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FAMILY CENTERS INC.

FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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FAMILY CENTERS INC.

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Family Centers Inc., which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Centers Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2, during the year ended June 30, 2020, Family Centers Inc. has adopted Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.* Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 8, 2020 on our consideration of Family Centers 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 Centers 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 Centers Inc.'s internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 8, 2020

FAMILY CENTERS INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	$ 3,088,491	$ 1,103,296
Investments	10,132,039	10,522,906
Accounts receivable, net	975,062	1,211,485
Contributions receivable	50,000	51,100
Due from FCITC Partners	147,986	132,947
Shared appreciation note	500,000	500,000
Prepaid expenses and other assets	334,478	235,571
Property and equipment, net	3,784,849	3,864,536
Total Assets	$ 19,012,905	$ 17,621,841
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 816,749	$ 536,126
Deferred revenue	590,994	270,165
Notes payable	23,806	16,800
Refundable deposits	161,326	237,437
Refundable advances	1,093,301	95,285
Total liabilities	2,686,176	1,155,813
Net Assets		
Without donor restrictions	8,588,706	9,722,887
With donor restrictions	7,738,023	6,743,141
Total net assets	16,326,729	16,466,028
Total Liabilities and Net Assets	$ 19,012,905	$ 17,621,841

The accompanying notes are an integral part of the financial statements

FAMILY CENTERS INC.

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Other Changes						
Government grant income	$ 6,377,915	$ -	$ 6,377,915	$ 6,317,596	$ -	$ 6,317,596
Program fees	4,597,065	-	4,597,065	5,075,009	-	5,075,009
Contributions and grants	3,827,491	923,283	4,750,774	3,024,104	484,066	3,508,170
Paycheck Protection Program income	1,264,066	-	1,264,066	-	-	-
Special events	143,114	-	143,114	817,618	-	817,618
Other income	18,901	-	18,901	24,082	-	24,082
Net assets released from restrictions	55,430	(55,430)	-	781,151	(781,151)	-
Total revenue, support and other changes	16,283,982	867,853	17,151,835	16,039,560	(297,085)	15,742,475
Expenses						
Program services	14,810,417	-	14,810,417	13,737,945	-	13,737,945
Management and general	1,492,193	-	1,492,193	1,428,855	-	1,428,855
Development and fundraising	810,456	-	810,456	783,371	-	783,371
Total expenses before depreciation	17,113,066	-	17,113,066	15,950,171	-	15,950,171
Income (Loss) from Operations Before Depreciation	(829,084)	867,853	38,769	89,389	(297,085)	(207,696)
Depreciation	419,687	-	419,687	394,704		394,704
Income (Loss) from Operations	(1,248,771)	867,853	(380,918)	(305,315)	(297,085)	(602,400)
Other Changes in Net Assets						
Investment return, net	114,590	127,029	241,619	298,366	62,890	361,256
Increase (Decrease) in Net Assets	(1,134,181)	994,882	(139,299)	(6,949)	(234,195)	(241,144)
Net Assets - Beginning of Year	9,722,887	6,743,141	16,466,028	9,729,836	6,977,336	16,707,172
Net Assets - End of Year	$ 8,588,706	$ 7,738,023	$ 16,326,729	$ 9,722,887	$ 6,743,141	$ 16,466,028

The accompanying notes are an integral part of the financial statements

FAMILY CENTERS INC.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash Flows from Operating Activities		
Decrease in net assets	$ (139,299)	$ (241,144)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	419,687	394,704
Provision for doubtful accounts	28,402	37,676
Net unrealized (gain) loss on investments	(279,444)	201,556
(Increase) decrease in operating assets:		
Accounts receivable	208,021	42,322
Contributions receivable	1,100	296,900
Due from FCITC Partners	(15,039)	39,026
Prepaid expenses and other assets	(98,907)	(11,018)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	280,623	(85,776)
Deferred revenue	320,829	(50,620)
Refundable deposits	(76,111)	(12,885)
Refundable advances	998,016	(5,113)
Net cash provided by operating activities	1,647,878	605,628
Cash Flows from Investing Activities		
Purchase of property and equipment	(325,495)	(370,717)
Proceeds from sales of investments	5,251,733	2,035,750
Purchases of investments	(4,581,422)	(2,081,007)
Net cash provided by (used in) investing activities	344,816	(415,974)
Cash Flows from Financing Activities		
Principal payments on notes payable	(7,499)	(12,212)
Net cash used in financing activities	(7,499)	(12,212)
Net Increase in Cash and Cash Equivalents	1,985,195	177,442
Cash and Cash Equivalents - Beginning of Year	1,103,296	925,854
Cash and Cash Equivalents - End of Year	$ 3,088,491	$ 1,103,296
Cash Paid During the Year for Interest	$ 790	$ 808

The accompanying notes are an integral part of the financial statements

FAMILY CENTERS INC.

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020 AND 2019

	2020				2019			
	Program Services	Management and General	Development and Fundraising	Total	Program Services	Management and General	Development and Fundraising	Total
Salaries and benefits	$ 11,019,455	$ 867,534	$ 717,687	$ 12,604,676	$ 10,325,289	$ 824,661	$ 689,599	$ 11,839,549
Contract service fees	1,366,402	1,458	-	1,367,860	1,337,675	-	-	1,337,675
Client assistance	931,763	-	-	931,763	432,412	-	-	432,412
Occupancy	328,212	27,194	11,885	367,291	372,521	27,154	13,537	413,212
Travel	26,009	8,061	-	34,070	34,267	8,968	201	43,436
Equipment expense	75,853	8,552	12,348	96,753	77,407	9,082	13,311	99,800
Supplies	379,948	47,508	7,321	434,777	479,607	42,563	3,902	526,072
Telecommunications	123,779	39,059	9,590	172,428	127,549	45,302	10,326	183,177
Insurance	129,138	12,122	8,433	149,693	141,263	16,208	9,673	167,144
Client activities	47,704	-	-	47,704	50,699	-	-	50,699
Hardware and software support	59,417	188,079	11,833	259,329	40,630	195,177	12,443	248,250
Professional development	72,734	8,892	2,843	84,469	93,331	9,700	4,624	107,655
Professional fees	101,969	173,643	900	276,512	66,528	138,016	3,236	207,780
Dues and memberships	46,078	2,456	1,369	49,903	38,526	2,732	914	42,172
Public awareness	26,773	36,152	16,921	79,846	30,464	40,762	15,275	86,501
Postage	1,098	6,629	3,231	10,958	1,053	4,131	5,657	10,841
Miscellaneous	45,607	23,870	6,094	75,571	50,699	10,245	621	61,565
Doubtful accounts	28,402	-	-	28,402	37,676	-	-	37,676
Finance and other fees	76	40,984	1	41,061	349	54,154	52	54,555
Total Expenses Before Depreciation	14,810,417	1,492,193	810,456	17,113,066	13,737,945	1,428,855	783,371	15,950,171
Depreciation	362,626	37,151	19,910	419,687	339,840	35,523	19,341	394,704
Total Expenses	$ 15,173,043	$ 1,529,344	$ 830,366	$ 17,532,753	$ 14,077,785	$ 1,464,378	$ 802,712	$ 16,344,875

The accompanying notes are an integral part of the financial statements

NOTE 1 - ORGANIZATION

Family Centers Inc. (the Center), originally founded in 1891, is a not-for-profit corporation which offers quality health, education and human service programs serving over 21,000 lower Fairfield County residents annually. The Center's programs include preschool and early care programs for young children; bereavement and family counseling services; primary medical, dental and mental health services; vocational and self-sufficiency support; English language and basic literacy education; and more. The Center has a long history of innovation and collaboration with other agencies in furtherance of its mission to empower children, adults, families and communities to reach their potential. Additionally, the Center has grown through mergers with other not-for-profit agencies, such as Family & Children's Services, Center for HOPE, Healthcare Connection, and Literacy Volunteers of Stamford/Greenwich.

Coronavirus

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency.

On April 8, 2020, the Center received a Paycheck Protection Program (PPP) loan of $2,274,817 granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The Center considers PPP loans to be conditional contributions, with a right of return in the form of an obligation to be repaid if barriers to entitlement are not met. These barriers include incurring qualifying expenses and maintaining certain levels of employee headcount and salary during a measurement period. The Center considers review of our application for forgiveness by the lender and the SBA as well as potential audits to be administrative in nature rather than barriers to entitlement. During the year ended June 30, 2020, the Center recognized $1,264,066 in revenue based on the amount of qualifying expenditures incurred and employee headcount and salary levels maintained through June 30, 2020. The remaining balance of $1,010,751 of the PPP loan is classified as a refundable advance on the accompanying statements of financial position. At the time of issuance of the financial statements, notice of forgiveness had not been received from the lender. Any portion of the loan that must be repaid will bear interest at a rate of 1% per annum and will be due and payable in full on April 8, 2022.

The duration of the uncertainties around the coronavirus and the ultimate financial effects cannot be reasonably estimated at this time.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in Accounting Principle

In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendment clarifies guidance on how an entity determines whether a transfer of assets is a contribution or exchange transaction. The amendment also clarifies the determination of conditional contributions based on evaluating whether there is a right of return and a barrier to overcome. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognized at the earliest period shown, or the modified prospective method, in which case the effect of applying the standard would be recognized for any agreements not completed and any new agreements entered into at the date of initial application. The new standard is effective for annual reporting periods beginning after December 15, 2018. Management has adopted ASU 2018-08 for the year ended June 30, 2020. The amendments have been applied using the modified prospective method.

There was no cumulative effect of applying ASU 2018-08.

Basis of Accounting and Presentation

The financial statements of the Center have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, the accounts of the Center 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 Trustees. Each year, the Board of Trustees designates proceeds from certain events without donor restrictions for the purpose of funding the subsequent year's operations. The Board of Trustees has also 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 1) contributions that are restricted by the donor as to purpose or time of expenditure, 2) contributions that require that the principal be maintained in perpetuity but permit the Center to expend the income earned thereon, and 3) the accumulated investment income and gains on donor-restricted endowment assets that have not been appropriated for expenditure.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

Cash and Cash Equivalents

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

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

Accounts Receivable

Accounts receivable consists of program service fees charged to clients and insurance payors for patient sessions, infant day care, childcare services, contracted services and employee assistance services. Management maintains an allowance for doubtful accounts based on a review of specific accounts, the creditworthiness of its clients, current economic conditions and general historical experience.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Investments are reported at their fair values in the statement of financial position, and changes in fair value are reported as investment return, net of fees in the statement of activities. See Note 3 for a discussion of fair value measurements.

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

Property and Equipment

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

Contributions, Including Government Grants and Contracts

In accordance with ASU 2018-08, certain governmental grants and contracts received by a not-for-profit, 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 Center. 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.

The Center 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 statements of financial position.

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 Center. 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 Center, 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.

Functional Allocation of Expenses

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

Income Taxes

The Center is exempt from federal income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. The Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through December 8, 2020, which represents the date the financial statements were available to be issued.

NOTE 3 - 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 Center has the ability to access.

Level 2
Inputs to the valuation methodology include:

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

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

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

Financial Instruments Measured at Fair Value

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

Equity Funds, Corporate Equities and Mutual Funds
Equity funds are valued at the quoted net asset value of shares reported in the active market in which the funds are traded.

Corporate Bonds
Certain corporate bonds are valued at the closing price reported in the active market in which the individual securities are traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar durations and credit ratings.

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

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

The following is a summary of the source of fair value measurements for assets and liabilities that are measured at fair value as of June 30, 2020:

Description	Fair Value June 30, 2020	Investments Measured at Net Asset Value (a)	Source of Fair Value Inputs Level 1	Level 2	Level 3
Assets:					
Exchange traded equity funds	$ 492,431	$ -	$ 492,431	$ -	$ -
Corporate equities	263,376	-	263,376	-	-
Corporate bonds	20,228	-	-	20,228	-
Mutual funds	4,567,650	-	4,567,650	-	-
Multi asset fund	4,681,992	4,681,992	-	-	-
Total investments at fair value	10,025,677	4,681,992	5,323,457	20,228	-
Contributions receivable	50,000	-	-	-	50,000
Total Assets at Fair Value	$ 10,075,677	$ 4,681,992	$ 5,323,457	$ 20,228	$ 50,000

The following is a summary of the source of fair value measurements for assets and liabilities that are measured at fair value as of June 30, 2019:

Description	Fair Value June 30, 2019	Investments Measured at Net Asset Value (a)	Source of Fair Value Inputs Level 1	Level 2	Level 3
Assets:					
Exchange traded equity funds	$ 676,116	$ -	$ 676,116	$ -	$ -
Corporate equities	246,248	-	246,248	-	-
Corporate bonds	21,030	-	-	21,030	-
Government securities	445,288	-	445,288	-	-
Mutual funds	1,501,364	-	1,501,364	-	-
Multi asset fund	7,251,880	7,251,880	-	-	-
Total investments at fair value	10,141,926	7,251,880	2,869,016	21,030	-
Contributions receivable	51,100	-	-	-	51,100
Total Assets at Fair Value	$ 10,193,026	$ 7,251,880	$ 2,869,016	$ 21,030	$ 51,100

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

Investments held in multi asset fund are illiquid and do not provide a provision for redemption.

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 Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at June 30, 2020 and 2019.

NOTE 4 - DUE FROM FCITC PARTNERS

In 2011, responding to changes in state and federal health care reform law, as well as the need to strengthen metrics supporting outcome driven services, the Center, along with two other not-for-profit agencies, formed the Fairfield County IT Collaborative (FCITC). This receivable represents amounts due the Center for expenses it paid on behalf of the two other not-for-profit agencies.

NOTE 5 - SHARED APPRECIATION NOTE

In September 2007, the Center entered into a shared appreciation note in the amount of $500,000 with funds from its endowment. The note is secured by a mortgage on a residence in Greenwich, Connecticut, which was being purchased by a key senior-level employee. In approving this real estate-related investment, the Board of Trustees also considered the additional benefits of retaining this key employee and having a senior-level executive living in the community, where the Center has several buildings out of which many of its programs operate, so he would be available to handle emergency situations during off hours. The loan, plus 50% of the appreciated value of the residence over its purchase price, is payable upon the earlier of a sale of the residence, the termination of the executive's employment for any reason or the executive's ceasing to occupy the premises as his principal residence.

NOTE 6 - UNEMPLOYMENT SERVICES TRUST

The Center is self-insured for unemployment claims through Unemployment Services Trust (UST). Contributions to UST are accumulated and used to pay future claims. The Center could be required to make additional payments if claims exceed the accumulated contributions. As of June 30, 2020, accumulated contributions of $123,464 were included in other assets on the statements of financial position, and there was an estimated claim liability of $45,351 included in accounts payable and accrued expenses on the statements of financial position. As of June 30, 2019, accumulated contributions of $118,816 were included in other assets on the statements of financial position, and there was an estimated claim liability of $14,219 included in accounts payable and accrued expenses on the statements of financial position. Per the contract with UST, the Center has the ability to withdraw funds if accumulated contributions exceed the estimated liability.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2020 and 2019:

	2020	2019
Land	$ 1,503,939	$ 1,503,939
Buildings and improvements	6,007,241	5,825,256
Equipment, furniture, fixtures and vehicles	1,523,722	1,386,318
Software	73,665	66,185
	9,108,567	8,781,698
Less accumulated depreciation	5,323,718	4,917,162
Net Property and Equipment	$ 3,784,849	$ 3,864,536

NOTE 8 - NOTES PAYABLE

The Center has a loan agreement for a vehicle with a bank in the amount of $22,076. The term of the loan is 60 months which commenced in November 2017. Payments of $410 consisting of principal and interest at the rate of 4.37% are due monthly. The balance on the note as of June 30, 2020 and 2019 was $10,742 and $15,059, respectively.

The Center had interest-free loan agreements with Connecticut Light & Power Company for energy efficient improvement projects at various locations in Greenwich and Darien, Connecticut. The total amount of improvements financed was $47,780. The term on the loans was for 48 months commencing in October 2015. Total payments of $635 consisting of principal only were due monthly. The balance on the notes as of June 30, 2019 was $1,741. The loans were paid off during the year ended June 30, 2020.

The Center entered into interest-free loan agreements with Connecticut Light & Power Company for energy efficient improvement projects at various locations in Greenwich and Darien, Connecticut. Total amount of the improvements financed was $14,506. The term on the loans is for 48 months commencing October 2019. Total payments of $302 consisting of principal only were due monthly. The balance on the notes as of June 30, 2020 was $13,064.

Current maturities of notes payable over the next four fiscal years are as follows:

2021	$ 7,266
2022	8,375
2023	5,040
2024	3,125
2025	-
Total	$ 23,806

NOTE 9 - LIQUIDITY AND AVAILABILITY OF RESOURCES

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

Cash and cash equivalents	$ 3,088,491
Investments	10,132,039
Accounts receivable, net	975,062
Contributions receivable, net	50,000
Due from FCITC Partners	147,986
Shared appreciation note	500,000
Endowment draw approved by board for appropriation	940,000
Total financial assets available within one year	15,833,578
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors for purpose	(3,118,330)
Restricted by donors in perpetuity	(2,452,475)
Total amounts unavailable for general expenditure within one year	(5,570,805)
Amounts unavailable without Board's approval:	
Accumulated earnings on assets held in perpetuity	(2,167,218)
Board-designated endowment	(4,872,564)
Total amounts unavailable to management without Board's approval	(7,039,782)
Total Financial Assets Available to Management for General Expenditure Within One Year	$ 3,222,991

Liquidity Management

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

The Center has various sources of liquidity at its disposal, including cash and cash equivalents and investments.

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

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

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

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

NOTE 10 - NET ASSETS

The following is the composition of the Center's net assets with donor restrictions at June 30, 2020:

	2020	2019
Restricted in perpetuity	$ 2,452,475	$ 2,451,975
Accumulated gains subject to endowment spending policy and appropriation:		
Restricted by time	2,120,541	1,999,066
Restricted for purpose	46,677	55,363
Term endowment funds:		
Scholarships	822,325	826,988
Professional development	817,677	822,168
Self-sufficiency	122,282	119,977
Total endowment funds	6,259,695	6,155,560
Other net assets with donor restrictions:		
Restricted by time	41,175	58,272
Restricted for purpose	1,314,871	409,332
Total Net Assets With Donor Restrictions	$ 7,738,023	$ 6,743,141

The following is the composition of the Center's net assets without donor restrictions at June 30, 2020:

	2020	2019
Undesignated	$ 3,125,148	$ 4,338,264
Board-designated endowment	4,872,564	4,780,093
Special event proceeds designated for the following year	590,994	604,530
Total Net Assets Without Donor Restrictions	$ 8,588,706	$ 9,722,887

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

	2020	2019
Appropriation of endowment assets for expenditure	$ 31,090	$ 640,633
Other net assets with donor restrictions:		
Time restricted - United Way	17,098	28,392
Use restricted - programs	7,242	112,126
Total Net Assets Released from Restrictions	$ 55,430	$ 781,151

NOTE 11 - ENDOWMENT

The Center's endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

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

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

In accordance with CTPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Endowment Net Assets

Endowment net asset composition by type of fund as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 4,872,564	$ -	$ 4,872,564
Donor-restricted endowment funds:			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	-	2,452,475	2,452,475
Accumulated investment gains	-	2,167,218	2,167,218
Term endowment	-	1,762,284	1,762,284
Total	$ 4,872,564	$ 6,381,977	$ 11,254,541

Endowment net asset composition by type of fund as of June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 4,780,093	$ -	$ 4,780,093
Donor-restricted endowment funds:			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	-	2,451,975	2,451,975
Accumulated investment gains	-	2,054,429	2,054,429
Term endowment	-	1,769,133	1,769,133
Total	$ 4,780,093	$ 6,275,537	$ 11,055,630

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - July 1, 2019	$ 4,780,093	$ 6,275,537	$ 11,055,630
Contributions	-	10,500	10,500
Investment return	133,782	127,029	260,811
Appropriation of endowment assets for expenditure	(41,311)	(31,089)	(72,400)
Endowment Net Assets - June 30, 2020	$ 4,872,564	$ 6,381,977	$ 11,254,541

Changes in endowment net assets for the year ended June 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - July 1, 2018	$ 4,613,454	$ 6,593,780	$ 11,207,234
Contributions	-	259,500	259,500
Investment return	304,901	62,890	367,791
Appropriation of endowment assets for expenditure	(138,262)	(640,633)	(778,895)
Endowment Net Assets - June 30, 2019	$ 4,780,093	$ 6,275,537	$ 11,055,630

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or CTPMIFA requires the Center to retain as a fund of perpetual duration. The Center has a policy that permits spending from underwater endowment funds, depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. As of June 30, 2020, the total of value of original gifts is $60,000, and the fair value of investments associated with underwater funds is $52,311, resulting in a deficiency of $7,689. As of June 30, 2019, the total of value of original gifts is $60,000, and the fair value of investments associated with underwater funds is $55,292, resulting in a deficiency of $4,708.

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

NOTE 12 - RETIREMENT PLAN

The Center maintains a 403(b) thrift plan covering all eligible employees. Under the terms of the plan, the Center contributes 4% of an employee's wages plus an amount equal to the employee contribution up to 2% of compensation during the plan year. The Center's contribution to the plan for the year ended June 30, 2020 was $372,420. The Center's contribution to the plan for the year ended June 30, 2019 was $357,094.

NOTE 13 - CONTINGENCIES

The Center participates in 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 Center having liabilities to the grantors. In addition, a significant reduction in the level of this support may have an effect on the Center's programs.

NOTE 14 - LEASE COMMITMENTS

The Center leases office equipment under operating leases which expire at various times through September 2024, with monthly payments ranging from $78 to $6,169. Rent expense for the years ended June 30, 2020 and 2019 amounted to $82,056 and $59,496, respectively.

At June 30, 2020, minimum future rental payments under these operating leases were as follows:

Year Ending June 30		
2020	$	82,056
2021		81,432
2022		44,716
2023		18,507
Total	$	226,711