



**GT REILLY**  
**& COMPANY**  
CPAs and Advisors

Audited Financial Statements

**One Family, Inc.**

June 30, 2020

# One Family, Inc.

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## Audited Financial Statements

June 30, 2020

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## Independent Auditors' Report

To the Board of Directors  
One Family, Inc.

We have audited the accompanying financial statements of One Family, Inc., which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 One Family, 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 conformity with accounting principles generally accepted in the United States of America.

G.T. Reilly & Company

Milton, Massachusetts  
September 8, 2020



An independent firm associated  
with Moore Global Network Limited

# One Family, Inc.

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## Statements of Financial Position

June 30

<u>Assets</u>	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$1,375,688	\$1,041,068
Promises to give, net	188,170	262,615
Prepaid expenses and other assets	<u>11,147</u>	<u>6,236</u>
TOTAL CURRENT ASSETS	<b>1,575,005</b>	1,309,919
INVESTMENTS	<b>588,089</b>	566,309
PROPERTY AND EQUIPMENT, net	<u>67,040</u>	<u>91,586</u>
TOTAL ASSETS	<b><u>\$2,230,134</u></b>	<b><u>\$1,967,814</u></b>
<u>Liabilities and Net Assets</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 6,677	\$ -
Accrued expenses	17,885	11,287
SBA Paycheck Protection Program Loan, forgivable	<u>157,723</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>182,285</u>	<u>11,287</u>
NET ASSETS		
Without donor restrictions	1,386,070	1,512,051
With donor restrictions	<u>661,779</u>	<u>444,476</u>
	<u>2,047,849</u>	<u>1,956,527</u>
TOTAL LIABILITIES AND NET ASSETS	<b><u>\$2,230,134</u></b>	<b><u>\$1,967,814</u></b>

# One Family, Inc.

## Statements of Activities and Changes in Net Assets

### Years Ended June 30

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING SUPPORT AND REVENUES</b>						
Private grants and contributions	\$ 989,768	\$ 87,119	\$ 1,076,887	\$ 917,338	\$ 292,254	\$ 1,209,592
Government grants and contracts	701,935	276,165	978,100	359,455	-	359,455
Special events, net	-	-	-	135,556	-	135,556
Investment income, gains and other	23,250	-	23,250	22,487	-	22,487
Net assets released from restrictions	145,981	(145,981)	-	811	(811)	-
<b>TOTAL OPERATING SUPPORT &amp; REVENUES</b>	<b>1,860,934</b>	<b>217,303</b>	<b>2,078,237</b>	<b>1,435,647</b>	<b>291,443</b>	<b>1,727,090</b>
<b>OPERATING EXPENSES</b>						
Program services:						
One Family Scholars	1,116,054	-	1,116,054	892,256	-	892,256
Credential to Career Coaching	346,446	-	346,446	313,415	-	313,415
Public Policy	182,426	-	182,426	130,277	-	130,277
Technical Assistance	80,064	-	80,064	62,687	-	62,687
<b>TOTAL PROGRAM SERVICES</b>	<b>1,724,990</b>	<b>-</b>	<b>1,724,990</b>	<b>1,398,635</b>	<b>-</b>	<b>1,398,635</b>
Support services:						
General and administrative	149,396	-	149,396	98,972	-	98,972
Fundraising	112,529	-	112,529	115,790	-	115,790
<b>TOTAL SUPPORT SERVICES</b>	<b>261,925</b>	<b>-</b>	<b>261,925</b>	<b>214,762</b>	<b>-</b>	<b>214,762</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>1,986,915</b>	<b>-</b>	<b>1,986,915</b>	<b>1,613,397</b>	<b>-</b>	<b>1,613,397</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>(125,981)</b>	<b>217,303</b>	<b>91,322</b>	<b>(177,750)</b>	<b>291,443</b>	<b>113,693</b>
<b>NON-OPERATING LOSSES</b>						
Net loss on relocation	-	-	-	(1,319)	-	(1,319)
<b>CHANGE IN NET ASSETS</b>	<b>(125,981)</b>	<b>217,303</b>	<b>91,322</b>	<b>(179,069)</b>	<b>291,443</b>	<b>112,374</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>1,512,051</b>	<b>444,476</b>	<b>1,956,527</b>	<b>1,691,120</b>	<b>153,033</b>	<b>1,844,153</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1,386,070</b>	<b>\$ 661,779</b>	<b>\$ 2,047,849</b>	<b>\$ 1,512,051</b>	<b>\$ 444,476</b>	<b>\$ 1,956,527</b>

# One Family, Inc.

## Statement of Functional Expenses

For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

	Program Services				Total Program Services	Support Services			2020 Total Expenses	2019 Total Expenses
	One Family Scholars	Credential to Career Coaching	Public Policy	Technical Assistance		General & Administrative	Fundraising	Total Support Services		
<b>PERSONNEL AND RELATED</b>										
Salaries	\$ 236,823	\$ 220,098	\$ 127,524	\$ 57,167	\$ 641,612	\$ 76,123	\$ 80,505	\$ 156,628	\$ 798,240	\$ 691,147
Payroll taxes and fringe benefits	45,710	42,806	24,827	11,297	124,640	16,829	15,286	32,115	156,755	108,211
Contracted services	-	-	-	-	-	14,625	-	14,625	14,625	17,468
<b>TOTAL PERSONNEL AND RELATED</b>	<b>282,533</b>	<b>262,904</b>	<b>152,351</b>	<b>68,464</b>	<b>766,252</b>	<b>107,577</b>	<b>95,791</b>	<b>203,368</b>	<b>969,620</b>	<b>816,826</b>
<b>OCCUPANCY</b>										
Rent	23,015	21,506	12,460	5,586	62,567	6,718	7,866	14,584	77,151	63,104
Repairs and maintenance	1,717	1,254	726	326	4,023	441	499	940	4,963	2,359
Utilities and phone	2,607	2,435	1,411	633	7,086	760	890	1,650	8,736	10,249
Depreciation	7,323	6,842	3,965	1,778	19,908	2,137	2,502	4,639	24,547	24,546
<b>TOTAL OCCUPANCY</b>	<b>34,662</b>	<b>32,037</b>	<b>18,562</b>	<b>8,323</b>	<b>93,584</b>	<b>10,056</b>	<b>11,757</b>	<b>21,813</b>	<b>115,397</b>	<b>100,258</b>
<b>OTHER</b>										
Events, meetings and conferences	4,306	1,985	772	839	7,902	972	408	1,380	9,282	14,300
Program expenses	65,532	-	-	-	65,532	-	-	-	65,532	56,545
Professional fees	2,272	1,898	1,021	458	5,649	20,150	650	20,800	26,449	27,081
Travel and meals	1,209	1,256	414	246	3,125	57	184	241	3,366	8,000
Recruitment/outplacement	95	550	-	-	645	-	100	100	745	836
Equipment, printing and supplies	2,762	2,980	823	361	6,926	2,538	808	3,346	10,272	16,265
Technology	7,701	5,627	2,905	746	16,979	1,523	1,133	2,656	19,635	19,195
Liability insurance	1,955	1,827	1,058	475	5,315	572	668	1,240	6,555	6,954
Staff development	842	604	3,122	152	4,720	609	258	867	5,587	5,623
Bad debt expense	-	-	-	-	-	2,500	-	2,500	2,500	-
Other	-	-	740	-	740	2,842	772	3,614	4,354	5,796
<b>TOTAL OTHER</b>	<b>86,674</b>	<b>16,727</b>	<b>10,855</b>	<b>3,277</b>	<b>117,533</b>	<b>31,763</b>	<b>4,981</b>	<b>36,744</b>	<b>154,277</b>	<b>160,595</b>
<b>TOTAL EXPENSES BEFORE PARTICIPANT COSTS</b>	<b>403,869</b>	<b>311,668</b>	<b>181,768</b>	<b>80,064</b>	<b>977,369</b>	<b>149,396</b>	<b>112,529</b>	<b>261,925</b>	<b>1,239,294</b>	<b>1,077,679</b>
<b>ONE FAMILY SCHOLAR AND C2C AWARDS</b>	<b>712,185</b>	<b>34,778</b>	<b>658</b>	<b>-</b>	<b>747,621</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>747,621</b>	<b>535,718</b>
<b>TOTAL EXPENSES</b>	<b>\$ 1,116,054</b>	<b>\$ 346,446</b>	<b>\$ 182,426</b>	<b>\$ 80,064</b>	<b>\$ 1,724,990</b>	<b>\$ 149,396</b>	<b>\$ 112,529</b>	<b>\$ 261,925</b>	<b>\$ 1,986,915</b>	<b>\$ 1,613,397</b>

## One Family, Inc.

### Statement of Functional Expenses For the Year Ended June 30, 2019

	Program Services				Support Services			Total Expenses	
	One Family Scholars	Credential to Career Coaching	Public Policy	Technical Assistance	Total Program Services	General & Administrative	Fundraising		Total Support Services
<b>PERSONNEL AND RELATED</b>									
Salaries	\$ 225,487	\$ 223,326	\$ 90,195	\$ 52,614	\$ 591,622	\$ 27,646	\$ 71,879	\$ 99,525	\$ 691,147
Payroll taxes and fringe benefits	35,304	34,966	14,122	8,237	92,629	4,328	11,254	15,582	108,211
Contracted services	-	-	750	-	750	16,718	-	16,718	17,468
<b>TOTAL PERSONNEL AND RELATED</b>	<b>260,791</b>	<b>258,292</b>	<b>105,067</b>	<b>60,851</b>	<b>685,001</b>	<b>48,692</b>	<b>83,133</b>	<b>131,825</b>	<b>816,826</b>
<b>OCCUPANCY</b>									
Rent	15,776	19,562	9,466	-	44,804	5,048	13,252	18,300	63,104
Repairs and maintenance	590	731	354	-	1,675	189	495	684	2,359
Utilities and phone	2,517	3,122	1,511	-	7,150	985	2,114	3,099	10,249
Depreciation	6,137	7,609	3,682	-	17,428	1,964	5,154	7,118	24,546
<b>TOTAL OCCUPANCY</b>	<b>25,020</b>	<b>31,024</b>	<b>15,013</b>	<b>-</b>	<b>71,057</b>	<b>8,186</b>	<b>21,015</b>	<b>29,201</b>	<b>100,258</b>
<b>OTHER</b>									
Events, meetings and conferences	8,749	1,328	491	1,369	11,937	1,218	1,145	2,363	14,300
Program expenses	56,545	-	-	-	56,545	-	-	-	56,545
Professional fees	1,147	1,422	688	-	3,257	22,860	964	23,824	27,081
Travel and meals	2,012	2,108	1,669	207	5,996	1,740	264	2,004	8,000
Recruitment/outplacement	32	127	32	-	191	-	645	645	836
Equipment, printing and supplies	1,388	2,166	1,041	97	4,692	10,001	1,572	11,573	16,265
Technology	5,121	7,394	2,148	154	14,817	1,166	3,212	4,378	19,195
Liability insurance	1,842	2,284	1,105	-	5,231	176	1,547	1,723	6,954
Staff development	515	519	2,572	-	3,606	1,288	729	2,017	5,623
Other	56	71	451	9	587	3,645	1,564	5,209	5,796
<b>TOTAL OTHER</b>	<b>77,407</b>	<b>17,419</b>	<b>10,197</b>	<b>1,836</b>	<b>106,859</b>	<b>42,094</b>	<b>11,642</b>	<b>53,736</b>	<b>160,595</b>
<b>TOTAL EXPENSES BEFORE PARTICIPANT COSTS</b>	<b>363,218</b>	<b>306,735</b>	<b>130,277</b>	<b>62,687</b>	<b>862,917</b>	<b>98,972</b>	<b>115,790</b>	<b>214,762</b>	<b>1,077,679</b>
<b>ONE FAMILY SCHOLAR AND C2C AWARDS</b>	<b>529,038</b>	<b>6,680</b>	<b>-</b>	<b>-</b>	<b>535,718</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>535,718</b>
<b>TOTAL EXPENSES</b>	<b>\$ 892,256</b>	<b>\$ 313,415</b>	<b>\$ 130,277</b>	<b>\$ 62,687</b>	<b>\$1,398,635</b>	<b>\$ 98,972</b>	<b>\$ 115,790</b>	<b>\$ 214,762</b>	<b>\$1,613,397</b>

# One Family, Inc.

## Statements of Cash Flows

For the Years Ended June 30

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 91,322	\$ 112,374
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	24,547	24,546
Donated investments	-	(760)
Net loss related to relocation and abandonment of leasehold improvements	-	1,319
Net realized and unrealized gains on investments	(10,579)	(5,271)
Changes in operating assets and liabilities:		
Promises to give, net	74,445	(252,499)
Prepaid expenses and other assets	(4,911)	(6,236)
Accounts payable	6,677	(7,153)
Accrued expenses	6,598	(3,571)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>188,099</u>	<u>(137,251)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(48,500)
Dividends reinvested	(11,202)	(15,644)
NET CASH USED IN INVESTING ACTIVITIES	<u>(11,202)</u>	<u>(64,144)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
SBA Paycheck Protection Program Loan, forgivable	157,723	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	334,620	(201,395)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,041,068</u>	<u>1,242,463</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,375,688</u>	<u>\$1,041,068</u>



## Notes to Financial Statements

June 30, 2020

### Note 1 – Operations, Nonprofit Status and Significant Accounting Policies

One Family aims to prevent homelessness and break the cycle of family poverty in Massachusetts by promoting pathways to economic independence through advocacy, education and innovation. We envision a Commonwealth where all families have secure housing, access to education leading to employment, and the ability to build assets to create a brighter future.

One Family takes a multi-pronged approach to our work. We advocate for public policies that will increase affordable housing and provide services to families experiencing or at risk of homelessness. At the same time, we offer direct-service programs that bridge the silos that traditionally exist between housing, education, and career supports to help families achieve economic and housing security.

Tax Status and Uncertain Tax Positions – One Family is exempt from federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). One Family is also exempt from state income taxes. Donors may deduct contributions made to One Family within IRC regulations.

One Family files income tax and information returns in the United States Federal and Massachusetts state jurisdictions. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the financial statements.

Basis of Accounting and Financial Statement Presentation – One Family prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). As a not-for-profit corporation, One Family presents in its statement of financial position and changes in net assets two classes of net assets based on the existence or absence of donor-imposed restrictions as stated below.

Net Assets Without Donor Restrictions – These are net assets available for use in general operations and not subject to donor restrictions. At its discretion, the Board of Directors may designate net assets without restrictions for specific purposes.

Net Assets With Donor Restrictions – These net assets are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met with the passage of time, the occurrence of events, or by the use of the funds as specified by the donor. Other donor-imposed restrictions may be perpetual in nature where the donor stipulates that the funds be maintained in perpetuity.

Donor-restricted revenues, support and gains are recorded as "net assets with donor restrictions" when received or pledged. When a temporary donor-imposed restriction expires, either by use of the funds for the specified purpose or by the expiration of a time restriction, related amounts of "net assets with donor restrictions" are reclassified to "net assets without donor restrictions" and reported in the statement of activities as "net assets released from restrictions". Contributions are recorded as without restriction in the accompanying financial statements if the restrictions are met in the same year that the contribution is made.

Contributions made with donor-imposed restrictions to maintain the principal in perpetuity, while allowing the use of income generated therefrom, are also classified as "net assets with donor restrictions". Income derived from the investment of these perpetual net assets is reported as an increase in "net assets without donor restrictions" or "net assets with donor restrictions" depending on the terms of the donor instrument. Unrealized gains or losses on perpetual net assets are reported as increases or decreases in "net assets with donor restrictions", unless the donor explicitly states otherwise.

## Note 1 – Operations, Nonprofit Status and Significant Accounting Policies (Cont.)

Net assets with donor restrictions include amounts that are restricted for the following purposes and programs at June 30:

	<u>2020</u>	<u>2019</u>
Purpose restricted - One Family Scholars Program	\$ 428,386	\$ 152,223
Purpose restricted - scholarships (tuition & supplies)	163,393	272,253
Credential to Career Coaching Program	<u>70,000</u>	<u>20,000</u>
	<u>\$ 661,779</u>	<u>\$ 444,476</u>

As of June 30, 2020 and 2019, One Family does not have any net assets with donor restrictions to maintain the principal in perpetuity.

Net assets with donor restrictions were released for the following purposes and programs during the year ended June 30:

	<u>2020</u>	<u>2019</u>
Purpose restricted - scholarships (tuition & supplies)	\$ 125,981	\$ -
Purpose restricted - One Family Scholars Program	-	811
Credential to Career Coaching Program	<u>20,000</u>	<u>-</u>
	<u>\$ 145,981</u>	<u>\$ 811</u>

Contributions – In June of 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-08, “*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*”. The ASU is intended to assist entities in evaluating whether transactions should be accounted for and reported as contributions or as exchange transactions, and in determining whether a contribution is conditional or unconditional.

The ASU clarifies that a contribution represents a nonreciprocal transaction where the grantor or donor does not receive a benefit of commensurate value in return for the assets or resources provided to the recipient. In an exchange transaction, the resource provider receives some thing or benefit of commensurate value in return for the resources provided. Exchange transactions include instances where a transfer of assets represents a payment from a third-party payer on behalf of an existing exchange transaction between the recipient and an identified customer receiving the benefit. However, where the benefit or potential benefit is received by the public or segments thereof, and the resource provider (such as a foundation, government agency, corporation or other entity) only receives indirect or incidental benefit that is not of commensurate value, the transaction is treated as a contribution for accounting purposes.

Distinguishing between contributions and exchange transactions determines the appropriate accounting and reporting for a transaction. Transactions determined to be contributions are reported as revenue or support with or without donor restrictions as described above, Basis of Accounting and Financial Statement Presentation. All of One Family’s revenue and support for both 2020 and 2019, with the exception of investment related activity, has been determined to be contributions and are reported as support with or without donor restrictions.

One Family adopted the principles of the ASU effective July 1, 2019 on a modified prospective basis. Management made a determination that One Family’s existing accounting policies and methods substantially comply with the ASU. Therefore, there were no changes to the Organization’s accounting methods in 2019 and the adoption of ASU 2018-08 had no effect on the Organization’s financial statements as of and for the year ended June 30, 2020.

Conditional Grants and Contributions – Conditional grants and contributions are not recognized as revenue or support until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. There are no conditional grants or contributions at June 30, 2020 or 2019.

## Note 1 – Operations, Nonprofit Status and Significant Accounting Policies (Cont.)

Promises to Give – Promises to give to the Organization that are, in effect, “unconditional” are recorded at the present value of future cash flows. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Promises to give are stated net of an allowance for doubtful collection, when considered necessary, which would be reported on the face of the Organization’s statement of financial position. The allowance is established via a provision for bad debts charged to operations. On a periodic basis, management evaluates its promises to give and establishes or adjusts its allowance to an amount that it believes will be adequate to absorb possible promises that may become uncollectible, based on evaluations of collectability, the history of prior loss experience and on current economic conditions. The accompanying statements of financial position do not include an allowance for doubtful collection as one was not considered necessary by management.

Contributed Services – One Family receives services from volunteers in connection with its programs. The value of these services is not reflected in the accompanying financial statements since these services do not meet the criteria for recognition under U.S. GAAP.

Cash and Cash Equivalents – For the purpose of the statements of cash flows, cash includes balances on hand at banks as well as repurchase agreements representing collateralized overnight investments with United States banks, which are carried at their principal amounts given their overnight maturity. Cash and cash equivalents include the following at June 30:

	<u>2020</u>	<u>2019</u>
Cash on hand at banks	\$ 402,574	\$ 240,086
Overnight investment program	973,114	800,982
	<u>\$ 1,375,688</u>	<u>\$ 1,041,068</u>

Fair Value Measurements – One Family follows the Accounting Standards Codification (ASC) Topic 820, “Fair Value Measurements and Disclosures”, for assets and liabilities that are measured at fair value on a recurring basis, and to determine fair value disclosures. This standard defines fair value and it establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. This standard applies to certain other existing accounting pronouncements that require or permit fair value measurements. The applicability of this standard is limited to One Family’s investments. See “Investments” below.

Investments – Investments are reported at fair value using Level 1 inputs (see below). Investment income is recorded as earned. Investment gains or losses are recorded as incurred upon sales or based on changes in market values during the period (see Note 3). Investments are classified as noncurrent assets in the accompanying statements of financial position, as it is One Family’s intent to hold these investments for long-term purposes. Investments are not insured and are subject to ongoing market fluctuations.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value accounting standard established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The three tiers are defined as:

Level 1 – Observable inputs such as quoted prices in active markets.

Level 2 – Inputs other than Level 1 inputs that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable markets.

Level 3 – Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions which are significant to the fair value measurement.

One Family’s investments are valued based on Level 1 inputs within the fair value hierarchy (see Note 3).

## Note 1 – Operations, Nonprofit Status and Significant Accounting Policies (Cont.)

Property, Equipment and Depreciation – Purchased property and equipment are recorded at cost (see Note 4). Donated property and equipment are recorded at fair value at the time of donation. Ordinary repairs and maintenance are expensed when incurred, while renewals and betterments are capitalized. Depreciation of capitalized property and equipment is computed using the straight-line method over the following estimated useful lives:

Furniture and fixtures	10 years
Office equipment	5 years
Computers and software	5 years
Leasehold improvements	3 years or life of lease

Special Events – Special events revenue is presented net of direct expenses in the accompanying statements of activities and changes in net assets. During fiscal 2020, One Family did not hold an annual event due to the Covid-19 pandemic. Net special event revenue consists of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Individual contributions and foundation grants	\$ -	\$ 119,213
Corporate contributions	-	40,175
	<hr/>	<hr/>
	-	159,388
Less: direct expenses	-	23,832
	<hr/>	<hr/>
Net special events revenue	<u>\$ -</u>	<u>\$ 135,556</u>

Functional Allocation of Expenses – The statement of activities and changes in net assets reports expenses by program and supporting functions. The statement of functional expenses presents the natural classification of expenses by function. Expenses are generally reported according to their purpose. Certain costs have been allocated among program and supporting functions benefited based upon a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, including payroll taxes and benefits, that are allocated based on estimated efforts, and occupancy costs that are allocated based on estimated use.

Advertising Costs – One Family expenses advertising costs as they are incurred. Advertising expense for the year ended June 30, 2019 was \$4,461. There was no advertising expense during the year ended June 30, 2020 due to the fact One Family did not hold an annual event during the year.

Recognition of Grant Expense – In the course of operating the One Family Scholar and Credential to Career Coaching programs, One Family granted the following awards for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Education expenses	\$ 526,281	\$ 367,540
Stipends	221,340	168,178
	<hr/>	<hr/>
	<u>\$ 747,621</u>	<u>\$ 535,718</u>

Grant expense is recognized at the time that One Family grants the awards for the One Family Scholars and Credential to Career Coaching programs.

Accounting Estimates – The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are involved in the process of allocating certain expenses to programs or supporting functions.

## Note 1 – Operations, Nonprofit Status and Significant Accounting Policies (Cont.)

Subsequent Events – In accordance with generally accepted accounting principles, management has evaluated subsequent events involving One Family for potential recognition or disclosure in the accompanying financial statements. Subsequent events are events or transactions that occurred after June 30, 2020 up through September 8, 2020, the date the accompanying financial statements were available to be issued.

## Note 2 – Promises to Give

Promises to give to the Organization, summarized by use restriction, are as follows as of June 30:

	<u>2020</u>	<u>2019</u>
Scholarships	\$ 120,000	\$ 240,000
Credential to Career Coaching	50,000	20,000
Technical Assistance	4,400	-
Without restriction	<u>13,770</u>	<u>19,734</u>
	188,170	279,734
Less discount	<u>-</u>	<u>(17,119)</u>
	<u>\$ 188,170</u>	<u>\$ 262,615</u>
Amounts due in:		
Less than one year	\$ 188,170	\$ 159,734
One to five years	<u>-</u>	<u>102,881</u>
	<u>\$ 188,170</u>	<u>\$ 262,615</u>

Promises to give are recorded at the present value of estimated cash flows. The present value of estimated future cash flows has been measured utilizing a risk adjusted discount of 8% at June 30, 2019.

## Note 3 – Investments

Investments are presented in the accompanying financial statements at fair value. The following table presents the fair value measurements of One Family's investments, which are valued using Level 1 inputs, as of June 30:

	<u>2020</u>	<u>2019</u>
Investments:		
Daily money market	<u>\$ 71,053</u>	<u>\$ 70,075</u>
Mutual funds:		
Global mutual funds	155,489	155,434
Exchange traded funds	<u>359,432</u>	<u>338,909</u>
	<u>514,921</u>	<u>494,343</u>
Equity securities	<u>2,115</u>	<u>1,891</u>
Total investments	<u>\$ 588,089</u>	<u>\$ 566,309</u>

Realized and unrealized gains on investments were \$10,565 for the year ended June 30, 2020 (\$5,270 for the year ended June 30, 2019.) These gains are included in investment income in the accompanying statements of activities and changes in net assets.

#### Note 4 – Property and Equipment

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

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 48,500	\$ 48,500
Computers and software	76,860	76,860
Furniture, fixtures and equipment	43,246	43,246
	<u>168,606</u>	<u>168,606</u>
Less accumulated depreciation	101,566	77,020
	<u>\$ 67,040</u>	<u>\$ 91,586</u>

#### Note 5 – SBA Paycheck Protection Program Loan

In April of 2020, One Family applied for and received a \$157,723 Paycheck Protection Program (PPP) loan through the Small Business Association. As authorized by the U.S. Government's stimulus package, the CARES Act, One Family will be eligible for a partial or complete loan forgiveness if it meets certain criteria related to the use of the loan funds. One Family has adopted a policy of reporting such funds as debt until such time as some, or all, of the amount is repaid or forgiven by the SBA, and One Family is legally released from the debt. Under the PPP loan agreement, if the loan is not forgiven, One Family will be responsible for monthly payments on the debt with an interest rate of 1.00%. However, management expects that it will meet the criteria for full forgiveness of this debt during fiscal 2021 and therefore One Family will not be required to repay the funds.

#### Note 6 – Lease Agreement

In January of 2019, One Family relocated its office and entered into a lease agreement for space in South Boston. The lease agreement calls for a current monthly base payment of \$6,480 and a proportionate share of certain operating costs. The agreement is for a period of 5 years with two options to extend for five years each. Previously, One Family sub-leased office space from the Paul and Phyllis Fireman Charitable Foundation and under the terms of that agreement One Family was able to terminate the lease during the 2019 fiscal year.

Rent expense under both of these agreements totaled \$77,151 and \$63,104 for the years ended June 30, 2020 and 2019, respectively.

Future minimum payments under the existing lease agreement are as follows:

Fiscal Year Ending June 30	
2021	\$ 79,440
2022	82,320
2023	85,200
2024	36,000
	<u>\$ 282,960</u>

#### Note 7 – Related Party Transactions

Contributions that One Family receives are generally from various corporate and individual contributors and foundations, which may include members of the Board of Directors and employees, as well as organizations with which these individuals may be affiliated.

## **Note 7 – Related Party Transactions (Cont.)**

One of One Family's Board members is related to the Trustees of the Paul and Phyllis Fireman Charitable Foundation, which contributed \$650,000 of unrestricted support to One Family in each of the years ended June 30, 2020 and 2019 (see Note 9). Additionally, during 2020, the Foundation contributed \$48,401 for the Covid-19 emergency fund.

As mentioned in Note 6, effective April of 2014 through January 15, 2019, One Family contracted to sublease office space from the Paul and Phyllis Fireman Charitable Foundation.

## **Note 8 – Retirement Plan**

One Family maintains an IRC Section 403(b) retirement plan for eligible employees. Eligible employees may elect to defer the maximum amount of compensation allowed by law each year. After one year of service, One Family contributes 3% of the employee's salary up to \$3,000, annually.

During the years ended June 30, 2020 and 2019, One Family contributed approximately \$16,000 and \$15,000, respectively, to the plan, which is included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

## **Note 9 – Financial Instruments, Credit Risk and Other Concentrations**

Financial Instruments – The financial instruments that may subject One Family to credit risk consist of cash, cash equivalents, promises to give and investments.

One Family maintains its cash balances in various banks in Massachusetts. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain limits. At times during the year, cash balances may exceed the insured amounts; however, the Organization's management attempts to minimize the exposure during the year. Additionally, One Family added an Insured Cash Sweep (ICS) with its primary bank, which provides full FDIC insurance coverage for the total account balance. Based on bank balances at June 30, 2020, there was approximately \$150,000 in excess of federally insured limits, which is the result of One Family obtaining a PPP loan during fiscal 2020 (see Note 5).

The Organization's investments consist principally of a variety of mutual funds and exchange-traded funds (ETF) as disclosed in Note 3. At June 30, 2020, the investment in one major ETF approximates \$238,000 which represents 40% of the investment portfolio.

Major Support – One donor, a charitable foundation, donated \$698,401 and \$650,000 in 2020 and 2019, respectively, approximately 34% and 38% of One Family's total support for the years ended June 30, 2020 and 2019, respectively (see Note 7). Another donor, a charitable foundation, has a promise to give at June 30, 2020 in the amount of \$120,000, which represents 64% of total promises to give.

In addition, One Family received approximately 40% and 17% of its total support in grants from the Commonwealth of Massachusetts during the years ended June 30, 2020 and 2019, respectively.

## Note 10 – Liquidity and Availability of Resources

One Family's financial assets and liquidity resources available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following at June 30:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 1,375,688	\$ 1,041,068
Promises to give, net	188,170	262,615
Investments	<u>588,089</u>	<u>566,309</u>
Total financial assets	<u>2,151,947</u>	<u>1,869,992</u>
Less amounts not available to be used within one year:		
Donor restricted net assets (Note 1)	(661,779)	(444,476)
Adjusted for releases during the next fiscal year:		
For satisfaction of use and time restrictions	<u>466,165</u>	<u>140,000</u>
	<u>(195,614)</u>	<u>(304,476)</u>
 Total financial assets available within one year	 <u>\$ 1,956,333</u>	 <u>\$ 1,565,516</u>

One Family is substantially supported by contributions and grants. In conjunction with any donor restrictions, there are requirements for the resources to be used in a particular manner or in a future period. One Family has a policy to structure its financial assets to be available and liquid as its obligations become due.

## Note 11 – Subsequent Events – Coronavirus Outbreak

During the third quarter of One Family's 2020 fiscal year, the novel coronavirus grew to become a widespread outbreak of a contagious respiratory disease affecting the human population. This health crisis and related reactive mandates by governments around the world have adversely affected global economies, including here in the United States. In addition to the health risks and the livelihood of people in general, the situation poses potentially serious risks to commerce including material supply and product demand, foreign trade and employment, among other things.

In March, as in other states, the Governor of Massachusetts issued an emergency "stay at home" order, forcing the closure of "non-essential" businesses and resulting in record levels of unemployment. In June, some states, including Massachusetts, implemented a phased-in reopening of workplaces. The success of reopening plans, the spread or reoccurrence of the virus and the duration of the economic disruptions nationally, internationally, and locally, is still uncertain. Likewise, it is uncertain at this time what adverse effects this may have, if any, on the continued support of One Family, its future operating results, and its financial position.