FAMILY & CHILDREN'S AGENCY, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2024 AND 2023



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Family & Children's Agency, Inc.
Norwalk, Connecticut

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Family & Children's Agency, Inc., 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 Family & Children's Agency, Inc. as of June 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Family & Children's Agency, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Family & Children's Agency, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 Family & Children's Agency, 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 & Children's Agency, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of program services expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 2024 on our consideration of Family & Children's Agency, Inc.‘s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Family & Children's Agency, 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 Family & Children's Agency, Inc.‘s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
December 10, 2024

FAMILY & CHILDREN'S AGENCY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash and Cash Equivalents	$ 1,712,923	$ 1,640,152
Investments	3,919,039	3,552,684
Accounts Receivable, Net of Allowance for Credit Losses	199,212	174,161
Grants Receivable	377,981	509,093
Prepaid Expenses	116,506	177,593
Funds Held by Auxiliary	98,187	70,993
Restricted Cash	458	2,235
Other Assets	351,120	285,445
Property and Equipment, Net	273,913	234,925
Operating Lease Right-of-Use Assets	376,828	257,105
Total Assets	$ 7,426,167	$ 6,904,386
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 414,858	$ 476,193
Accrued Payroll and Related Expenses	811,273	549,865
Notes Payable	18,700	-
Refundable Deposits	47,509	45,353
Refundable Advances and Deferred Revenue	118,494	126,577
Lease Liability - Operating	391,366	257,552
Total liabilities	1,802,200	1,455,540
NET ASSETS		
Without Donor Restrictions:		
Undesignated	1,603,513	1,792,558
Board-Designated - Endowment	3,919,039	3,552,684
Total Without Donor Restrictions	5,522,552	5,345,242
With Donor Restrictions	101,415	103,604
Total Net Assets	5,623,967	5,448,846
Total Liabilities and Net Assets	$ 7,426,167	$ 6,904,386

See accompanying Notes to Financial Statements.

FAMILY & CHILDREN'S AGENCY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND OTHER CHANGES			
Grant Income	$ 8,958,457	$ -	$ 8,958,457
Program Fees	2,521,799	-	2,521,799
Contributions	2,840,768	18,295	2,859,063
Donated Nonfinancial Assets	117,429	-	117,429
Special Events	694,017	-	694,017
Other Income	205,060	-	205,060
Net Assets Released from Restrictions	20,484	(20,484)	-
Total Revenue, Support, and Other Changes	15,358,014	(2,189)	15,355,825
EXPENSES			
Program Services	13,732,264	-	13,732,264
Development and Fundraising	1,232,363	-	1,232,363
Management and General	499,058	-	499,058
Total Expenses Before Depreciation	15,463,685	-	15,463,685
LOSS FROM OPERATIONS BEFORE DEPRECIATION	(105,671)	(2,189)	(107,860)
DEPRECIATION	83,374	-	83,374
LOSS FROM OPERATIONS	(189,045)	(2,189)	(191,234)
OTHER CHANGES IN NET ASSETS			
Investment Return, Net	366,355	-	366,355
INCREASE (DECREASE) IN NET ASSETS	177,310	(2,189)	175,121
Net Assets - Beginning of Year	5,345,242	103,604	5,448,846
NET ASSETS - END OF YEAR	$ 5,522,552	$ 101,415	$ 5,623,967

See accompanying Notes to Financial Statements.

FAMILY & CHILDREN'S AGENCY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND OTHER CHANGES			
Grant Income	$ 8,873,532	$ -	$ 8,873,532
Program Fees	2,365,953	-	2,365,953
Sale of Personal Alert Program	304,877	-	304,877
Contributions	2,823,301	98,901	2,922,202
Donated Nonfinancial Assets	100,851	-	100,851
Special Events	652,958	-	652,958
Other Income	22,407	-	22,407
Net Assets Released from Restrictions	35,310	(35,310)	-
Total Revenue, Support, and Other Changes	15,179,189	63,591	15,242,780
EXPENSES			
Program Services	13,670,335	-	13,670,335
Development and Fundraising	1,387,903	-	1,387,903
Management and General	361,726	-	361,726
Total Expenses Before Depreciation	15,419,964	-	15,419,964
INCOME (LOSS) FROM OPERATIONS BEFORE DEPRECIATION	(240,775)	63,591	(177,184)
DEPRECIATION	108,355	-	108,355
INCOME (LOSS) FROM OPERATIONS	(349,130)	63,591	(285,539)
OTHER CHANGES IN NET ASSETS			
Investment Return, Net	357,997	-	357,997
INCREASE IN NET ASSETS	8,867	63,591	72,458
Net Assets - Beginning of Year	5,336,375	40,013	5,376,388
NET ASSETS - END OF YEAR	$ 5,345,242	$ 103,604	$ 5,448,846

See accompanying Notes to Financial Statements.

FAMILY & CHILDREN'S AGENCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services	Management and General	Fundraising and Development	Total
Salaries and Benefits	$ 10,094,237	$ 320,809	$ 751,496	$ 11,166,545
Contract Employees	1,922,775	4,691	85,941	2,013,406
Client Support	479,389	-	-	479,327
Occupancy	327,889	1,334	19,051	348,274
Equipment Rental	182,929	135,167	12,760	330,855
Fundraising Events	-	5,858	233,501	239,359
Telephone	186,133	4,595	12,399	203,127
Insurance	157,784	4,710	11,647	174,142
Travel	154,558	468	1,490	156,516
Office Supplies	42,032	849	41,475	84,356
Conferences	38,638	11,182	14,491	64,311
Professional Fees	46,470	1,384	3,423	51,277
Finance and Other Fees	42,464	2,163	5,349	49,976
Dues and Memberships	26,004	4,955	7,445	38,403
Postage	9,356	49	18,281	27,686
Miscellaneous	19,037	197	2,092	21,388
Public Relations	2,569	647	11,522	14,737
Total Expenses Before Depreciation	13,732,264	499,058	1,232,363	15,463,685
Depreciation	75,565	2,249	5,560	83,374
Total Expenses	$ 13,807,829	$ 501,307	$ 1,237,923	$ 15,547,059

See accompanying Notes to Financial Statements.

FAMILY & CHILDREN'S AGENCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Fundraising and Development	Total
Salaries and Benefits	$ 9,582,340	$ 293,531	$ 787,000	$ 10,662,871
Contract Employees	1,820,863	3,919	15,149	1,839,931
Client Support	834,282	-	-	834,282
Occupancy	556,138	1,299	23,900	581,337
Equipment Rental	139,583	3,861	10,801	154,245
Fundraising Events	-	4,849	354,047	358,896
Telephone	174,485	4,383	13,082	191,950
Insurance	144,736	4,096	11,680	160,512
Travel	145,585	3,414	2,701	151,700
Office Supplies	40,166	1,931	58,564	100,661
Conferences	38,972	27,658	10,615	77,245
Professional Fees	47,878	1,757	3,797	53,432
Finance and Other Fees	71,339	2,019	5,757	79,115
Dues and Memberships	29,120	4,432	7,081	40,633
Postage	13,532	150	9,917	23,599
Miscellaneous	26,595	3,886	36,274	66,755
Public Relations	4,721	541	37,538	42,800
Total Expenses Before Depreciation	13,670,335	361,726	1,387,903	15,419,964
Depreciation	97,705	2,765	7,885	108,355
Total Expenses	$ 13,768,040	$ 364,491	$ 1,395,788	$ 15,528,319

See accompanying Notes to Financial Statements.

FAMILY & CHILDREN'S AGENCY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 175,121	$ 72,458
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	83,374	108,355
Noncash Lease Expense	14,091	447
Realized and Unrealized Gain on Investments	(249,938)	(234,638)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(25,051)	1,540,042
Grants Receivable	131,112	(189,144)
Prepaid Expenses	61,087	30,809
Funds Held by Auxiliary	(27,194)	30,686
Other Assets	(65,675)	8,054
Accounts Payable and Accrued Expenses	(61,335)	(344,365)
Accrued Payroll and Related Expenses	261,408	(123,207)
Refundable Deposits	2,156	(94,823)
Refundable Advances and Deferred Revenue	(8,083)	(15,342)
Net Cash Provided by Operating Activities	291,073	789,332
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Outlay for Property and Equipment	(103,154)	(39,972)
Purchases of Investments	(116,417)	(90,868)
Net Cash Used by Investing Activities	(219,571)	(130,840)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Note Payable	(508)	(4,114)
Net Cash Used by Financing Activities	(508)	(4,114)
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	70,994	654,378
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	1,642,387	988,009
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 1,713,381	$ 1,642,387
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY		
Equipment Financed Through Note Payable Arrangement	$ 19,208	$ -
Total	$ 19,208	$ -

See accompanying Notes to Financial Statements.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Family & Children's Agency, Inc. (the Agency) is a nonstock, nonprofit corporation formed as a social service agency engaged in assisting individuals and families primarily throughout Fairfield County who are faced with adversity. Assistance is available through various programs that provide professional guidance designed to promote harmonious family and interpersonal relationships and healthy personal development.

Program Services

The Agency provides the following services:

Parenting Services

The Agency's early childhood home visiting programs provide a continuum of care for pregnant women and families with children birth to age eight and are designed to promote healthy birth outcomes, strong parent-child relationships, and healthy child development. The Agency's Adoption Program is licensed in Connecticut and New York to provide home study and child placement services through international and domestic adoption programs. The Agency also provides birth parent counseling to pregnant women and expectant fathers considering a plan of adoption.

Behavioral Health Services

Behavioral Health Services include individual, family and group counseling. As a licensed child, adolescent and adult psychiatric clinic, the Agency provides assessment, psychiatric services and counseling to individuals ages five and up. Project Reward is a substance abuse treatment program for substance-abusing women and their children. The program provides intensive outpatient services and aftercare. Homeless service programs provide social rehabilitation case management and supportive housing. Revenues are received from client fees, federal and state grants, contributions and in-kind donations.

Child Welfare Services

Child Welfare Services encompasses in-home child psychiatric services as well as specialized foster care, family support programs such as Parents as Teachers and our MOM'S programs and youth development programs such as the ASPIRE after-school program. Revenues are received from program fees, federal and state grants, contributions, in kind donations and fundraising events.

Home Care Services

Home Care Services include Live-In, Home Health Aide, Assisted Transportation, Chore, Companion and Homemaking services for the frail elderly. Revenues are received from client fees that are largely paid by third-party payors including federal grants, private payors and contributions.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Services (Continued)

Personal Alert

Personal Alert provides emergency response system services primarily to people living in Fairfield County and surrounding towns. Personal Alert receives income from client fees, which are paid by Southwestern Connecticut Agency on Aging and private payors.

Basis of Accounting and Presentation

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

Net Assets Without Donor Restrictions – Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the board of directors. The board of directors has established a portion of the net assets without donor restrictions to function as an endowment.

Net Assets With Donor Restrictions – Net assets with donor restrictions represent contributions that are restricted by the donor as to purpose or time of expenditure. Net assets with donor restrictions also represent resources that have donor-imposed restrictions that require that the principal be maintained in perpetuity but permit the Agency to expend the income earned thereon. The Agency did not have any net assets with restrictions in perpetuity as of June 30, 2024 and 2023.

Adoption of New Accounting Standards

At the beginning of the fiscal year, the Agency adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments, as amended*, which modifies the measurement of expected credit losses. The Agency adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Agency's financial statements but did change how the allowance for credit losses is determined.

Measure of Operations

The Agency's measure of operations includes all changes in net assets except investment return.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. It is management's opinion that the estimates applied in the accompanying financial statements are reasonable.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and certain highly liquid investments with original maturities of 90 days or less, exclusive of amounts held by brokers, which are considered to be investments.

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

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows.

	2024	2023
Cash and Cash Equivalents	$ 1,712,923	$ 1,640,152
Restricted Cash	458	2,235
Total Cash, Cash Equivalents and Restricted Cash Shown in the Statements of Cash Flows	$ 1,713,381	$ 1,642,387

Accounts Receivable

The Agency generally does not require collateral or other security in providing health care and other services to clients. However, the Agency routinely obtains assignment of clients' benefits payable under their health care insurance programs, plans or policies.

The estimate of expected credit losses is based on historical experience with customer defaults, the current and expected economic environment, and the Agency's assessment of specific risks associated with each contract. The Agency uses historical loss information based on the aging of receivables as the basis to determine expected credit losses for receivables and believes that the composition of accounts receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. The Agency's estimate of expected credit losses is subject to inherent uncertainty, and actual losses could differ from these estimates. The Agency reviews its estimate of expected credit losses on a regular basis and makes adjustments as necessary based on changes in economic conditions, customer creditworthiness, and other factors.

Based on management's assessment of the credit history with clients having outstanding balances and their current relationships with them, it has concluded that a reserve of $20,000 and $50,000 is deemed necessary at June 30, 2024 and 2023. Accounts receivable balances are written off when management has concluded that all reasonable methods of collection have been exhausted.

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. See Note 2 for a discussion of fair value measurements.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Valuation and Income Recognition (Continued)

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains include the Agency's gains and losses on investments bought and sold as well as held during the year. Realized and unrealized gains and losses on these investments are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Property and Equipment

Property and equipment acquisitions and improvements thereon that exceed $1,000 are recorded at cost or donated value. Depreciation is provided using the straight-line method based on the estimated useful lives.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Leases

The Agency leases certain office equipment, facilities and vehicles. The Agency determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statements of financial position.

ROU assets represent the Agency's right to use an underlying asset for the lease term and lease liabilities represent the Agency's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Agency uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Agency will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Agency has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statement of financial position.

The Agency has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Agency has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash and Refundable Deposits

Restricted cash and refundable deposits represent adoption funds received from prospective parents, which are held in escrow for future payments.

Refundable Advances

Amounts of grants and contracts that are received but unearned are reflected as refundable advances in the accompanying statements of financial position and are subsequently reflected in the accompanying statements of activities during the period to which they apply as funds are expended.

Revenue Recognition

The Agency recognizes revenue at an amount that reflects the consideration to which the Agency expect to be entitled in exchange for transferring goods or services to its customers using the following five step process:

- Identify the contract(s) with the customer
- Identify the performance obligation(s) in the contract
- Determine the transaction price
- Allocate the transaction price to performance obligations in the contract
- Recognize revenue when (or as) the Agency satisfies a performance obligation

Refer to the following disclosures for details on how the above five step process is applied to the Agency's contracts with customers.

Contracts

The Agency revenue is derived from contracts for adoption services, behavioral health services, child welfare services, home care services and personal alert program. Income is recognized at a point in time when the performance obligations have been met.

On March 31, 2023, the Agency sold its Personal Alert Program including client accounts and business assets to an unrelated organization for $304,877. Income on the sale was recognized at a point in time when the performance obligations had been met, which has been recognized on the June 30, 2023 statement of activities.

Contract Balances

The opening and closing balances of the Agency' accounts receivable related to service contracts are as follows:

	2024	2023
Opening - Beginning of Year	$ 150,025	$ 633,090
Closing - End of year	197,544	150,025
Increase (Decrease)	$ 47,519	$ (483,065)

There was no deferred revenue related to service contracts.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Transaction Price

Adoption services, behavioral health services, child welfare services, home care services and personal alert program are identified through contracts. The transaction price is determined upon establishment of the contract that contains the final terms of the agreement, including the description and price of each service and payment terms. Management has determined that the Agency's contracts do not contain a significant financial component.

Personal Alert Program sale, transaction price was determined upon establishment of the contract that contains the final terms of the agreement, including the description and price of assets included and calculation of the estimated amounts payable and accrued on or before the date of determination for services to the extent billed in regular monthly amounts to customers (or RMR), excluding one-time or nonrecurring items. Transaction price was determined in three periods with an initial payment, interim payment and final purchase. Initial payment was determined at closing for 25% of the Estimated RMR multiplied by 18.5. The interim payment was determined as the excess of any transferred RMR as of the interim payment date multiplied by 18.5 over the initial payment amount. For final purchase price the buyer paid the excess of transferred RMR multiplied by 18.5 over the sum of the initial and interim payments made.

Performance Obligations

Contracts for services are assessed for performance obligations at contract inception. The Agency determines the performance obligations based on contract specifics and ultimate deliverables to the client. To identify the performance obligations, the Agency consider all of the services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices.

The services rendered represent point in time transactions for services rendered and invoiced at a point in time. Revenue is not recognized until the service has been rendered and the performance obligation has been met.

Contributions, Including Government Grants and Contracts

In accordance with ASU 2018-08, certain governmental grants and contracts received by a nonprofit, including certain awards to fund capital expenditures, are generally considered to be contributions rather than exchange transactions since there was not commensurate value transferred between the resource provider and the Agency. Promises to give that are subject to donor-imposed conditions (i.e., a donor stipulation that includes a barrier that must be overcome and a right of return of assets) are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Unconditional contributions are recognized when promised or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions, Including Government Grants and Contracts (Continued)

The Agency reports contributions of cash and other assets as donor-restricted support if they are received with donor stipulations that limit their use. 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 accompanying statements of activities as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented as net assets without donor restrictions. Transfers of assets from a resource provider received before the barriers are overcome are reported as deferred revenue on the accompanying consolidated statements of financial position.

Conditional government grants and contracts not recognized as revenue as of June 30, 2024 total $2,053,871, Government grants and contracts are conditioned on incurring qualified program expenses.

The Agency receives a significant portion of its revenue from the state of Connecticut. A significant reduction in the level of this support, if it were to occur, could have a significant effect on the Agency’s programs.

Program Fees

Program fees are reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered.

Donated Property and Services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills and would otherwise be purchased by the Agency. Donated services meeting these criteria consisted of donated program supplies totaling $117,429 and $100,851 for the years ended June 30, 2024 and 2023, respectively, and are included in the revenues and expenses on the statements of activities. Donated property and goods are recorded as support and expensed at fair market value when determinable, otherwise at values indicated by the donor.

While many individuals volunteer their time and perform a variety of tasks that assist the Agency, no amounts have been recognized in the accompanying financial statements for such services because the criteria for recognition of such volunteer efforts have not been met.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expense Allocation

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 and depreciation are allocated to functional areas based upon square footage. The allocations of other common expenses that by their nature are administrative in support of the overall agency are accumulated in a pool and allocated to programs and supporting services by cost center based upon the total salary expenses in each cost center.

Income Taxes

The Agency is exempt from federal income taxes under provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been made.

Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through December 10, 2024, which represents the date the financial statements were available to be issued.

NOTE 2 FAIR VALUE MEASUREMENT

Generally accepted accounting principles establish 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 the Agency has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- 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.

NOTE 2 FAIR VALUE MEASUREMENT (CONTINUED)

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.

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

Money Market Funds – Money market funds are valued at the quoted net asset value of shares reported in the active market in which the money market funds are traded.

Mutual Funds and Exchange-Traded Equity Funds – Mutual funds and exchange-traded equity funds are valued at the quoted net asset value of shares held by the Agency at year-end.

There have been no changes in the methodologies used at June 30, 2024 and 2023.

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 the Agency 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.

The fair values of all investments are determined using quoted prices for identical assets in active markets in which the Agency has access (Level 1).

The following tables set forth the Agency's assets at fair value as of June 30:

	Level 1	Level 2	Level 3	Fair Value
December 31, 2024				
Exchange-Traded Equity Funds	$ 1,540,228	$ -	$ -	$ 1,540,228
Mutual Funds:				
Equity	1,162,553	-	-	1,162,553
Fixed Income	1,136,424	-	-	1,136,424
Total Assets at Fair Value	3,839,205	-	-	3,839,205
Money Market Funds	79,834	-	-	79,834
Total Investments	$ 3,919,039	$ -	$ -	$ 3,919,039
December 31, 2023				
Exchange-Traded Equity Funds	$ 1,134,188	$ -	$ -	$ 1,134,188
Mutual Funds:				
Equity	1,069,273	-	-	1,069,273
Fixed Income	901,701	-	-	901,701
Total Assets at Fair Value	3,105,162	-	-	3,105,162
Money Market Funds	447,522	-	-	447,522
Total Investments	$ 3,552,684	$ -	$ -	$ 3,552,684

NOTE 3 UNEMPLOYMENT SERVICES TRUST

The Agency is self-insured for unemployment claims through Unemployment Services Trust (UST). Contributions to UST are accumulated and used to pay future claims. The Agency could be required to make additional payments if claims exceed the accumulated contributions. As of June 30, 2024 and 2023, accumulated contributions of $309,479 and $241,772, respectively, were included in other assets on the statements of financial position, and there was an estimated claim liability of $7,830 and $5,232, respectively, included in accounts payable and accrued expenses on the statements of financial position. Per the contract with UST, the Agency has the ability to withdraw funds if accumulated contributions exceed the estimated liability.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment as of June 30 consist of the following:

	2024	2023
Buildings and Improvements	$ 1,643,578	$ 1,620,297
Equipment and Fixtures	1,446,118	1,324,398
Vehicles	105,785	126,864
Internal Software	694,676	756,495
Total	3,890,157	3,828,054
Less: Accumulated Depreciation	(3,616,244)	(3,593,129)
Property and Equipment, Net	$ 273,913	$ 234,925

NOTE 5 LINE OF CREDIT

The Agency has an available line of credit in the amount of $1,400,000. Interest is payable monthly based on The Wall Street Journal Prime Rate (8.5% and 8.25% at June 30, 2024 and 2023, respectively), and will be renewed annually at the bank’s discretion. The line of credit is secured by substantially all of the Agency’s assets and contains various financial and other covenants.

There was no balance outstanding as of June 30, 2024 and 2023.

NOTE 6 NOTES PAYABLE

In 2024, the Agency entered a loan agreement with Ricoh for office equipment. The total amount financed was $19,208. The term on the loan is for 60 months commencing in May 2024 with an interest rate of 9.25%. Total payments of $401.06 are due monthly. The balance on the note as of June 30, 2024 was $18,700. Future maturities of the loan are as follows:

Year Ending June 30,	Amount
2025	$ 3,217
2026	3,528
2027	3,868
2028	4,242
Thereafter	3,845
Total	$ 18,700

NOTE 7 LEASES – ASC842

The Agency leases various office equipment, facilities and vehicles for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2029 and provide for renewal options for one year. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following table provides quantitative information concerning the Agency's leases.

	2024	2023
Lease Costs:		
Operating Lease Costs	$ 138,910	$ 268,122
Other Information:		
Operating Cash Flows from Operating Leases	$ (130,797)	$ (275,255)
Right-of-Use Assets Obtained In Exchange for New Operating Lease Liabilities	48,785	20,739
Weighted-Average Remaining Lease Term - Operating Leases	3.8 Years	2.5 Years
Weighted-Average Discount Rate - Operating Leases	2.90%	2.94%

NOTE 7 LEASES - ASC842 (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024, is as follows:

Year Ending June 30,	Operating Leases
2025	$ 136,449
2026	115,288
2027	50,919
2028	54,307
2029	42,113
Thereafter	13,555
Total Lease Payments	412,631
Less: Interest	(21,265)
Present Value of Lease Liabilities	$ 391,366

NOTE 8 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Agency's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	2024	2023
Cash and Cash Equivalents	$ 1,712,923	$ 1,640,152
Investments	3,919,039	3,552,684
Accounts Receivable, Net	199,212	174,161
Grants Receivable	377,981	509,093
Total Financial Assets Available Within One Year	6,209,155	5,876,090
Less Amounts Unavailable for General Expenditures Within One Year Due to:		
Restricted by Donors With Purpose Restrictions	(101,415)	(103,604)
Amounts Unavailable Without Board's Approval:		
Board-Designated Endowment	(3,919,039)	(3,552,684)
Total Financial Assets Available to Management for General Expenditure Within One Year	$ 2,188,701	$ 2,219,802

Liquidity Management

The Agency maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Agency invests cash in excess of weekly requirements in short-term investments. The Agency also has a line of credit it could draw upon in the event of an unanticipated liquidity need.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30:

	2024	2023
Subject to Expenditure for Specified Purpose:		
Child Welfare Services and Client Support Fund	$ 65,895	$ 68,084
Time Restricted	30,000	30,000
Auxiliary	5,520	5,520
Total Net Assets With Donor Restrictions	$ 101,415	$ 103,604

Net assets were released from restrictions during the years ended June 30 by incurring expenses satisfying the following purpose restrictions:

Child Welfare Services and Client Support Fund	2024	2023
Satisfaction of Purpose Restrictions:		
Child Welfare Services and Client Support Fund	$ 20,484	$ 35,310
Total Net Assets Released from Donor Restrictions	$ 20,484	$ 35,310

NOTE 10 ENDOWMENT

The Agency's endowment consists of funds designated by the board of directors to function as an endowment. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Changes in endowment net assets for the years ended June 30 are as follows:

June 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ 3,552,684	$ -	$ 3,552,684
Investment Return:			
Investment Income	116,417	-	116,417
Investment Gain	249,938	-	249,938
Total Investment Return	366,355	-	366,355
Endowment Net Assets - End of Year	$ 3,919,039	$ -	$ 3,919,039
June 30, 2023			
Endowment Net Assets - Beginning of Year	$ 3,227,179	$ -	$ 3,227,179
Investment Return:			
Investment Income	90,011	-	90,011
Investment Gain	235,494	-	235,494
Total Investment Return	325,505	-	325,505
Endowment Net Assets - End of Year	$ 3,552,684	$ -	$ 3,552,684

NOTE 10 ENDOWMENT (CONTINUED)

Return Objectives and Risk Parameters

The Agency has adopted investment and spending policies for endowment assets that attempt to maintain the purchasing power of the endowment assets. Endowment assets include only board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of various industry benchmarks and indexes while assuming a moderate level of investment risk. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Agency 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). The Agency targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term rate of return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Agency has a policy allowing for the appropriation each year of up to 5% of its endowment fund's average fair value at the beginning of the fiscal year (July 1) in which the distribution is planned. In establishing this policy, the Agency considered the long-term expected return on its endowment. This is consistent with the Agency's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

NOTE 11 DEFINED CONTRIBUTION RETIREMENT PLAN

The Agency maintains a defined contribution retirement plan as defined under Section 401(k) of the Internal Revenue Code. All employees are eligible to participate after one year and the completion of 1,000 hours of service. The Agency will contribute 100% of up to 2% of an employee's contribution. Employees are fully vested after three years of service for the 2% match. Employer contributions to the plan were $107,308 and $137,031 for 2024 and 2023, respectively. In addition, the Agency may also elect to make additional profit-sharing contributions at the discretion of the board of directors.

NOTE 12 FEDERAL AND STATE ASSISTANCE PROGRAMS

The Agency participates in a number of federal and state assisted grant programs. The use of grants in programs is subject to future review by the grantors. Such reviews may result in the Agency having liabilities to the grantors.

FAMILY & CHILDREN'S AGENCY, INC.
SCHEDULE OF PROGRAM SERVICES EXPENSES
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Behavioral Health	Home Care	Parenting Services	Child Welfare	Total
Salaries and Benefits	$ 3,160,929	$ 1,522,189	$ 1,721,019	$ 3,690,100	$ 10,094,237
Contract Employees	534,798	24,952	599,359	763,666	1,922,775
Client Support	41,338	18,948	107,788	311,315	479,389
Occupancy	130,358	44,536	38,724	114,271	327,889
Telephone	59,373	27,167	29,377	70,216	186,133
Equipment Rental	61,750	26,880	29,343	64,956	182,929
Insurance	49,118	25,057	26,578	57,031	157,784
Travel	45,156	6,679	35,629	67,094	154,558
Professional Fees	14,489	7,363	7,815	16,803	46,470
Finance and Other Fees	18,750	11,508	12,206	-	42,464
Office Supplies	12,055	5,840	6,130	18,007	42,032
Conferences	15,430	4,648	5,812	12,748	38,638
Dues and Memberships	6,585	3,735	7,856	7,828	26,004
Miscellaneous	6,092	4,447	1,397	7,101	19,037
Postage	1,451	1,280	4,994	1,631	9,356
Public Relations	800	408	433	928	2,569
Total Expenses Before Depreciation	4,158,472	1,735,637	2,634,460	5,203,695	13,732,264
Depreciation	23,690	11,961	12,688	27,226	75,565
Total	$ 4,182,162	$ 1,747,598	$ 2,647,148	$ 5,230,921	$ 13,807,829

FAMILY & CHILDREN'S AGENCY, INC.
SCHEDULE OF PROGRAM SERVICES EXPENSES
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Behavioral Health	Home Care	Parenting Services	Child Welfare	Personal Alert	Total
Salaries and Benefits	$ 2,445,774	$ 1,794,295	$ 1,733,844	$ 3,531,865	$ 76,562	$ 9,582,340
Contract Employees	510,445	27,251	532,648	749,404	1,115	1,820,863
Client Support	10,927	2,817	67,783	689,818	62,937	834,282
Occupancy	204,833	72,762	58,155	212,793	7,595	556,138
Telephone	45,195	31,794	29,908	66,152	1,436	174,485
Equipment Rental	34,214	27,229	25,749	51,116	1,275	139,583
Insurance	36,511	28,484	25,734	52,840	1,167	144,736
Travel	39,200	11,124	20,271	72,889	2,101	145,585
Professional Fees	11,870	9,260	9,192	17,178	378	47,878
Finance and Other Fees	17,996	14,040	12,684	26,044	575	71,339
Office Supplies	10,261	7,503	7,907	14,208	287	40,166
Conferences	8,207	5,730	8,376	16,388	271	38,972
Dues and Memberships	4,892	4,192	12,801	7,079	156	29,120
Miscellaneous	3,945	3,047	13,319	5,990	294	26,595
Postage	1,768	1,249	7,316	2,370	829	13,532
Public Relations	1,054	1,458	713	1,465	31	4,721
Total Expenses Before Depreciation	3,387,092	2,042,235	2,566,400	5,517,599	157,009	13,670,335
Depreciation	24,647	19,229	17,372	35,670	787	97,705
Total	$ 3,411,739	$ 2,061,464	$ 2,583,772	$ 5,553,269	$ 157,796	$ 13,768,040



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