De Novo Center for Justice and Healing, Inc.

Financial Statements

June 30, 2023 and 2022

Independent Auditors' Report

To the Board of Directors
De Novo Center for Justice and Healing, Inc.

Opinion

We have audited the accompanying financial statements of De Novo Center for Justice and Healing, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the year ended June 30, 2023, the Organization changed the manner in which it accounts for leasing arrangements due to the adoption of Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Baker Tilly US, LLP

Baker Tilly US, LLP
Tewksbury, Massachusetts
November 6, 2023

June 30	**2023**	2022
Assets		
Current Assets:		
Cash and Cash Equivalents	**$ 658,464**	$ 832,801
Grants and Contributions Receivable	**643,358**	875,346
Prepaid Expenses and Other Current Assets	**10,116**	14,450
Total Current Assets	**1,311,938**	1,722,597
Investments	**1,224,566**	925,257
Property and Equipment, Net of Accumulated Depreciation	**45,483**	38,938
Operating Lease Right-of-Use Assets	**1,414,925**	-
Deposits	**34,255**	34,255
Total Assets	**$ 4,031,167**	$ 2,721,047
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	**$ 22,011**	$ 27,880
Accrued Expenses	**255,757**	167,717
Current Portion of Operating Lease Liabilities	**127,373**	-
Total Current Liabilities	**405,141**	195,597
Deferred Rent	**-**	303,105
Operating Lease Liabilities, Net of Current Portion	**1,582,396**	-
Total Liabilities	**1,987,537**	498,702
Net Assets:		
Net Assets without Donor Restrictions	**1,785,713**	1,632,378
Net Assets with Donor Restrictions	**257,917**	589,967
Total Net Assets	**2,043,630**	2,222,345
Total Liabilities and Net Assets	**$ 4,031,167**	$ 2,721,047

The accompanying notes are an integral part of these financial statements.

For the Years Ended June 30			**2023**			2022
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:						
Revenue and Other Support:						
Grants and Contracts Revenue	**$ 1,650,132**	**$ -**	**$ 1,650,132**	$ 1,619,654	$ -	$ 1,619,654
Contributions	**1,165,334**	**265,000**	**1,430,334**	754,527	1,236,946	1,991,473
Contributions - Nonfinancial Assets	**330,126**	**-**	**330,126**	186,822	-	186,822
Program Service Fees	**23,254**	**-**	**23,254**	3,719	-	3,719
Special Events	**-**	**-**	**-**	36,000	-	36,000
Net Assets Released from Restriction	**597,050**	**(597,050)**	**-**	913,001	(913,001)	-
Total Revenue and Other Support	**3,765,896**	**(332,050)**	**3,433,846**	3,513,723	323,945	3,837,668
Operating Expenses:						
Program Services:						
Counseling Services	**417,198**	**-**	**417,198**	528,158	-	528,158
Legal Services	**2,515,862**	**-**	**2,515,862**	2,083,244	-	2,083,244
Total Program Services	**2,933,060**	**-**	**2,933,060**	2,611,402	-	2,611,402
General and Administrative	**500,358**	**-**	**500,358**	367,310	-	367,310
Fundraising	**264,863**	**-**	**264,863**	188,428	-	188,428
Total Operating Expenses	**3,698,281**	**-**	**3,698,281**	3,167,140	-	3,167,140
(Decrease) Increase in Net Assets from Operations	**67,615**	**(332,050)**	**(264,435)**	346,583	323,945	670,528
Nonoperating Activities:						
Investment Income (Loss), Net	**85,720**	**-**	**85,720**	(44,614)	-	(44,614)
Total Nonoperating Activities	**85,720**	**-**	**85,720**	(44,614)	-	(44,614)
(Decrease) Increase in Net Assets	**153,335**	**(332,050)**	**(178,715)**	301,969	323,945	625,914
Net Assets, Beginning of Year	**1,632,378**	**589,967**	**2,222,345**	1,330,409	266,022	1,596,431
Net Assets, End of Year	**$ 1,785,713**	**$ 257,917**	**$ 2,043,630**	$ 1,632,378	$ 589,967	$ 2,222,345

The accompanying notes are an integral part of these financial statements.

For the Year Ended June 30 **2023**

	Program Services					
	Counseling Services	Legal Services	Total Program Services	General and Administrative	Fundraising	Total
Salaries, Related Benefits and Taxes	$ 329,650	$ 1,829,144	$ 2,158,794	$ 238,156	$ 227,019	$ 2,623,969
Donated Services	28,177	181,745	209,922	113,484	6,719	330,125
Occupancy	41,347	202,252	243,599	24,685	18,939	287,223
Contracted Services	-	183,250	183,250	74,082	-	257,332
Professional Fees	4,157	32,565	36,722	36,155	1,200	74,077
Office Expense	9,924	49,177	59,101	4,592	4,430	68,123
Depreciation	2,835	13,867	16,702	1,656	1,298	19,656
Filing Fees	-	12,997	12,997	-	-	12,997
Other	-	187	187	7,021	1,193	8,401
Training and Travel	1,108	4,828	5,936	527	590	7,053
COVID-19 Emergency Fund Payments	-	5,850	5,850	-	-	5,850
Special Events	-	-	-	-	3,475	3,475
Bad Debt	-	-	-	-	-	-
Total	$ 417,198	$ 2,515,862	$ 2,933,060	$ 500,358	$ 264,863	$ 3,698,281

The accompanying notes are an integral part of these financial statements.

For the Year Ended June 30 2022

	Program Services					
	Counseling Services	Legal Services	Total Program Services	General and Administrative	Fundraising	Total
Salaries, Related Benefits and Taxes	$ 339,420	$ 1,587,738	$ 1,927,158	$ 219,462	$ 156,434	$ 2,303,054
Donated Services	33,151	103,935	137,086	34,786	4,277	176,149
Occupancy	38,672	188,048	226,720	37,618	19,068	283,406
Contracted Services	-	83,333	83,333	28,236	-	111,569
Professional Fees	988	19,624	20,612	30,031	728	51,371
Office Expense	4,959	39,691	44,650	6,520	3,926	55,096
Depreciation	4,627	22,136	26,763	2,632	2,218	31,613
Filing Fees	-	11,077	11,077	-	-	11,077
Other	-	-	-	5,610	1,383	6,993
Training and Travel	270	6,399	6,669	63	-	6,732
COVID-19 Emergency Fund Payments	-	21,263	21,263	2,352	-	23,615
Special Events	-	-	-	-	394	394
Bad Debt	106,071	-	106,071	-	-	106,071
Total	$ 528,158	$ 2,083,244	$ 2,611,402	$ 367,310	$ 188,428	$ 3,167,140

For the Years Ended June 30	**2023**	2022
Cash Flows from Operating Activities:		
(Decrease) Increase in Net Assets	**$ (178,715)**	$ 625,914
Adjustments to Reconcile (Decrease) Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	**19,656**	31,613
Net Realized and Unrealized (Gains) Losses on Investments	**(40,212)**	86,951
Decrease (Increase) in Grants and Contributions Receivable	**231,988**	(124,909)
Decrease in Prepaid Expenses and Other Current Assets	**4,334**	4,916
Change in Operating Lease Right-of-Use Asset	**106,690**	-
(Decrease) Increase in Accounts Payable	**(5,869)**	20,618
Increase (Decrease) in Accrued Expenses	**88,040**	(59,702)
Decrease (Increase) in Deferred Rent	**-**	1,093
Change in Operating Lease Liability	**(114,951)**	-
Net Cash Provided by Operating Activities	**110,961**	586,494
Cash Flows from Investing Activities:		
Purchase of Investments	**(259,097)**	(42,240)
Acquisition of Property and Equipment	**(26,201)**	-
Net Cash Used in Investing Activities	**(285,298)**	(42,240)
Net (Decrease) Increase in Cash and Cash Equivalents	**(174,337)**	544,254
Cash and Cash Equivalents, Beginning of Year	**832,801**	288,547
Cash and Cash Equivalents, End of Year	**$ 658,464**	$ 832,801

The accompanying notes are an integral part of these financial statements.

1. Organization and Summary of Significant Accounting Policies:

Nature of Organization: De Novo Center for Justice and Healing, Inc. (the Organization) is a nonprofit organization that provides civil legal assistance and psychological counseling services to low income individuals within Cambridge and the Greater Boston area.

Basis of Presentation: The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Any reference in these notes to applicable guidance is meant to refer to the authoritative United States generally accepted accounting principles as found in the Accounting Standards Codification (ASC) and Accounting Standards Updates (ASU) of the Financial Accounting Standards Board (FASB).

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

> *Net Assets without Donor Restrictions*: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors. Net assets without donor restrictions include net assets designated by the board for specific purposes.
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> *Net Assets with Donor Restrictions*: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Measure of Operations: The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing civil legal assistance and psychological counseling services to low income individuals. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Fair Value Measurements: The framework for measuring fair value 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 as follows:

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

Level 2 - Inputs to the valuation methodology include:

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

1. Organization and Summary of Significant Accounting Policies (Continued):

Revenue and Other Support: Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Revenue represents amounts derived from program service fees, grant revenue, contributions, and service and cost reimbursement contracts.

Revenue is recognized when control of the services provided is transferred to the Organization's customers and in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods and services using the following steps: 1) identification of the contract, or contracts with a customer, 2) identification of performance obligations in the contract, 3) determination of the transaction price, 4) allocation of the transaction price to the performance obligations in the contract and 5) recognition of revenue when or as the Organization satisfies the performance obligations.

The Organization generates revenue from special events. Revenue from special events is recognized when the related event occurs.

The Organization generates program service fees from various legal and counseling services that are privately paid by the individuals that the Organization serves. Revenue from these services is recognized when the service is performed.

The Organization typically invoices its customers as services are provided. Typical payment terms provide that customers pay upon receipt of the invoice.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long contributed assets must be used are recorded as net assets with donor restrictions. Otherwise, the contributions are recorded as net assets without donor restrictions.

Contributions of services are reported as revenue and expenses without donor restrictions 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, require specialized skills, and are provided by individuals with those skills. Contributions of goods and space to be used in program operations are reported as revenue and expenses without donor restrictions at the time the goods or space is received.

The Organization must determine whether a contribution (or a promise to give) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. The Organization cannot consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Grant and contract revenue is recognized as reimbursable expenses are incurred and upon meeting the legal and contractual requirements of the funding source.

1. Organization and Summary of Significant Accounting Policies (Continued):

Cash and Cash Equivalents: The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has a cash management program, which provides for the investment of excess cash balances primarily in short-term money market accounts, overnight investment accounts and tax-free money market fund investments. The Organization considers such highly liquid investments with original maturities of three months or less when purchased to be cash equivalents, except for those amounts that are held in the investment portfolio, which are invested for long-term purposes. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments and Investment Income: The Organization's investments are reported at fair value as of the date of the statements of financial position. Realized and unrealized gains and losses are reflected in the accompanying statements of activities. Investment income or loss on investments (including realized and unrealized gains and losses on investments, interest and dividends) is included in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Concentrations of Credit Risk: Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash, cash equivalents, investments, and grants and contributions receivable. The Organization maintains its cash, cash equivalents and investments with high-credit quality financial institutions. The Organization believes it is not exposed to any significant losses due to credit risk on cash, cash equivalents and investments. Grants and contributions receivable are carried at amounts based upon management's judgment of potential defaults. Management identifies troubled receivables balances by assessing the grantor's or donor's credit worthiness. As of June 30, 2023 and 2022, management has determined all receivables are collectible.

Other Risks and Uncertainties: Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Property and Equipment: Property and equipment are recorded at cost on the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, as follows:

Furniture and Fixtures	5 Years

Impairment of Long-Lived Assets: It is required that long-lived assets, including purchased intangible assets with finite lives, be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. As of June 30, 2023 and 2022, the Organization has determined that there have been no significant events or changes in circumstances that would trigger impairment testing of the Organization's long-lived assets.

Leases: In 2016, the FASB issued ASU 2016-02, *Leases* (ASC 842). ASU 2016-02 and all related amendments replaces the leasing standards under ASC 840 and expands disclosure requirements for leasing arrangements.

Effective July 1, 2022, the Organization adopted the guidance and expanded disclosure requirements under ASC 842 using the modified retrospective approach. The Organization's financial statements as of and for the year ended June 30, 2022 continue to be accounted for under ASC 840 and have not been adjusted.

ASC 842 requires lessees to recognize the assets and liabilities that arise from leases on the statement of financial position. At the lease commencement date, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the non-cancelable lease term. Lease expense for the Organization's finance leases is comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method.

1. Organization and Summary of Significant Accounting Policies (Continued):

Upon transition to ASC 842, the Organization elected the package of practical expedients permitted under the transition guidance, which does not require the Organization to reassess prior conclusions regarding whether contracts are or contain a lease, lease classification and initial direct lease costs.

At the date of adoption, the Organization recorded operating lease right-of-use assets and lease liabilities in the amounts of $1,521,614 and $1,823,601, respectively. At the date of adoption, the Organization had no leases classified as finance leases.

The Organization determines if an arrangement is a lease at inception. An arrangement is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. The Organization reassesses its determination if the terms and conditions of the arrangement are changed. Leases are classified at the commencement date, the date on which the lessor makes the underlying asset available to the lessee, as either operating or finance leases based on the economic substance of the lease.

Lease right-of-use (ROU) assets and related lease liabilities are recognized on the statement of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term, and the corresponding lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Lease ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The Organization determines the present value of lease payments using the implicit rate when readily determinable. When the implicit rate is not readily determinable, the Organization uses an incremental borrowing rate based on the estimated rate of interest the Organization would receive for collateralized borrowings for a period comparable with that of the lease term.

Lease ROU assets also include any lease payments made at or before commencement date, net of lease incentives, and initial direct costs incurred. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

Right-of-use assets are assessed for impairment in accordance with the Organization's long-lived asset policy. The Organization reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with ASC 842.

The Organization has elected the policy to not separate lease and nonlease components for all classes of underlying assets.

The Organization has elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which the Organization is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, lease payments for short-term leases are recognized on a straight-line basis over the lease term.

For operating leases, lease expense for lease payments is recognized on a straightline basis over the lease term. For finance leases, lease expense includes amortization expense of the ROU asset recognized on a straightline basis over the lease term and interest expense recognized on the finance lease liability.

Operating leases are included in operating lease ROU assets and current and noncurrent operating lease liabilities on the accompanyingbalance sheets as of June 30, 2023. As of June 30, 2023, the Company had no finance leases.

Deferred Rent: Prior to adopting ASC 842, *Leases*, the Organization recorded rent expense on a constant periodic rate over the term of the lease agreement. The excess of the cumulative rent expense incurred over the cumulative amounts due under the lease agreement was deferred and recognized over the term of the lease.

1. Organization and Summary of Significant Accounting Policies (Continued):

Functional Allocation of Expenses: The costs of providing the Organization's program and other activities have been summarized on a functional basis in the statements of activities. Expenses related directly to program services or supporting activities are charged directly while other expenses that are common to several functions are allocated based on management's estimates, among major classes of programs services and supporting activities.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries, Related Benefits and Taxes	Time and Effort
Occupancy	Time and Effort
Other	Time and Effort
Office Expense	Time and Effort
Depreciation	Time and Effort
Professional Fees	Time and Effort
Training and Travel	Time and Effort

Income Taxes: The Organization is a nonprofit Organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on trade or business profits generated by activities related to the Organization's exempt function. The Organization may be subject to federal and state income taxes for profits generated from trade or business activities unrelated to the Organization's exempt function. As of June 30, 2023 and 2022, management believes that the Organization has not generated any unrelated business taxable income.

The Organization assesses the recording of uncertain tax positions by evaluating the minimum recognition threshold and measurement requirements a tax position must meet before being recognized as a benefit in the financial statements. The Organization's policy is to recognize interest and penalties accrued on any uncertain tax positions as a component of income tax expense, if any, in its statements of activities. The Organization has not recognized any liabilities for uncertain tax positions or unrecognized benefits as of June 30, 2023 and 2022. The Organization does not expect any material change in uncertain tax benefits within the next 12 months.

Use of Estimates: Management has used estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities in its preparation of the financial statements in accordance with GAAP. Actual results experienced by the Organization may differ from those estimates.

Subsequent Events: Management has evaluated subsequent events spanning the period from June 30, 2023 through November 6, 2023, the date the financial statements were available to be issued.

2. Availability and Liquidity:

The following reflects the Organization's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general use within one year of June 30, 2023 and 2022 due to contractual or donor-imposed restrictions.

Financial Assets at End of Year:	2023	2022
Cash and Cash Equivalents	$ 658,464	$ 832,801
Grants and Contributions Receivable	643,358	875,346
Investments	1,224,566	925,257
Total Financial Assets at End of Year	2,526,388	2,633,404
Less: Amounts Unavailable for General Expenditures within One Year:		
Due to Contractual or Donor-Imposed Restriction:		
Restricted by Donor with Time or Purpose Restrictions	257,917	589,967
Board Designations:		
Board Designated, Primarily for Long-Term Investing	1,224,566	925,257
	1,482,483	1,515,224
Financial Assets Available to Meet Cash Needs for General Expenditures over the Next 12 Months	$ 1,043,905	$ 1,118,180

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations may come due. In addition, the Organization invests cash in excess of daily requirements in long-term investments. In the event of an unanticipated liquidity need, the Organization also could draw upon its board designated funds.

3. Grants and Contributions Receivable:

Grants and contributions receivable as of June 30, 2023 and 2022 amounted to $643,358 and $875,346, respectively, and are expected to be collected within one year of the date of the statements of financial position.

4. Conditional Grants:

A foundation has pledged to give the Organization $300,000 over ten years, based on certain parameters. During each of the years ended June 30, 2023 and 2022, the Organization received $30,000 of this conditional grant, which was recorded as contributions revenue without donor restrictions. Due to the contingent nature of the contribution, the balance of $120,000 has not been recorded as a grant receivable as of June 30, 2023 and 2022.

5. Property and Equipment:

Property and equipment as of June 30, 2023 and 2022 consist of the following:

	2023	2022
Furniture and Fixtures	$ 206,870	$ 180,669
Less: Accumulated Depreciation	161,387	141,731
	$ 45,483	$ 38,938

Depreciation expense for the years ended June 30, 2023 and 2022 amounted to $19,656 and $31,613, respectively.

6. Leasing Arrangements:

The Organization leases office space in Cambridge, Massachusetts and equipment under operating lease arrangements, which expire on various dates through June 2032.

Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Operating right-of-use assets and lease liabilities as of June 30, 2023 are as follows:

Operating Leases	$ 1,414,925
Lease Liabilities:	
Current	$ 127,373
Long-Term	1,582,396
Total Lease Liabilities	$ 1,709,769

The components and classification of lease expense for the year ended June 30, 2023 are as follows:

Component	Classification	
Operating Lease Expense	Program Services	$ 194,183
Operating Lease Expense	General and Administrative	19,482
Operating Lease Expense	Fundraising	15,283
Total Lease Expense		$ 228,948

The weighted average remaining lease term and discount rate for operating leases as of June 30, 2023 were as follows:

Weighted Average Remaining Lease Term:	8.83 years
Weighted Average Discount Rate:	6.98%

Future minimum operating lease payments as of June 30, 2023 are as follows:

Year Ending June 30,	
2024	$ 241,284
2025	244,956
2026	250,301
2027	255,645
2028	260,990
Thereafter	1,049,600
Total Future Minimum Lease Payments	2,302,776
Less: Present Value Discount	593,007
Present Value of Lease Liabilities	1,709,769
Less: Current Portion	127,373
Long-Term Portion	$ 1,582,396

6. Leasing Arrangements (Continued):

Cash Paid for Amounts Included in Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	$	236,091

During the year ended June 30, 2022, the Organization was party to a noncancelable operating lease arrangement for office space expiring through June 30, 2032. During the year ended June 30, 2022, rent expense incurred under these arrangements amounted to $227,124.

7. Investments:

Investments as of June 30, 2023 and 2022 consist of the following:

	2023	2022
Mutual Funds	$ 1,013,893	$ 817,761
Money Market Funds	210,673	107,496
	$ 1,224,566	$ 925,257

For the years ended June 30, 2023 and 2022, net investment income (loss) consists of the following:

	2023	2022
Net Realized Gains	$ 60,212	$ 9,855
Interest and Dividends	45,508	42,637
Net Unrealized (Losses)	(19,700)	(96,806)
	86,020	(44,314)
Less: Investment Fees	300	300
Net Investment Income	$ 85,720	$ (44,614)

8. Fair Value Measurements:

Investments measured at fair value on a recurring basis as of June 30, 2023 and 2022 are as follows:

	Fair Value Measurements at June 30, 2023			
	Totals	Level 1	Level 2	Level 3
Money Market Funds	$ 210,672	$ 210,672	$ -	$ -
Mutual Funds:				
Blend Equity Funds	555,626	555,626	-	-
Term Bonds Funds	312,512	312,512	-	-
Fixed Income	145,756	145,756	-	-
Total Mutual Funds	1,013,894	1,013,894	-	-
Total	$ 1,224,566	$ 1,224,566	$ -	$ -

	Fair Value Measurements at June 30, 2022			
	Total	Level 1	Level 2	Level 3
Money Market Funds	$ 107,496	$ 107,496	$ -	$ -
Mutual Funds:				
Blend Equity Funds	526,107	526,107	-	-
Term Bonds Funds	291,654	291,654	-	-
Total Mutual Funds	817,761	817,761	-	-
Total	$ 925,257	$ 925,257	$ -	$ -

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used for the years ended June 30, 2023 and 2022.

Money Market Funds: Valued at the daily closing price as reported by the fund from an active market.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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 fair value measurement at the reporting date.

9. Net Assets without Donor Restrictions:

Net assets without donor restrictions as of June 30, 2023 and 2022 consist of the following:

	2023	2022
Board Designated	$ 1,224,566	$ 925,257
Undesignated	515,664	668,183
Net Investment in Property and Equipment	45,483	38,938
	$ 1,785,713	$ 1,632,378

10. Net Assets with Donor Restrictions:

Net assets with donor restrictions as of June 30, 2023 and 2022 consist of the following:

	2023	2022
Subject to Expenditure for Specified Purpose:		
Housing and Homelessness Prevention	$ 53,334	$ 23,333
Immigration Services	51,916	217,667
General Legal Services	11,667	11,389
Domestic Violence Services	6,000	42,000
Total Purpose Restrictions	122,917	294,389
Subject to Passage of Time:		
Operating Support	135,000	295,578
Total Net Assets with Donor Restrictions	$ 257,917	$ 589,967

11. Net Assets Released from Restriction:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors or by the passage of time. Net assets released from restriction during the years ended June 30, 2023 and 2022 consist of the following:

	2023	2022
Purpose Restricted:		
Immigration Services	$ 165,750	$ 232,727
Housing and Homelessness Prevention	70,000	44,167
General Legal Services	69,722	63,777
Counseling Services	60,000	92,694
Domestic Violence Services	36,000	50,500
Client and COVID-19 Relief	-	104,768
Total Purpose Restricted	401,472	588,633
Time Restricted:		
Client and COVID-19 Relief	195,578	324,368
Total Net Assets Released from Restrictions	$ 597,050	$ 913,001

12. Contributions - Nonfinancial Assets:

The Organization received contributed nonfinancial assets recognized as revenue and other support within the statements of activities. The contributed nonfinancial assets did not have donor-imposed restrictions. During the years ended June 30, 2023 and 2022, contributed nonfinancial assets consisted of the following:

	2023	2022
Professional Services	$ 319,404	$ 176,149
Supplies and Minor Equipment	10,722	10,673
	$ 330,126	$ 186,822

Contributed nonfinancial assets recognized comprise of professional services from attorneys assisting clients on various administrative legal matters and donated supplies and minor equipment. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar legal services. Supplies and minor equipment are reported at the estimate fair value based on current rates for similar items.

13. Retirement Plan:

The Organization sponsors a defined contribution plan under Section 403(b) of the Internal Revenue Code, covering substantially all of its employees who meet certain eligibility requirements, which allows participants to defer a portion of their salaries into a variety of investment options. The plan allows for employee salary deferrals not to exceed the legal limit. The Organization, at the discretion of the Board of Directors, may make contributions to the plan. During the years ended June 30, 2023 and 2022, the Organization made contributions to the plan in the amounts of $26,089 and $32,972, respectively.

14. Economic Dependency:

Grants and Contract Revenue: During the years ended June 30, 2023 and 2022, the Organization received approximately 20% and 54%, respectively, of its grants and contract revenue directly from the Commonwealth of Massachusetts. Approximately 20% and 11% of grants and contract revenue for the years ended June 30, 2023 and 2022, respectively, was derived from contracts with one agency.

Grants and Contributions Receivable: As of June 30, 2023 and 2022, approximately 5% and 6%, respectively, of grants and contributions receivable are due directly from the Commonwealth of Massachusetts and approximately 3% and 7%, respectively, of grants and contributions receivable are due from the agency that passes Commonwealth of Massachusetts funds to the Organization. Additionally, as of June 30, 2023 and 2022, approximately 70% and 49%, respectively, of grants and contributions receivable are due from three funding sources.

15. Commitments and Contingencies:

Indemnifications: In the ordinary course of business, the Organization enters into various agreements containing standard indemnification provisions. The Organization's indemnification obligations under such provisions are typically in effect from the date of execution of the applicable agreement through the end of the applicable statute of limitations. The aggregate maximum potential future liability of the Organization under such indemnification provisions is uncertain. As of June 30, 2023 and 2022, no amounts have been accrued related to such indemnification provisions.