spent by employees on the various program service functions.

Subsequent Events

Management has evaluated all transactions and events that occurred through February 13, 2025, the date these financial statements were available to be issued, for recognition and/or disclosure in these financial statements. Through that date, except as disclosed in Note 18, there were no material events that would require recognition or additional disclosure in the financial statements.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

Cash and Cash Equivalents

FCI places its cash deposits with high credit-quality institutions. Such deposits exceeded federal depository insurance limits at times during the year. However, management believes that FCI's deposits are not subject to significant credit risk.

Investments

FCI's investments are comprised of various funds investing in equities, bonds and money market funds and alternative investments consisting of a multi-asset fund. These money market funds are not protected by federal depository insurance. The value of the investments is subject to fluctuations due to general market conditions and interest rates.

The investment accounts are insured by the Securities Investor Protection Corporation up to \$500,000. At times during the year, the investment accounts have exceeded the insured limits. FCI believes it is not exposed to any significant credit risk on investments.

FAMILY CENTERS INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

NOTE 4 - FAIR VALUE MEASUREMENT

U.S. GAAP established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that FCI has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted prices for identical or similar assets and liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets and liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Financial Instruments Measured at Fair Value

The following is a description of the valuation methodologies used for financial instruments measured at fair value:

Exchange Traded Funds and Mutual Funds

Exchange traded funds and mutual funds are valued at the quoted net asset value (NAV) of shares reported in the active market in which the funds are traded.

Multi Asset Fund

Interests in these items are valued by external investment managers taking into consideration the fair value of the underlying assets and liabilities, current distribution rates and discounts for redemption and liquidity restrictions. Because investments in these items are not readily marketable, their estimated fair value is subject to uncertainty and may differ significantly from the value that would have been used had a market for such investments existed.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As a practical expedient, certain investments are measured at fair value on the basis of NAV. The fair value of these investments is not included in the fair value hierarchy.

FAMILY CENTERS INC.

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

NOTE 4 - FAIR VALUE MEASUREMENT (CONTINUED)

The following tables set forth by level, within the fair value hierarchy, FCI's assets at fair value as of June 30, 2024 and 2023:

<u>Description</u>	<u>2024</u>	<u>Investments Measured at Net Asset Value (a)</u>	<u>Fair Value Measurements Using</u>		
			<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Exchange Traded Funds	\$ 2,188,938	\$ -	\$2,188,938	\$ -	\$ -
Mutual Funds	1,462,458	-	1,462,458	-	-
Multi Asset Fund	<u>6,648,826</u>	<u>6,648,826</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets at Fair Value	10,300,222	6,648,826	3,651,396	-	-
Cash Equivalents	<u>229,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$10,529,299</u>	<u>\$6,648,826</u>	<u>\$3,651,396</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Description</u>	<u>2023</u>	<u>Investments Measured at Net Asset Value (a)</u>	<u>Fair Value Measurements Using</u>		
			<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Exchange Traded Funds	\$ 2,453,572	\$ -	\$ 2,453,572	\$ -	\$ -
Mutual Funds	3,459,083	-	3,459,083	-	-
Multi Asset Fund	<u>5,931,709</u>	<u>5,931,709</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets at Fair Value	11,844,364	5,931,709	5,912,665	-	-
Cash Equivalents	<u>9,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$11,854,076</u>	<u>\$5,931,709</u>	<u>\$5,912,665</u>	<u>\$ -</u>	<u>\$ -</u>

- (a) Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Funds may be redeemed on a daily basis at the NAV per share without a fee.

As of June 30 2024 and 2023, there were no unfunded commitments for investments valued at NAV per share.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while FCI believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at June 30, 2024 and 2023.

FAMILY CENTERS INC.

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

NOTE 5 - DUE FROM FCITC PARTNERS

FCI, along with two other not-for-profit agencies, formed the Fairfield County IT Collaborative (FCITC) to strengthen metrics supporting outcome driven services. This receivable represents amounts due to FCI for expenses it paid on behalf of the two other not-for-profit agencies.

NOTE 6 - SHARED APPRECIATION NOTE

FCI entered into a shared appreciation note in the amount of \$500,000 with funds from its endowment. The note is secured by a mortgage on a residence in Greenwich, Connecticut, which was purchased by a key senior-level employee. In approving this real estate-related investment, the Board of Trustees also considered the additional benefits of retaining this key employee and having a senior-level executive living in the community, where FCI has several buildings out of which many of its programs operate, so he would be available to handle emergency situations during off hours.

In lieu of interest the loan principal, plus 50% of the appreciated value of the residence over its purchase price, is payable upon the earlier of a sale of the residence, the termination of the executive's employment for any reason or the executive's ceasing to occupy the premises as his principal residence. As of June 30, 2024 and 2023 the estimated fair market value of the home exceeded the purchase price by approximately \$262,000 and \$138,000, respectively.

NOTE 7 - UNEMPLOYMENT SERVICES TRUST

FCI is self-insured for unemployment claims through Unemployment Services Trust (UST). Contributions to UST are accumulated and used to pay future claims. FCI could be required to make additional payments if claims exceed the accumulated contributions. As of June 30, 2024 and 2023, accumulated contributions of \$134,516 and \$150,684, respectively, were included in other assets on the statements of financial position, and there was an estimated claim liability of \$6,825 and \$23,710, respectively, included in accounts payable and accrued expenses on the statements of financial position.

Per the contract with UST, FCI has the ability to withdraw funds if accumulated contributions exceed the estimated liability.

FAMILY CENTERS INC.

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

NOTE 8 - PROPERTY AND EQUIPMENT

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

	<u>2024</u>	<u>2023</u>
Land	\$ 1,503,939	\$1,503,939
Buildings and Improvements	7,275,708	6,795,278
Equipment, Furniture, Fixtures and Vehicles	1,521,666	1,093,301
Software	2,174,853	66,185
Construction in Progress	<u>359,113</u>	<u>452,101</u>
	12,835,279	9,910,804
Less: Accumulated Depreciation	<u>5,945,045</u>	<u>5,491,644</u>
Property and Equipment, Net	<u>\$ 6,890,234</u>	<u>\$4,419,160</u>

NOTE 9 - NOTES PAYABLE

FCI has interest-free loan agreements with a utility company for energy efficient improvement projects at various locations in Greenwich, Connecticut. The total amount of improvements financed was \$14,506. The term on the loans are for 48 months commencing in October 2019.

Total payments of \$302 consisting of principal only are due monthly. The balance on the notes as of June 30, 2024 and 2023 was \$-0- and \$2,720, respectively.

FCI has also entered into interest-free loan agreements with a utility company for energy efficient improvement projects at various locations in Greenwich and Stamford, Connecticut, during the year ended June 30, 2021. The total amount of the improvements financed was \$16,395. The term on the loans is for 48 months commencing August and September 2020. Total payments of \$361 consisting of principal only are due monthly. The balance on the notes as of June 30, 2024 and 2023 was \$342 and \$4,014, respectively. The remaining balance due the notes will be paid in full during the fiscal year ending June 30, 2025.

FAMILY CENTERS INC.

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

NOTE 10 - LINE OF CREDIT

On February 28, 2024, FCI opened a \$1,000,000 revolving line of credit (LOC) with Connecticut Community Bank (GBT), secured by grants receivable, with an interest rate of at 8.5%. The LOC requires interest payments on any outstanding advances and includes a minimum debt service coverage ratio. There were no advances on the LOC during the year ended June 30, 2024.

NOTE 11 - LIQUIDITY AND AVAILABILITY OF RESOURCES

FCI's financial assets available within one year of the statements of financial position dates for general expenditures are as follows:

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 2,296,561	\$ 1,237,298
Investments	8,076,324	9,401,101
Accounts Receivable, Net	674,808	1,171,979
Grants Receivable	1,554,903	627,053
Due from FCITC Partners	<u>-</u>	<u>18,102</u>
Total Financial Assets Available Within One Year	12,602,596	12,455,533
Less Amounts Unavailable for General Expenditures Within One Year, Due to:		
Restricted by Donors With Purpose Restriction	(2,981,496)	(3,124,525)
Amounts Unavailable Without Board Approval:		
Accumulated Earnings on Assets Held in Perpetuity	(2,484,667)	(2,255,135)
Board-Designated Endowment	(4,494,941)	(4,441,141)
Less: Endowment Draw Approved by Board for Appropriation	<u>451,970</u>	<u>930,000</u>
Total Financial Assets Available to Management for General Expenditures Within One Year	<u>\$ 3,093,462</u>	<u>\$ 3,564,732</u>

Liquidity Management

FCI regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also seeking to maximize the investment of its available funds. FCI maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due.

FCI has various sources of liquidity at its disposal, including cash and cash equivalents and investments and the LOC.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, FCI considers all expenditures related to its ongoing operating activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

FAMILY CENTERS INC.

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

NOTE 11 - LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

Liquidity Management (continued)

In addition to the financial assets available to meet general expenditures over the next 12 months, FCI operates with a cash flow budget and anticipates collecting sufficient revenue to cover general expenditures over the next 12 months.

Furthermore, although FCI does not intend to spend from its board-designated endowment, other than amounts appropriated for general expenditure as part of its annual budget appropriation, amounts from its board-designated endowment could be made available if necessary.

FCI considers its financial resources and liquidity to be adequate to meet the needs of its operations.

NOTE 12 - NET ASSETS

The following is the composition of FCI's net assets with donor restriction at June 30, 2024:

	<u>2024</u>	<u>2023</u>
Perpetually Restricted:		
General Endowment	\$2,230,335	\$2,230,335
Earnings Subject to Expenditure for Specific Purpose:		
Children's Bereavement Camp	60,000	60,000
Head Start Program	62,640	62,640
Warburg Child Development Center	<u>100,000</u>	<u>100,000</u>
Restricted in Perpetuity	2,452,975	2,452,975
Accumulated Gains Subject to Endowment Spending Policy and Appropriation:		
Use is Unrestricted	2,441,211	2,241,653
Restricted for Purpose	51,630	27,494
Underwater Funds	(8,174)	(14,012)
Term Endowment Funds:		
Scholarships	701,520	656,948
Professional Development	895,402	849,834
Self-Sufficiency	<u>126,878</u>	<u>114,878</u>
Total Perpetually and Temporarily Restricted Endowment Funds	0	6,329,770
Other Net Assets with Donor Restriction:		
Restricted for Purpose	<u>1,257,696</u>	<u>1,502,865</u>
Total Net Assets With Donor Restriction	<u>\$7,919,138</u>	<u>\$7,832,635</u>

FAMILY CENTERS INC.

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

NOTE 12 - NET ASSETS (CONTINUED)

The following is the composition of FCI's net assets without donor restriction at June 30:

	<u>2024</u>	<u>2023</u>
Undesignated	\$ 8,421,504	\$ 5,380,784
Board-Designated Endowment	4,494,941	4,441,414
Special Event Proceeds Designated for the Following Year	<u>574,215</u>	<u>562,331</u>
Total Net Assets Released from Restriction	<u>\$13,490,660</u>	<u>\$10,384,529</u>

Net assets with donor restriction were released from restriction by incurring expenses satisfying the following purpose or time restrictions:

	<u>2024</u>	<u>2023</u>
Appropriation of Endowment Assets for Expenditure	\$ 457,161	\$ 460,000
Other Net Assets with Donor Restriction:		
Time Restricted - United Way	-	100,000
Use Restricted - Programs	<u>989,225</u>	<u>832,772</u>
Total Net Assets Released from Restriction	<u>\$1,446,386</u>	<u>\$1,392,772</u>

NOTE 13 - ENDOWMENT

FCI's endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees has interpreted the Connecticut Prudent Management of Institutional Funds Act (CTPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, FCI classifies as net assets with donor restriction (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanent endowment is classified as net assets with donor restriction until those amounts are appropriated for expenditure by FCI in a manner consistent with the standard of prudence prescribed by CTPMIFA.

FAMILY CENTERS INC.

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

NOTE 13 - ENDOWMENT (CONTINUED)

In accordance with CTPMIFA, FCI 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 FCI 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 FCI
- The investment policies of FCI

Endowment net asset composition by type of fund as of June 30, 2024 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Board-Designated Endowment Funds	\$4,494,941	\$ -	\$ 4,494,941
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount Required to be Maintained in Perpetuity by Donor	-	2,452,975	2,452,975
Accumulated Investment Gains	-	2,484,667	2,484,667
Term Endowment	-	1,723,800	1,723,800
Total	<u>\$4,494,941</u>	<u>\$6,661,442</u>	<u>\$11,156,383</u>

Endowment net asset composition by type of fund as of June 30, 2023 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Board-Designated Endowment Funds	\$ 4,441,141	\$ -	\$ 4,441,141
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount Required to be Maintained in Perpetuity by Donor	-	2,452,975	2,452,975
Accumulated Investment Gains	-	2,255,135	2,255,135
Term Endowment	-	1,621,660	1,621,660
Total	<u>\$4,441,141</u>	<u>\$6,329,770</u>	<u>\$10,770,911</u>

FAMILY CENTERS INC.

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

NOTE 13 - ENDOWMENT (CONTINUED)

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

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment Net Assets - July 1, 2023	\$4,441,141	\$6,329,770	\$10,770,911
Contributions	-	12,000	12,000
Investment Return	503,800	776,833	1,280,633
Appropriation of Endowment Assets for Expenditure	<u>(450,000)</u>	<u>(457,161)</u>	<u>(907,161)</u>
Endowment Net Assets - June 30, 2024	<u>\$4,432,941</u>	<u>\$6,649,442</u>	<u>\$11,156,383</u>

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

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment Net Assets - July 1, 2022	\$4,269,088	\$6,288,603	\$10,557,691
Contributions	-	16,916	16,916
Investment Return	345,389	484,251	829,640
Appropriation of Endowment Assets for Expenditure	<u>(173,336)</u>	<u>(460,000)</u>	<u>(633,336)</u>
Endowment Net Assets - June 30, 2023	<u>\$4,441,141</u>	<u>\$6,329,770</u>	<u>\$10,770,911</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or CTPMIFA requires FCI to retain as a fund of perpetual duration. FCI has a policy that permits spending from underwater endowment funds, depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. As of June 30, 2024, the total of value of original gifts is \$60,000, and the fair value of investments associated with underwater funds is \$51,826, resulting in a deficiency of \$8,174. As of June 30, 2023, the total of value of original gifts is \$60,000, and the fair value of investments associated with underwater funds is \$45,988, resulting in a deficiency of \$14,012.

FAMILY CENTERS INC.

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

NOTE 13 - ENDOWMENT (CONTINUED)

Return Objectives and Risk Parameters

FCI has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, endowment assets are invested in a manner that is intended to produce an average total return of 5% while assuming an appropriate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, FCI relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). FCI targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

FCI has a policy of appropriating for distribution each year, based on FCI's cash flow requirements, no more than 5% of the value of the endowment, as measured by a rolling average of the quarter-end market values of the trailing 12 quarters, without specific Board of Trustees approval. In establishing this policy, FCI considered the long-term expected return on its endowment and expected rate of inflation.

NOTE 14 - REVENUES FROM CONTRACTS WITH CUSTOMERS

Disaggregated Revenue

For the years ended June 30, 2024 and 2023, FCI's revenues recognized under Topic 606 over time were \$1,798,084 and \$1,613,379, respectively.

For the years ended June 30, 2024 and 2023, FCI's revenues recognized under Topic 606 at a point in time were \$6,743,670 and \$5,325,345, respectively.

FCI's revenues, results of activities, and cash flows are affected by a wide variety of factors, including general economic conditions and geographical region of the population that they serve.

FAMILY CENTERS INC.

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

NOTE 15 - LEASE COMMITMENTS

Operating Lease

In September 2023, FCI entered into a noncancellable operating lease for equipment which expires in July 2028. The monthly lease cost is \$5,235, with no renewal option or variable lease payments associated with the lease.

Total operating lease costs of approximately \$57,000 are included in equipment expense in the statement of functional expenses for the year ended June 30, 2024.

The remaining lease term for the operating lease is approximately 4.2 months. The SOFR used for the operating lease is 5.31%. Cash paid for amounts included in the measurement of the lease liability was \$52,350 for the year ended June 30, 2024.

Future minimum payments under the operate lease are as follows at June 30, 2024:

<u>Years Ending December 31,</u>	<u>Amount</u>
2025	\$ 62,820
2026	62,820
2027	62,820
2028	62,820
2029	<u>5,235</u>
Net Minimum Lease Payments	256,515
Less: Amount Representing Interest	<u>(21,122)</u>
Present Value of Operating Lease Liability	<u>\$235,393</u>

FCI leases other office equipment under short-term operating leases which expired at various times through September 2023, with monthly payments ranging from \$78 to \$6,169. Short-term lease expense of \$18,507 and \$74,716 is included in the statements of functional expenses for the years ended June 30, 2024 and 2023, respectively.

NOTE 16 - RETIREMENT PLAN

FCI maintains a 403(b) thrift plan covering all eligible employees. Under the terms of the plan, FCI contributes 4% of an employee's wages plus an amount equal to the employee contribution up to 2% of compensation during the plan year. FCI's contributions to the plan for the years ended June 30, 2024 and 2023 was \$550,780 and \$441,100, respectively.

FAMILY CENTERS INC.

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

NOTE 17 - RISKS AND CONTINGENCIES

Federal and State Grants

FCI participates in federal and state grant programs. The use of grants in programs is subject to future review by the grantors. Such reviews may result in FCI having liabilities to the grantors. In addition, a significant reduction in the level of this support may have an effect on FCI's programs.

NOTE 18 - SUBSEQUENT EVENTS

In July 2024, FCI purchased a building in Stamford, Connecticut, for \$2,300,000. This building will be used for various programs.

In July 2024, FCI borrowed \$500,000 on the LOC; the balance was repaid during the year ending June 30, 2025.

In July 2024, FCI entered into a bridge loan agreement with Connecticut Community Bank for \$3,000,000, expiring June 2027, to provide working capital and fund improvements to the newly purchased property. The loan allows withdrawals for eighteen months and must be fully repaid within thirty-six months. The loan requires monthly interest-only payments at a fixed rate of 6.50%, with the outstanding principal due in full at maturity. The loan is secured by FCI endowment funds. To date FCI has not drawn down on the loan.

In December 2024, FCI sold one of its properties to an unrelated third party for \$3,000,000.

Subsequent to year end, FCI was awarded a \$1,000,000 grant from Department of Health and Human Services to build a school-based facility in Stamford, Connecticut.