



St. Mary's Center for Women and Children, Inc. and Affiliates

**Consolidated Financial Statements
And Supplementary Information**

*For the Year Ended June 30, 2023 and for the
Nine Month Period Ended June 30, 2022
With Independent Auditors' Report*

Baker Newman & Noyes LLC
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ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2023 and the Nine Month Period Ended June 30, 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
St. Mary's Center for Women and Children, Inc. and Affiliates

Opinion

We have audited the consolidated financial statements of St. Mary's Center for Women and Children, Inc. and Affiliates (the Organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, the related consolidated statements of activities, functional expenses and cash flows for the year ended June 30, 2023 and for the nine month period ended June 30, 2022, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the results of their operations and their cash flows for the year ended June 30, 2023 and for the nine month period ended June 30, 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 the Organization'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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is 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 audits 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.

Baku Newman & Noyes LLC
Manchester, New Hampshire
November 15, 2023

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 2,395,951	\$ 2,457,355
Accounts and other receivables	1,601,861	721,906
Prepaid expenses and other current assets	<u>54,580</u>	<u>80,606</u>
Total current assets	4,052,392	3,259,867
Assets whose use is limited:		
Cash restricted for investment in property, plant and equipment	1,249,325	1,169,325
By donors or grantors for specific purposes	127,804	158,991
Under deferred compensation plan	37,481	37,481
Reserve fund cash – transitional housing	86,034	86,034
Restricted investments – transitional housing	1,627,760	1,539,953
Tenant security deposits	<u>4,679</u>	<u>4,676</u>
Total assets whose use is limited	3,133,083	2,996,460
Investments	2,274,671	2,015,217
Certificates of deposit	61,155	61,113
Property, plant and equipment, net	<u>10,910,968</u>	<u>10,946,204</u>
Total assets	<u>\$20,432,269</u>	<u>\$19,278,861</u>
<u>LIABILITIES, NET ASSETS AND MEMBER'S EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 393,065	\$ 384,452
Accrued expenses	187,638	290,189
Deferred revenue	40,805	25,805
Current installments of finance lease obligations	<u>12,416</u>	<u>12,416</u>
Total current liabilities	633,924	712,862
Other liabilities	37,481	37,481
Finance lease obligations, net of current installments	1,437	7,721
Long-term debt	4,237,627	4,237,627
Tenant security deposits	<u>9,098</u>	<u>8,598</u>
Total liabilities	4,919,567	5,004,289
Net assets and member's equity:		
Net assets and member's equity without donor restrictions	11,850,242	10,629,522
Net assets and member's equity with donor restrictions	<u>3,662,460</u>	<u>3,645,050</u>
Total net assets and member's equity	<u>15,512,702</u>	<u>14,274,572</u>
Total liabilities, net assets and member's equity	<u>\$20,432,269</u>	<u>\$19,278,861</u>

See accompanying notes.

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES

Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating activities:			
Revenues and other support:			
Program service fees	\$ 6,880,397	\$ —	\$ 6,880,397
Rental income	431,970	—	431,970
Contributions, grants, and events	1,148,921	843,750	1,992,671
Other income	101,116	—	101,116
Investment income (loss)	232,528	145,608	378,136
Net assets released from restrictions	<u>971,948</u>	<u>(971,948)</u>	<u>—</u>
Total revenues and other support	9,766,880	17,410	9,784,290
Expenses:			
Program services:			
St. Mary's Home	1,142,771	—	1,142,771
Bridge Home	6,331	—	6,331
Margaret's House	2,151,078	—	2,151,078
Women @ Work Plus	206,885	—	206,885
Women's Learning Center	54,367	—	54,367
Supportive Housing	30,286	—	30,286
Crossroads	1,380,753	—	1,380,753
St. Mary's Transitional Housing, LLC	317,704	—	317,704
8 Notre Dame LLC	<u>—</u>	<u>—</u>	<u>—</u>
Total program services	5,290,175	—	5,290,175
Facilities management and cafeteria	843,784	—	843,784
Supporting services:			
General and administrative	1,651,471	—	1,651,471
Fundraising	<u>760,730</u>	<u>—</u>	<u>760,730</u>
Total expenses	<u>8,546,160</u>	<u>—</u>	<u>8,546,160</u>
Increase (decrease) in net assets and member's equity	1,220,720	17,410	1,238,130
Net assets and member's equity at beginning of period	<u>10,629,522</u>	<u>3,645,050</u>	<u>14,274,572</u>
Net assets and member's equity at end of period	<u>\$11,850,242</u>	<u>\$ 3,662,460</u>	<u>\$15,512,702</u>

See accompanying notes.

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES

Nine Month Period Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating activities:			
Revenues and other support:			
Program service fees	\$ 3,681,866	\$ —	\$ 3,681,866
Rental income	581,399	—	581,399
Contributions, grants, and events	1,327,747	750,000	2,077,747
Other income	17,755	—	17,755
Investment income (loss)	(320,137)	(167,466)	(487,603)
Net assets released from restrictions	<u>67,129</u>	<u>(67,129)</u>	<u>—</u>
Total revenues and other support	5,355,759	515,405	5,871,164
Expenses:			
Program services:			
St. Mary's Home	899,176	—	899,176
Margaret's House	1,443,687	—	1,443,687
Women @ Work Plus	221,222	—	221,222
Women's Learning Center	83,211	—	83,211
Supportive Housing	21,296	—	21,296
Crossroads	952,881	—	952,881
St. Mary's Transitional Housing, LLC	171,234	—	171,234
8 Notre Dame LLC	<u>271,233</u>	<u>—</u>	<u>271,233</u>
Total program services	4,063,940	—	4,063,940
Facilities management and cafeteria	796,087	—	796,087
Supporting services:			
General and administrative	1,262,097	—	1,262,097
Fundraising	<u>377,505</u>	<u>—</u>	<u>377,505</u>
Total expenses	<u>6,499,629</u>	<u>—</u>	<u>6,499,629</u>
(Decrease) increase in net assets from operations	(1,143,870)	515,405	(628,465)
Other changes in net assets:			
Gain on forgiveness of Paycheck Protection Program loan	<u>1,014,762</u>	<u>—</u>	<u>1,014,762</u>
Total (decrease) increase in net assets and member's equity	(129,108)	515,405	386,297
Net assets and member's equity at beginning of year	<u>10,758,630</u>	<u>3,129,645</u>	<u>13,888,275</u>
Net assets and member's equity at end of year	<u>\$10,629,522</u>	<u>\$3,645,050</u>	<u>\$14,274,572</u>

See accompanying notes.

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	<u>St. Mary's Home</u>	<u>Bridge Home</u>	<u>Margaret's House</u>	<u>Women @ Work Plus</u>	<u>Women's Learning Center</u>	<u>Supportive Housing</u>	<u>Cross- Roads</u>	<u>St. Mary's Transitional Housing LLC</u>	<u>8 Notre Dame LLC</u>
Salaries	\$ 718,602	\$ 5,968	\$ 1,146,308	\$ 31,978	\$ 17,586	\$ 3,158	\$ 707,829	\$ —	\$ —
Payroll taxes and other benefits	<u>112,668</u>	<u>313</u>	<u>245,444</u>	<u>4,456</u>	<u>611</u>	<u>27,088</u>	<u>168,583</u>	<u>6,846</u>	<u>—</u>
Total salaries and related expenses	831,270	6,281	1,391,752	36,434	18,197	30,246	876,412	6,846	—
Occupancy	163,773	—	391,645	121,433	31,019	—	335,995	72,211	—
Transportation	14,642	50	20,083	—	—	—	21,558	—	—
Supplies and consumables	15,413	—	32,872	—	—	—	7,054	—	—
Equipment expenses	37	—	150	6,640	—	—	6,159	(80)	—
Professional fees and contracted services	13,428	—	128,342	5,081	(50)	40	12,228	1,025	—
Telephone	3,681	—	4,055	5,844	—	—	12,552	777	—
Contribution expense	—	—	—	—	—	—	206	—	—
Other expenses	39,366	—	64,150	—	(3,680)	—	86,767	70,937	—
Depreciation and amortization	<u>61,161</u>	<u>—</u>	<u>118,029</u>	<u>31,453</u>	<u>8,881</u>	<u>—</u>	<u>21,822</u>	<u>165,988</u>	<u>—</u>
Total expenses	<u>\$1,142,771</u>	<u>\$6,331</u>	<u>\$2,151,078</u>	<u>\$206,885</u>	<u>\$54,367</u>	<u>\$30,286</u>	<u>\$1,380,753</u>	<u>\$317,704</u>	<u>\$ —</u>

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

Year Ended June 30, 2023

	<u>Total Program Services</u>	<u>Facilities Management</u>	<u>Cafeteria</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$2,631,429	\$89,346	\$ 40,454	\$ 687,839	\$384,031	\$3,833,099
Payroll taxes and other benefits	<u>566,009</u>	<u>12,786</u>	<u>9,472</u>	<u>157,857</u>	<u>42,194</u>	<u>788,318</u>
Total salaries and related expenses	3,197,438	102,132	49,926	845,696	426,225	4,621,417
Occupancy	1,116,076	310,496	50,437	76,694	35,837	1,589,540
Transportation	56,333	15,920	—	1,247	953	74,453
Supplies and consumables	55,339	—	33,822	13,389	11,708	114,258
Equipment expenses	12,906	44,021	979	21,554	—	79,460
Professional fees and contracted services	160,094	46,174	3,522	276,032	80,718	566,540
Telephone	26,909	1,757	—	24,906	591	54,163
Contribution expense	206	—	—	—	57,762	57,968
Other expenses	257,540	55,286	1,338	299,879	132,727	746,770
Depreciation and amortization	<u>407,334</u>	<u>111,071</u>	<u>16,903</u>	<u>92,074</u>	<u>14,209</u>	<u>641,591</u>
Total expenses	<u>\$5,290,175</u>	<u>\$686,857</u>	<u>\$156,927</u>	<u>\$1,651,471</u>	<u>\$760,730</u>	<u>\$8,546,160</u>

See accompanying notes.

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Nine Month Period Ended June 30, 2022

	<u>St. Mary's Home</u>	<u>Margaret's House</u>	<u>Women @ Work Plus</u>	<u>Women's Learning Center</u>	<u>Supportive Housing</u>	<u>Cross- Roads</u>	<u>St. Mary's Transitional Housing</u>	<u>8 Notre Dame</u>	<u>Total Program Services</u>
Salaries	\$536,410	\$ 833,346	\$ 70,144	\$29,047	\$ 1,870	\$527,917	\$ —	\$ —	\$1,998,734
Payroll taxes and other benefits	<u>81,602</u>	<u>160,014</u>	<u>12,602</u>	<u>2,802</u>	<u>19,299</u>	<u>99,070</u>	<u>7</u>	<u>—</u>	<u>375,396</u>
Total salaries and related expenses	618,012	993,360	82,746	31,849	21,169	626,987	7	—	2,374,130
Occupancy	109,467	201,435	60,334	15,412	—	229,222	25,430	—	641,300
Donations	—	—	—	—	—	—	—	161,524	161,524
Transportation	7,540	11,910	—	—	—	11,149	—	—	30,599
Supplies and consumables	42,914	85,123	3,044	—	—	1,539	—	—	132,620
Equipment expenses	824	565	—	—	—	927	—	109,709	112,025
Professional fees and contracted services	30,829	8,431	9,201	13,530	34	8,784	9,018	—	79,827
Telephone	2,328	4,355	3,711	39	—	4,944	443	—	15,820
Contribution expense	—	—	—	—	—	—	—	—	—
Other expenses	16,670	34,372	21,018	11,342	93	52,963	36,427	—	172,885
Interest expense	—	—	—	—	—	—	—	—	—
Depreciation and amortization	<u>70,592</u>	<u>104,136</u>	<u>41,168</u>	<u>11,039</u>	<u>—</u>	<u>16,366</u>	<u>99,909</u>	<u>—</u>	<u>343,210</u>
Total expenses	<u>\$899,176</u>	<u>\$1,443,687</u>	<u>\$221,222</u>	<u>\$83,211</u>	<u>\$21,296</u>	<u>\$952,881</u>	<u>\$171,234</u>	<u>\$271,233</u>	<u>\$4,063,940</u>

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

Nine Month Period Ended June 30, 2022

	<u>Facilities Management</u>	<u>Cafeteria</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 38,192	\$ 38,431	\$ 653,079	\$133,266	\$2,861,702
Payroll taxes and other benefits	<u>8,844</u>	<u>6,804</u>	<u>172,822</u>	<u>25,206</u>	<u>589,072</u>
Total salaries and related expenses	47,036	45,235	825,901	158,472	3,450,774
Occupancy	517,049	31,985	38,816	17,156	1,246,306
Donations	—	—	—	—	161,524
Transportation	15,753	944	319	32	47,647
Supplies and consumables	319	(5,867)	13,098	4,230	144,400
Equipment expenses	47,548	989	8,647	3,317	172,526
Professional fees and contracted services	(4,035)	2,127	271,241	55,853	405,013
Telephone	1,098	199	15,263	772	33,152
Contribution expense	—	—	6,111	91,214	97,325
Other expenses	35,957	2,453	81,219	32,475	324,989
Interest expense	—	—	—	—	—
Depreciation and amortization	<u>31,635</u>	<u>25,662</u>	<u>1,482</u>	<u>13,984</u>	<u>415,973</u>
Total expenses	<u>\$692,360</u>	<u>\$103,727</u>	<u>\$1,262,097</u>	<u>\$377,505</u>	<u>\$6,499,629</u>

See accompanying notes.

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended June 30, 2023 and Nine Month Period Ended June 30, 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets and member's equity	\$ 1,238,130	\$ 386,297
Adjustments to reconcile change in net assets and member's equity to net cash (used) provided by operating activities:		
Bad debt expense	93,106	50
Depreciation and amortization	641,591	415,973
Unrealized (gain) loss on investments	(378,136)	487,603
Gain on forgiveness of Paycheck Protection Program loans	—	(1,014,762)
Donor restricted contributions	(843,750)	(750,000)
Changes in operating assets and liabilities:		
Accounts and other receivables	(973,061)	566,404
Prepaid expenses and other current assets	26,026	61,400
Tenant security deposits	497	(301)
Accounts payable	8,613	3,711
Accrued expenses	(102,551)	(19,445)
Deferred revenue	<u>15,000</u>	<u>(112,163)</u>
Net cash (used) provided by operating activities	(274,535)	24,767
Cash flows from investing activities:		
Purchase of investments, assets whose use is limited and reinvested income on certificates of deposit	62,020	75,203
Purchase of property, plant and equipment	<u>(606,355)</u>	<u>(967,503)</u>
Net cash used in investing activities	(544,335)	(892,300)
Cash flows from financing activities:		
Donor restricted contributions	843,750	750,000
Payments of finance lease obligations	<u>(6,284)</u>	<u>(6,366)</u>
Net cash provided by financing activities	<u>837,466</u>	<u>743,634</u>
Increase (decrease) in cash, cash equivalents and restricted cash	18,596	(123,899)
Cash, cash equivalents and restricted cash, beginning of period	<u>3,626,680</u>	<u>3,750,579</u>
Cash, cash equivalents and restricted cash, end of period	<u>\$ 3,645,276</u>	<u>\$ 3,626,680</u>

See accompanying notes.

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023 and Nine Month Period Ended June 30, 2022

1. Nature of Activities and Significant Accounting Policies

St. Mary's Center for Women and Children, Inc. and Affiliates (St. Mary's) is a not-for-profit corporation, located in Dorchester, Massachusetts, established to provide health and human services, including residential services, to at-risk women and children. The Roman Catholic Archdiocese of Boston (RCAB) is the sole member of St. Mary's.

Effective July 1, 2012, SMCWC – Crossroads Housing Inc. (Crossroads), a not-for-profit corporation, became a wholly owned subsidiary of St. Mary's. Based in East Boston, Massachusetts, Crossroads provides shelter, meals and social services to homeless individuals and families.

Effective September 26, 2014 – St. Mary's Center Transitional Housing, LLC (Transitional Housing, LLC) a limited liability company, was incorporated under the laws of the Commonwealth of Massachusetts. Transitional Housing, LLC is a single-member LLC with the sole member being St. Mary's. Transitional Housing, LLC was organized for the purpose of carrying out activities in the furtherance of religious, charitable, scientific, literary and educational purpose, as defined in Section 501(c)(3) of the Internal Revenue Code (IRC), including:

- a. Operating and maintaining facilities to provide shelter, care and treatment for, and providing comprehensive social services to, poor and/or homeless women, teens, children and families;
- b. Offering and maintaining a residential transitional housing program for pregnant and parenting homeless families whose head of household is under the care, custody or responsibility of the Department of Children and Families; and
- c. Offering and providing teaching programs and curriculum regarding children and family services.

Transitional Housing, LLC leases from St. Mary's, operates, and maintains 12 units of transitional housing for women and children who are poor and/or homeless, at a facility located at 84 Cushing Avenue, Dorchester, Massachusetts.

Transitional Housing, LLC was originally funded by a restricted grant from Massachusetts Maternity and Foundling Hospital Corporation (MMFHC) in 2015. The grant, as reflected in the 2015 Grant Agreement as amended in 2019 and the 2019 Amended and Restated Use Restriction recorded in the Suffolk County Registry of Deeds, includes a legal restriction, whereby Transitional Housing, LLC is to operate the facility located at 84 Cushing Avenue, Dorchester, Massachusetts for the purpose it was organized for, as described in the previous paragraphs, and to give first preference for the housing units to pregnant and parenting young adults between the ages of 18 and 24 with minor children, in perpetuity.

As of June 30, 2023 and 2022, Transitional Housing, LLC had \$1,627,760 and \$1,539,953, respectively, in cash and investments received from MMFHC (including investment earnings), which imposed a restriction to hold the fund in perpetuity and use the appropriations from the fund for supportive services to residents of the transitional housing units at 84 Cushing Avenue, Dorchester, Massachusetts, subject to the St. Mary's investment and investment spending policy. In accordance with the spending policy, \$57,798 and \$67,129 was released in the year ended June 30, 2023 and the nine month period ended June 30, 2022, respectively.

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023 and Nine Month Period Ended June 30, 2022

1. **Nature of Activities and Significant Accounting Policies (Continued)**

Effective, October 18, 2018, St. Mary's became the sole member of 8 Notre Dame LLC (8 Notre Dame), a limited liability company, that was created for the purpose of purchasing and renovating a building and operating a program. Based in Roxbury, Massachusetts, 8 Notre Dame will provide emergency assistance shelter as well as non-emergency assistance shelter for families.

The significant accounting policies followed by St. Mary's, Crossroads, Transitional Housing, LLC and 8 Notre Dame are as follows:

Basis of Consolidation

The consolidated financial statements include the accounts of St. Mary's, Crossroads, Transitional Housing, LLC, and 8 Notre Dame (collectively, the Organization). All significant intercompany account balances and transactions have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets accounting principles generally accepted in the United States of America (U.S. GAAP) to ensure financial condition, results of activities, and cash flows are consistently reported. References to U.S. GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification (ASC).

In 2022, the Organization elected to change its year end from September 30 to June 30. As a result, the period ended June 30, 2022 is a nine-month period.

Classification and Reporting of Net Assets

The consolidated financial statements are presented in accordance with ASC 958, *Financial Statements of Not for Profit Organizations*. Under ASC 958, the Organization is required to report information regarding its financial position and activities based on two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of the two net asset classes follows:

Net assets without donor restrictions represent the portion of net assets of the Organization that includes expendable funds available to support operations that is not subject to donor-imposed stipulations or time restrictions.

Net assets with donor restrictions represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that require that they be held in perpetuity, or whose use may or will be met by actions of the Organization or the passage of time.

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023 and Nine Month Period Ended June 30, 2022

1. Nature of Activities and Significant Accounting Policies (Continued)

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law. Expirations of restrictions on net assets (i.e., the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed) are reported as net assets released from restrictions between the applicable classes of net assets. The Organization releases the restrictions on net assets with donor restrictions upon incurrence of an expense when both net assets without donor restrictions and net assets with donor restrictions are available for that purpose.

Spending Policy

The Organization's investment policies provide guidance for the prudent and skillful management of invested assets with the objective of preserving capital and maximizing returns. The Organization adopts investment and spending policies, from time to time, for invested assets that (a) ensure that over the medium-to-long term, sufficient investment return shall be retained to preserve and grow its economic value as a first priority, and (b) to provide funds for the annual operating budget in an amount that is not subject to large fluctuations from year-to-year to the extent possible.

Revenue Recognition

The Organization determines the amount of revenue to be recognized through application of the following steps:

- Identification of the contract with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as the Organization satisfies the performance obligations.

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by any applicable discounts, contractual adjustments provided to third-party payors, or explicit and implicit price concessions provided to groups or individuals. A performance obligation is a promise in a contract with a customer to transfer products or services that are distinct. Determining whether products and services are distinct performance obligations that should be accounted for separately or combined as one unit of accounting may require significant judgement.

The programs of the Organization are supported principally by contracts negotiated with various agencies of the commonwealth of Massachusetts. Therefore, the Organization is subject to the regulations of the Massachusetts Operational Services Division (OSD). Revenue is being recorded by the individual programs either at the rates approved under negotiated contracts or the rate of reimbursement as certified by OSD.

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023 and Nine Month Period Ended June 30, 2022

1. Nature of Activities and Significant Accounting Policies (Continued)

Excess of revenue over expenses from the commonwealth of Massachusetts supported programs, up to certain defined limits, can be utilized by the Organization for expenditures in accordance with its exempt purpose, provided such expenditures are reimbursable under OSD's regulations. Amounts in excess of these limits are subject to negotiated use or potential recoupment and are reported as liabilities. There are no amounts in excess of these limits for the year ended June 30, 2023 or the nine month period ended June 30, 2022.

Rental income is recognized as rental payments become due. Rental payments received in advance are deferred until earned.

Contributions

Contributions, including unconditional promises to give, are initially recognized at fair value as revenues in the period received. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods, or which are restricted by the donor for specific purposes, are shown as increases in net assets with donor restrictions and are released to net assets without donor restrictions when the purpose and/or time restrictions are met. Conditional promises to give, that is those with a measurable performance or other barrier and a right of return or release, are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions received with restriction which are received and recognized in the same period are shown as increases in net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution, and nature of fundraising activities.

Contributed property and equipment is recorded at fair value at the date of donation. Contributions of services are reported at fair value as revenues and expenses of the net asset without donor restrictions class at the fair value of the service received only if the services create or enhance a nonfinancial asset, or would typically need to be purchased by the Organization if they had not been provided by contribution, required specialized skills, and are provided by individuals with those skills. Contributions of goods and space to be used in program operations are reported as revenues and expenses of the net asset without donor restrictions class at the time the goods or space is received, which are included in in-kind contributions on the consolidated statements of activities. There were no contributed services or goods for the year ended June 30, 2023 or for the nine month period ended June 30, 2022. There was no contributed property and equipment during the year ended June 30, 2023 or the nine month period ended June 30, 2022.

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023 and Nine Month Period Ended June 30, 2022

1. Nature of Activities and Significant Accounting Policies (Continued)

Grant Revenue

Grant revenue for expenditure driven grants is recognized in the period expenditures are incurred in connection with carrying out the terms of the grant agreement. Other grant revenues are recognized over the period of the agreement in proportion to how services are rendered.

In November 2021, the Organization was awarded a grant totaling \$750,000 to renovate and open an early education center. In 2022, the Organization expended approximately \$719,000 of the grant recorded as construction in process at June 30, 2022. The renovations and construction associated with opening the early education center were completed in August 2022, at which time the Organization placed the center construction costs into service and reclassified the amounts from donor restricted net assets.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from these estimates.

Cash, Cash Equivalents and Restricted Cash

The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Organization defines cash and cash equivalents as short-term, highly liquid investments with original maturities of three months or less when purchased.

The following provides a reconciliation of cash, cash equivalents, restricted cash, and cash restricted for investment in property, plant and equipment reported within the consolidated statements of financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$2,395,951	\$2,457,355
Cash restricted to property, plant and equipment	<u>1,249,325</u>	<u>1,169,325</u>
Total cash, cash equivalents and restricted cash	<u>\$3,645,276</u>	<u>\$3,626,680</u>

Cash restricted for investment in property, plant and equipment represents cash received from donors restricted for the investment in property, plant and equipment.

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023 and Nine Month Period Ended June 30, 2022

1. Nature of Activities and Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable due from Massachusetts, federal and local funding agencies are carried at the original charge based on contracted rates for the services provided. Tenant receivables are due from various nonprofit organizations occupying office and program space owned by the Organization and are carried at the original charge less an allowance for doubtful accounts. Rent is due on the first of the month and is considered past due after 30 days.

Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. As of June 30, 2023 and 2022, there was an allowance for doubtful accounts totaling \$172,926 and \$36,908, respectively. Receivables are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off are recorded as other revenue.

Investments and Investment Income

Investments are carried at fair value. Purchases and sales of securities are recorded on trade dates and realized gains and losses are determined on the basis of the average cost of securities sold. Interest, dividends and realized and unrealized gains are reflected in the statements of activities as investment income and are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation.

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position and consolidated statements of activities.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost or estimated fair market value, if received by donation, at the time such assets are received. Depreciation and amortization is calculated on the straight-line basis over the estimated useful lives of the respective assets as follows:

Buildings and improvements	10 – 50 years
Furnishings and equipment	3 – 10 years
Motor vehicles	5 years

Costs associated with the construction of major improvements are accumulated until completion. The completed asset is then depreciated over its estimated useful life once placed in service.

The Organization follows FASB ASC 410, *Asset Retirement and Environmental Obligations*. This standard requires that a liability be recorded for the fair value of an asset retirement specific to certain legal obligations. The recording of a liability is required if the fair value of the obligation can be reasonably estimated. The Organization is unaware of any such obligations as of June 30, 2023 and 2022. The Organization will recognize a liability in the period in which they become aware of such liability and sufficient information is available to reasonably estimate its fair value.

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023 and Nine Month Period Ended June 30, 2022

1. Nature of Activities and Significant Accounting Policies (Continued)

Impairment of Long-Lived Assets

Long-lived assets, which consist primarily of property, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. When such events occur, the Organization compares the carrying amounts of the assets to the undiscounted expected future cash flows. If this comparison indicates that there may be impairment, the amount of the impairment is calculated as the difference between the carrying value and fair value. Management determined no impairments existed as of June 30, 2023 and 2022.

Advertising

The Organization's policy is to expense advertising costs as incurred. Such costs were not significant in 2023 and 2022.

Income Taxes

St. Mary's and Crossroads are qualified under Section 501(c)(3) of the IRC and are exempt from federal and state income taxes. The Organization is subject to federal and state income taxes on unrelated business income, if any.

Transitional Housing, LLC and 8 Notre Dame are single-member LLCs with their sole member being St. Mary's, an exempt company under Section 501(c)(3). As such, Transitional Housing, LLC and 8 Notre Dame are considered disregarded entities for tax purposes.

The Organization follows FASB ASC 740, *Income Taxes*, which clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the consolidated financial statements. The Organization recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities. Management evaluated the Organization's tax positions and concluded that the Organization had no material uncertainties in income taxes at June 30, 2023 and 2022. The Organization is no longer subject to income tax examinations by U.S. federal, state or local authorities for three fiscal years from the filing date.

Functional Allocation of Expenses

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The Organization captures direct costs when possible and uses several allocation methods including square footage and time spent estimates. The majority of salaries and payroll taxes and other benefits are direct costs with certain shared departments being allocated on time spent estimates. Occupancy and depreciation and amortization are allocated based on square footage.

Reclassifications

Certain amounts from the 2022 consolidated financial statements have been reclassified to conform to 2023 presentation.

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023 and Nine Month Period Ended June 30, 2022

1. Nature of Activities and Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*. The standard included subsequently issued amendments, collectively referred to as ASC 842, *Leases*, and established the principles that lessees and lessors will apply to report useful information to users of financial statements about the amount, timing and uncertainty of cash flows arising from a lease. The Organization was required to adopt this standard, effective July 1, 2022, and determined that the impact was insignificant. New leases will comply with this standard in the future.

2. Liquidity

The Organization regularly monitors liquidity required to meet its operating needs. For purposes of analyzing resources available to meet general expenditures, such as operating expenses and scheduled principal payments on debt, over a twelve-month period, the Organization considers all expenditures related to its ongoing activities. As of June 30, 2023, the financial assets and liquidity resources available within one year for general expenditure comprise the following:

Financial assets at year end:

Cash and cash equivalents	\$2,395,951
Accounts receivable	1,601,861
Investments	2,274,671
Certificates of deposit	<u>61,155</u>

Total financial assets at year end	6,333,638
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Adjusted for amounts not available to meet general expenditures within one year:

Board-designated net assets	<u>(500,000)</u>
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Financial assets available to meet general expenditures within one year

\$5,833,638

In addition, the Organization has board-designated net assets totaling \$500,000, which is included in cash and cash equivalents noted above. Although the Board of Directors (Board) does not intend to utilize these net assets, amounts could be made available at the discretion of the Board.

3. Related Party Transactions

The Organization pays the RCAB for health and dental insurance, workers' compensation, and comprehensive liability coverage provided to the Organization totaling \$16,996 and \$138,658 for the year ended June 30, 2023 and for the nine month period ended June 30, 2022, respectively. As of June 30, 2023 and 2022, no amounts were owed to RCAB.

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023 and Nine Month Period Ended June 30, 2022

3. **Related Party Transactions (Continued)**

The Organization is related to the Most Holy Redeemer Parish (the Parish), a parish of the RCAB. The Organization incurred occupancy expenses totaling \$71,466 and \$52,178 during the year ended June 30, 2023 and the nine month period ended June 30, 2022, respectively, in connection with space leased by Crossroads from the Parish. No amounts were owed to the Parish as of June 30, 2023 or 2022.

The Organization is related to St. Margaret's Hospital for Women (St. Margaret's) through its affiliation with the RCAB. The Organization owed St. Margaret's \$50,996 and \$46,121 as of June 30, 2023 and 2022, respectively, representing the excess of cash payments made by St. Margaret's to the Organization for certain expenses paid by the Organization on St. Margaret's behalf. This amount is included in accounts payable on the consolidated statements of financial position.

The Organization is also related to Corcoran Management Company (Corcoran), as a member of the Corcoran Family is a member of the Organization's Board. Corcoran manages the building that the Organization operates in. Total expenses paid for building management were approximately \$194,000 and \$117,000 during the year ended June 30, 2023 and the nine month period ended June 30, 2022, respectively. No amounts were owed to Corcoran as of June 30, 2023.

4. **Investments**

A summary of investments, assets whose use is limited by donors or grantors for specific purposes and under deferred compensation plan, and restricted investments—transitional housing is as follows as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Common stock	\$ 663,417	\$ 569,797
Mutual funds	2,920,250	2,639,902
Corporate bonds	<u>484,049</u>	<u>541,943</u>
	<u>\$4,067,716</u>	<u>\$3,751,642</u>

5. **Fair Value Measurements**

Under the FASB's authoritative guidance on fair value measurements, 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. In determining fair value, the Organization uses the market approach method. Based on this approach, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023 and Nine Month Period Ended June 30, 2022

5. **Fair Value Measurements (Continued)**

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level 2 – Observable inputs other than Level 1, including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.

Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

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

Certificates of Deposit

The fair value of certificates of deposit approximates the relative book values as these financial instruments have short maturities.

Mutual Funds and Common Stock

The fair value of mutual funds and common stock is the fair value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

Corporate Bonds

Investments in certain corporate bonds where securities are transparent and generally are based upon quoted prices in active markets are valued by the investment managers and reflected as Level 2.

The Organization has various processes and controls in place to ensure fair value is reasonably estimated. While the Organization 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 estimate of fair value at the reporting date.

During the year ended June 30, 2023 and the nine month period ended June 30, 2022, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its consolidated financial position or consolidated changes in net assets.

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023 and Nine Month Period Ended June 30, 2022

5. Fair Value Measurements (Continued)

The following is a summary of investments that the Organization measures at fair value on a recurring basis, by level, within the fair value hierarchy as of June 30, 2023 and 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2023</u>				
Certificates of deposit	\$ —	\$ 61,155	\$ —	\$ 61,155
Common stock	663,417	—	—	663,417
Mutual funds	2,920,250	—	—	2,920,250
Corporate bonds	<u>—</u>	<u>484,049</u>	<u>—</u>	<u>484,049</u>
	<u>\$3,583,667</u>	<u>\$545,204</u>	<u>\$ —</u>	<u>\$4,128,871</u>
<u>2022</u>				
Certificates of deposit	\$ —	\$ 61,113	\$ —	\$ 61,113
Common stock	569,797	—	—	569,797
Mutual funds	2,639,902	—	—	2,639,902
Corporate bonds	<u>—</u>	<u>541,943</u>	<u>—</u>	<u>541,943</u>
	<u>\$3,209,699</u>	<u>\$603,056</u>	<u>\$ —</u>	<u>\$3,812,755</u>

The Organization did not make any transfers between Level 1, Level 2 or Level 3 assets during the year ended June 30, 2023 and the nine month period ended June 30, 2022.

6. Property, Plant and Equipment

A summary of property, plant and equipment is as follows as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land, building and improvements	\$14,316,832	\$13,593,169
Furnishings and equipment	1,621,440	1,297,386
Motor vehicles	211,746	211,746
Construction in process	<u>3,966,878</u>	<u>4,152,437</u>
	20,116,896	19,254,738
Less accumulated depreciation	<u>(9,205,928)</u>	<u>(8,308,534)</u>
Property, plant and equipment, net	<u>\$10,910,968</u>	<u>\$10,946,204</u>

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023 and Nine Month Period Ended June 30, 2022

7. Finance Lease Obligations

Finance lease obligations consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Finance lease agreement with a creditor requiring monthly payments of \$718 including interest at a rate of 6.8% through July 2024.	\$ <u>13,853</u>	\$ <u>20,137</u>
	13,853	20,137
Less current installments	<u>(12,416)</u>	<u>(12,416)</u>
Finance lease obligations, net of current installments	\$ <u>1,437</u>	\$ <u>7,721</u>

The value of minimum future lease payments under the finance lease obligations are as follows for the years ending June 30:

2024	\$ 14,000
2025	<u>1,500</u>
Total minimum lease payments	15,500
Less amount representing interest	<u>(1,647)</u>
Present value of minimum lease payments	\$ <u>13,853</u>

Amortization of finance lease assets is included in depreciation expense.

8. Long-Term Debt

In December of 2015, Transitional Housing, LLC entered into a loan agreement with the City of Boston Department of Neighborhood Development (DND) to finance the redevelopment of the property located at 84 Cushing Avenue. The loan of \$1,000,000 is non-interest bearing and requires no installment payments. The loan is due and payable after a term of 40 years, in April of 2056, assuming that Transitional Housing, LLC remains in compliance with the loan covenants which require that the property be operated in accordance with affordability restrictions. The loan is secured by a first mortgage on the property, a security interest and a guaranty of payment and performance by St. Mary's. At June 30, 2023 and 2022, Transitional Housing, LLC has drawn \$999,999 on the loan.

On March 26, 2019, 8 Notre Dame entered into a loan commitment for \$7,500,000 in a non-interest bearing debt instrument to purchase and renovate the property at 8 Notre Dame Street in Roxbury, Massachusetts. The loan commitment is with three lenders, as follows:

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023 and Nine Month Period Ended June 30, 2022

8. Long-Term Debt (Continued)

The Community Economic Development Assistance Corporation (CEDAC) committed to a loan of \$3,750,000 under the HIF Program. The loan is a deferred payment loan that does not require current servicing. The loan matures on December 31, 2051. The loan is secured by a first mortgage and security position on the real property included in the project. As of June 30, 2023 and 2022, \$1,237,628 was drawn down on the loan. The Organization is subject to a financial reporting covenant in connection with the aforementioned loan. The Organization did not meet the required covenant; however, the lender granted a waiver.

The DND committed to a loan of \$2,000,000 under the Housing 2030 Program. The loan is a deferred payment loan that does not require current servicing. The loan is deferred until the sale or transfer of the property. The loan is secured by a first mortgage and security agreement and conditional assignment of leases and rents to be granted by 8 Notre Dame to DND. The loan is also secured by a shared first security interest in all the assets of 8 Notre Dame relating to the premises including, but not limited to, purchase and sale agreements, deposits, operating permits, licenses, accounts and contract rights, all building materials, supplies, goods and equipment of 8 Notre Dame relating to the ownership, construction, maintenance and operation of the premises. As of June 30, 2023 and 2022, \$2,000,000 was drawn down on the loan. The Organization is subject to a financial reporting covenant in connection with the aforementioned loan. The Organization did not meet the required covenant; however, the lender granted a waiver.

The Department of Housing and Community Development (DHCD) by the Massachusetts Housing Partnership (MHP) committed to a loan of \$1,750,000 under the Housing Stabilization Fund Program. The loan is a deferred payment loan that does not require current servicing. The loan matures on December 31, 2071. The loan is secured by a first mortgage and security position on the real property included in the project. At June 30, 2023 and 2022, no amount was drawn down on the loan. The Organization is subject to a financial reporting covenant in connection with the aforementioned loan. The Organization did not meet the required covenant; however, the lender granted a waiver.

9. Rental Income

St. Mary's rents out certain excess office space in a building to unrelated parties. Rental income was \$220,439 and \$149,872 for the year ended June 30, 2023 and the nine month period ended June 30, 2022, respectively.

A schedule, by year, of the future minimum lease receipts, net of donated rent, under the noncancelable leases is as follows for the years ended June 30:

2024	\$ 34,490
2025	35,525
2026	36,590
2027	<u>37,688</u>
	<u>\$144,293</u>

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023 and Nine Month Period Ended June 30, 2022

9. Rental Income (Continued)

In addition, Transitional Housing, LLC leases space to women and children who are poor and/or homeless through agreements that are typically for a duration of 12 months. Rental income for the year ended June 30, 2023 and for the nine month period ended June 30, 2022, under these agreements totaled \$203,531 and \$160,294, respectively.

For the year ended June 30, 2023 and for the nine month period ended June 30, 2022, 8 Notre Dame recognized \$0 and \$271,233, respectively, of rent donated to an unrelated nonprofit organization.

10. Operating Leases

The Organization leases various office equipment under operating leases. The lease terms and periods are standard and the total lease payments are not material to St. Mary's statements.

Crossroads leases a portion of the Parish building utilized as a congregate family shelter for homeless families. In 2017, Crossroads amended its lease agreement with the Parish into a three-year lease through June 2020. In June 2020, the lease was extended through June 2023. Total rent expense under this lease amounted to \$70,910 and \$51,664 for the year ended June 30, 2023 and for the nine month period ended June 30, 2022, respectively.

In conjunction with government-funded programs, Crossroads makes rent payments for scattered apartment sites that act as an overflow program for the existing homeless shelter. Total occupancy expenditures eligible for reimbursement were \$143,100 and \$107,190 for the year ended June 30, 2023 and for the nine month period ended June 30, 2022, respectively.

The Organization leases equipment under various operating leases that are month-to-month leases. Lease expense amounted to \$10,562 and \$8,230 for the year ended June 30, 2023 and for the nine month period ended June 30, 2022, respectively.

The lease terms and periods are standard and the total annual lease payments are not material to the Organization's statements.

11. Employee Benefit Plans

The Organization maintains a tax-deferred annuity plan as described in IRC Section 403(b) covering all eligible employees. The plan offers contributions at the discretion of the Organization's Board for all eligible employees, plus the option for eligible employees to make an additional contribution with a contributory match, subject to Internal Revenue Service (IRS) limitations. Contribution expense for this plan totaled \$6,724 and \$4,072 for the year ended June 30, 2023 and the nine month period ended June 30, 2022, respectively.

In addition, the Organization has a 457(b) deferred compensation plan for a key individual. The plan is to be funded by the Organization annually up to a maximum contribution permitted by law. The Organization has recorded an asset whose use is limited and other liability associated with this plan of \$37,481 at June 30, 2023 and 2022. The Organization made no contributions to the plan in 2023 and 2022.

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023 and Nine Month Period Ended June 30, 2022

12. Liability Insurance

The Organization secures general liability and umbrella liability coverage under the RCAB Risk Management and Insurance Program, which is provided on a claims-made basis by the National Catholic Risk Retention Group, Inc. and Princeton Excess and Surplus Lines Insurance Company. The policy covers claims made during its term, but not those occurrences for which claims may be made after expiration of the policy. The Organization intends to renew its coverage on a claims-made basis and has no reason to believe that it will be prevented from such renewal. Additionally, the Organization believes that there is no material exposure for claims incurred but not reported.

13. Net Assets and Member's Equity

The following is a summary of net assets and member's equity with donor restrictions as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specific purpose:		
Education and training	\$ 25,954	\$ 25,954
Scholarship fund	45,324	45,324
Software user licenses	19,218	19,618
Small Can Be Big	4,700	4,700
Janey Fund	10,548	10,548
Capital improvements	1,849,325	1,919,325
Transitional Housing, LLC reserve funds	86,034	86,034
Other	20,000	20,000
Equine program	<u>2,060</u>	<u>2,060</u>
Total subject to expenditure for specific purpose	2,063,163	2,133,563
Restricted in perpetuity – Transitional Housing, LLC	<u>1,599,297</u>	<u>1,511,487</u>
Total net assets and member's equity with donor restrictions	<u>\$3,662,460</u>	<u>\$3,645,050</u>

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the total amount of the gifts made to the endowment by the donor. Deficiencies of this nature that are reported with donor restrictions were \$146,785 as of June 30, 2023. These deficiencies resulted from unfavorable market fluctuations.

The following is a summary of net assets and member's equity without donor restrictions that have been designated by the Board as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Board designated for future use at the Board's discretion	<u>\$500,000</u>	<u>\$500,000</u>

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023 and Nine Month Period Ended June 30, 2022

14. Net Assets and Member's Equity Released from Restrictions

During the year ended June 30, 2023 and the nine month period ended June 30, 2022, \$3,662,460, net assets and member's equity were released from restrictions by incurring expenses satisfying the restricted purpose, by the occurrence of other events specified by donors or under the endowment spending policy.

The following is a summary of net assets and member's equity released from restrictions during the year ended June 30, 2023 and the nine month period ended June 30, 2022:

	<u>2023</u>	<u>2022</u>
Purpose:		
St. Mary's Home	\$120,500	\$ —
Margaret's House	10,000	—
Women @ Work Plus	27,650	—
Other	5,400	—
Early Education Center grant	750,000	—
Staff appreciation	<u>600</u>	<u>—</u>
	914,150	—
Pursuant to spending rate appropriation:	<u>57,798</u>	<u>67,129</u>
Total net assets and member's equity released from donor restrictions	<u>\$971,948</u>	<u>\$ 67,129</u>

15. Subsequent Events

The Organization evaluated subsequent events through November 15, 2023, when the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2023

	<u>ASSETS</u>					
	<u>St. Mary's Center for Women and Children, Inc.</u>	<u>Crossroads Family Shelter, Inc.</u>	<u>St. Mary's Center Transitional Housing, LLC</u>	<u>8 Notre Dame LLC</u>	<u>Eliminations</u>	<u>Totals</u>
Current assets:						
Cash and cash equivalents	\$ 136,619	\$ 1,823,671	\$ 435,661	\$ —	\$ —	\$ 2,395,951
Accounts and other receivables	1,255,351	438,685	12,215	—	(104,390)	1,601,861
Prepaid expenses and other current assets	<u>29,013</u>	<u>22,793</u>	<u>2,774</u>	<u>—</u>	<u>—</u>	<u>54,580</u>
Total current assets	1,420,983	2,285,149	450,650	—	(104,390)	4,052,392
Assets whose use is limited:						
Cash restricted for investment in property, plant and equipment	1,249,325	—	—	—	—	1,249,325
By donors or grantors for specific purposes	127,804	—	—	—	—	127,804
Under deferred compensation plan	37,481	—	—	—	—	37,481
Reserve fund cash – transitional housing	—	—	86,034	—	—	86,034
Restricted investments – transitional housing	—	—	1,627,760	—	—	1,627,760
Tenant security deposits	<u>—</u>	<u>—</u>	<u>4,679</u>	<u>—</u>	<u>—</u>	<u>4,679</u>
Total assets whose use is limited	1,414,610	—	1,718,473	—	—	3,133,083
Investments	2,274,671	—	—	—	—	2,274,671
Investments in affiliate	1,217,227	—	—	—	(1,217,227)	—
Certificates of deposit	—	61,155	—	—	—	61,155
Property, plant and equipment, net	<u>4,768,325</u>	<u>518,021</u>	<u>3,514,236</u>	<u>3,441,054</u>	<u>(1,330,668)</u>	<u>10,910,968</u>
Total assets	<u>\$11,095,816</u>	<u>\$2,864,325</u>	<u>\$5,683,359</u>	<u>\$3,441,054</u>	<u>\$ (2,652,285)</u>	<u>\$20,432,269</u>

LIABILITIES, NET ASSETS AND MEMBER'S EQUITY

	<u>St. Mary's Center for Women and Children, Inc.</u>	<u>Crossroads Family Shelter, Inc.</u>	<u>St. Mary's Center Transitional Housing, LLC</u>	<u>8 Notre Dame LLC</u>	<u>Eliminations</u>	<u>Totals</u>
Current liabilities:						
Accounts payable	\$ 160,256	\$ 107,567	\$ 26,206	\$ 203,426	\$ (104,390)	\$ 393,065
Accrued expenses	140,031	46,430	1,177	—	—	187,638
Deferred revenue	69,439	1,213	2,153	—	(32,000)	40,805
Current installments of finance lease obligations	<u>12,416</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>12,416</u>
Total current liabilities	382,142	155,210	29,536	203,426	(136,390)	633,924
Other liabilities	37,481	—	—	—	—	37,481
Finance lease obligations, net of current installments	1,437	—	—	—	—	1,437
Long-term debt	—	—	999,999	3,237,628	—	4,237,627
Deferred rental income	1,298,668	—	—	—	(1,298,668)	—
Tenant security deposits	<u>—</u>	<u>—</u>	<u>9,098</u>	<u>—</u>	<u>—</u>	<u>9,098</u>
Total liabilities	1,719,728	155,210	1,038,633	3,441,054	(1,435,058)	4,919,567
Net assets and member's equity:						
Net assets and member's equity without donor restrictions	7,598,959	2,509,115	2,959,395	—	(1,217,227)	11,850,242
Net assets and member's equity with donor restrictions	<u>1,777,129</u>	<u>200,000</u>	<u>1,685,331</u>	<u>—</u>	<u>—</u>	<u>3,662,460</u>
Total net assets and member's equity	<u>9,376,088</u>	<u>2,709,115</u>	<u>4,644,726</u>	<u>—</u>	<u>(1,217,227)</u>	<u>15,512,702</u>
Total liabilities, net assets and member's equity	<u>\$11,095,816</u>	<u>\$2,864,325</u>	<u>\$5,683,359</u>	<u>\$3,441,054</u>	<u>\$ (2,652,285)</u>	<u>\$20,432,269</u>

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

	St. Mary's Center for Women and Children, Inc.			Crossroads Family Shelter, Inc.			St. Mary's Center Transitional Housing, LLC			8 Notre Dame LLC	Elimin -ations	Total Without Donor Restrictions	Total With Donor Restrictions	Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total					
Operating activities:														
Revenues and other support:														
Program service fees	\$ 4,401,286	\$ —	\$ 4,401,286	\$2,469,111	\$ —	\$ 2,469,111	\$ 10,000	\$ —	\$ 10,000	\$ —	\$ —	\$ 6,880,397	\$ —	\$ 6,880,397
Rental income	252,439	—	252,439	—	—	—	203,531	—	203,531	—	(24,000)	431,970	—	431,970
Contributions, grants, and events	1,135,058	643,750	1,778,808	13,863	200,000	213,863	—	—	—	—	—	1,148,921	843,750	1,992,671
Other income	362,352	—	362,352	—	—	—	427	—	427	—	(261,663)	101,116	—	101,116
Investment income (loss)	229,238	—	229,238	3,290	—	3,290	—	145,608	145,608	—	—	232,528	145,608	378,136
Net assets released from restrictions	914,150	(914,150)	—	—	—	—	57,798	(57,798)	—	—	—	971,948	(971,948)	—
Total revenues and other support	7,294,523	(270,400)	7,024,123	2,486,264	200,000	2,686,264	271,756	87,810	359,566	—	(285,663)	9,766,880	17,410	9,784,290
Expenses:														
Program services:														
St. Mary's Home	1,142,771	—	1,142,771	—	—	—	—	—	—	—	—	1,142,771	—	1,142,771
Bridge Home	6,331	—	6,331	—	—	—	—	—	—	—	—	6,331	—	6,331
Margaret's House	2,151,078	—	2,151,078	—	—	—	—	—	—	—	—	2,151,078	—	2,151,078
Women @ Work Plus	206,885	—	206,885	—	—	—	—	—	—	—	—	206,885	—	206,885
Women's Learning Center	54,367	—	54,367	—	—	—	—	—	—	—	—	54,367	—	54,367
Supportive Housing	30,286	—	30,286	—	—	—	—	—	—	—	—	30,286	—	30,286
Crossroads	—	—	—	1,612,604	—	1,612,604	—	—	—	—	(231,851)	1,380,753	—	1,380,753
St. Mary's Transitional Housing, LLC	—	—	—	—	—	—	371,516	—	371,516	—	(53,812)	317,704	—	317,704
8 Notre Dame LLC	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total program services	3,591,718	—	3,591,718	1,612,604	—	1,612,604	371,516	—	371,516	—	(285,663)	5,290,175	—	5,290,175

ST. MARY'S CENTER FOR WOMEN AND CHILDREN, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)

Year Ended June 30, 2023

	St. Mary's Center for Women and Children, Inc.			Crossroads Family Shelter, Inc.			St. Mary's Center Transitional Housing, LLC			8 Notre Dame LLC	Elimin- -ations	Total Without Donor Restrictions	Total With Donor Restrictions	Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total					
Facilities management and cafeteria	\$ 843,784	\$ —	\$ 843,784	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 843,784	\$ —	\$ 843,784
Supporting services:														
General and administrative	1,651,471	—	1,651,471	—	—	—	—	—	—	—	—	1,651,471	—	1,651,471
Fundraising	<u>760,730</u>	<u>—</u>	<u>760,730</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>760,730</u>	<u>—</u>	<u>760,730</u>
Total expenses	<u>6,847,703</u>	<u>—</u>	<u>6,847,703</u>	<u>1,612,604</u>	<u>—</u>	<u>1,612,604</u>	<u>371,516</u>	<u>—</u>	<u>371,516</u>	<u>—</u>	<u>(285,663)</u>	<u>8,546,160</u>	<u>—</u>	<u>8,546,160</u>
Increase (decrease) in net assets and member's equity	446,820	(270,400)	176,420	873,660	200,000	1,073,660	(99,760)	87,810	(11,950)	—	—	1,220,720	17,410	1,238,130
Net assets and member's equity at beginning of year	<u>7,152,139</u>	<u>2,047,529</u>	<u>9,199,668</u>	<u>1,635,455</u>	<u>—</u>	<u>1,635,455</u>	<u>3,059,155</u>	<u>1,597,521</u>	<u>4,656,676</u>	<u>—</u>	<u>(1,217,227)</u>	<u>10,629,522</u>	<u>3,645,050</u>	<u>14,274,572</u>
Net assets and member's equity at end of year	<u>\$ 7,598,959</u>	<u>\$ 1,777,129</u>	<u>\$ 9,376,088</u>	<u>\$ 2,509,115</u>	<u>\$ 200,000</u>	<u>\$ 2,709,115</u>	<u>\$ 2,959,395</u>	<u>\$ 1,685,331</u>	<u>\$ 4,644,726</u>	<u>\$ —</u>	<u>\$ (1,217,227)</u>	<u>\$ 11,850,242</u>	<u>\$ 3,662,460</u>	<u>\$ 15,512,702</u>