

Domus Kids, Inc.

Financial Statements

June 30, 2024 and 2023



INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
Domus Kids, Inc.**

Opinion

We have audited the accompanying financial statements of Domus Kids, Inc., which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Domus Kids, Inc. as of June 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Domus Kids, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Domus Kids, Inc.'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 auditor's 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 Domus Kids, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Domus Kids, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

PKF O'Connor Davies, LLP

Stamford, Connecticut
January 16, 2025

Domus Kids, Inc.

Statements of Financial Position

	June 30,	
	2024	2023
ASSETS		
Cash and cash equivalents	\$ 3,388,779	\$ 2,822,429
Accounts receivable	562,979	434,869
Contributions receivable	183,832	324,287
Other receivables	175,847	173,877
Prepaid expenses	90,602	171,845
Investments	10,744,969	8,381,948
Beneficial interest in assets held by others	24,506	1,293,565
Property and equipment, net	253,805	232,698
	<u>\$ 15,425,319</u>	<u>\$ 13,835,518</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 360,071	\$ 246,554
Accrued payroll and related expenses	113,043	187,674
Deferred grant revenue	36,819	-
Total Liabilities	<u>509,933</u>	<u>434,228</u>
 Net Assets		
Without Donor Restrictions		
Undesignated funds	4,963,851	4,900,994
Board designated funds	9,037,210	8,284,963
Total Without Donor Restrictions	14,001,061	13,185,957
With Donor Restrictions		
Restricted for time and purposes	914,325	215,333
Total Net Assets	<u>14,915,386</u>	<u>13,401,290</u>
	<u>\$ 15,425,319</u>	<u>\$ 13,835,518</u>

See notes to financial statements

Domus Kids, Inc.

Statement of Activities

	Year Ended June 30, 2024			
	Without Donor Restrictions		With Donor Restrictions	
	Undesignated	Board Designated	Total	Total
REVENUE AND SUPPORT				
Contributions	\$ 2,615,073	\$ -	\$ 2,615,073	\$ 2,893,073
Fee for service government grants and contracts	2,936,969	-	2,936,969	2,936,969
Foundation grants	2,344,905	-	2,344,905	2,889,614
Special events (net of direct donor benefit expenses of \$151,193)	821,555	-	821,555	821,555
In-kind rent and support	43,008	-	43,008	43,008
Investment income, net	-	200,186	200,186	200,186
Income from beneficial interest in assets held by others	6,733	(6,733)	-	-
Rental income	7,800	-	7,800	7,800
Other grants and miscellaneous income	161,144	-	161,144	161,144
Net assets released from restrictions	123,717	-	123,717	-
Total Operating Revenue and Support	9,060,904	193,453	9,254,357	9,953,349
EXPENSES				
Program services	8,064,638	-	8,064,638	8,064,638
Management and general	958,381	-	958,381	958,381
Fundraising	618,295	-	618,295	618,295
Total Expenses	9,641,314	-	9,641,314	9,641,314
Excess (Deficit) of Operating Revenue and Support Over Expenses	(580,410)	193,453	(386,957)	312,035
NONOPERATING ACTIVITIES				
Net change in beneficial interest in assets held by others	-	107,460	107,460	107,460
Net realized and unrealized gains on investments	-	1,094,601	1,094,601	1,094,601
Board authorized transfers to endowment	(250,000)	250,000	-	-
Board authorized transfers to operations	893,267	(893,267)	-	-
Total Nonoperating Activities	643,267	558,794	1,202,061	1,202,061
Change in Net Assets	62,857	752,247	815,104	1,514,096
NET ASSETS				
Beginning of year	4,900,994	8,284,963	13,185,957	13,401,290
End of year	\$ 4,963,851	\$ 9,037,210	\$ 14,001,061	\$ 14,915,386

Domus Kids, Inc.

Statement of Activities

	Year Ended June 30, 2023			
	Without Donor Restrictions		With Donor Restrictions	
	Undesignated	Board Designated	Total	Total
REVENUE AND SUPPORT				
Contributions	\$ 2,444,438	\$ -	\$ 2,444,438	\$ 2,444,438
Fee for service government grants and contracts	1,885,759	-	1,885,759	1,885,759
Foundation grants	2,287,029	-	2,287,029	2,498,641
Special events (net of direct donor benefit expenses of \$177,678)	758,138	-	758,138	758,138
In-kind rent and support	131,450	-	131,450	131,450
Investment income, net	-	181,129	181,129	181,129
Income from beneficial interest in assets held by others	8,024	(8,024)	-	-
Rental income	3,725	-	3,725	3,725
Other grants and miscellaneous income	146,973	-	146,973	146,973
Net assets released from restrictions	131,773	-	131,773	(131,773)
Total Operating Revenue and Support	7,797,309	173,105	7,970,414	8,050,253
EXPENSES				
Program services	6,961,716	-	6,961,716	6,961,716
Management and general	1,062,163	-	1,062,163	1,062,163
Fundraising	616,150	-	616,150	616,150
Total Expenses	8,640,029	-	8,640,029	8,640,029
Excess (Deficit) of Operating Revenue and Support Over Expenses	(842,720)	173,105	(669,615)	(589,776)
NONOPERATING ACTIVITIES				
Gain on sale of real property	-	300	300	300
Net change in beneficial interest in assets held by others	-	82,440	82,440	82,440
Net realized and unrealized gains on investments	-	631,588	631,588	631,588
Board authorized transfers to operations	941,976	(941,976)	-	-
Total Nonoperating Activities	941,976	(227,648)	714,328	714,328
Change in Net Assets	99,256	(54,543)	44,713	124,552
NET ASSETS				
Beginning of year	4,801,738	8,339,506	13,141,244	13,276,738
End of year	\$ 4,900,994	\$ 8,284,963	\$ 13,185,957	\$ 13,401,290

See notes to financial statements

Domus Kids, Inc.

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services							
	School Engagement	Workforce Development	Services	Total Program Services	Management and General	Fundraising	Direct Donor Benefits	Total Expenses
Personnel costs	\$ 1,540,041	\$ 1,022,846	\$ 3,479,345	\$ 6,042,232	\$ 730,337	\$ 534,320	\$ -	\$ 7,306,889
Direct youth services	319,641	176,961	486,092	982,694	-	-	-	982,694
Professional and consulting fees	36,627	31,696	430,816	499,139	38,567	57,785	40,961	636,452
Office related	24,651	14,288	84,720	123,659	76,794	11,917	17,935	230,305
Insurance	29,087	18,312	66,861	114,260	21,546	13,183	-	148,989
Transportation	33,699	39,369	46,113	119,181	28,296	-	-	147,477
Depreciation and amortization	24,146	24,146	24,146	72,438	24,146	-	-	96,584
Venues, food and other event costs	-	-	-	-	-	-	92,297	92,297
Facilities costs	2,353	12,242	24,649	39,244	37,537	882	-	77,663
Other program expenses	16,509	14,674	25,017	56,200	-	186	-	56,386
Staff development	1,496	3,052	11,043	15,591	1,158	22	-	16,771
	2,028,250	1,357,586	4,678,802	8,064,638	958,381	618,295	151,193	9,792,507
Less: Direct donor benefit expenses	-	-	-	-	-	-	(151,193)	(151,193)
Total Expenses	\$ 2,028,250	\$ 1,357,586	\$ 4,678,802	\$ 8,064,638	\$ 958,381	\$ 618,295	\$ -	\$ 9,641,314

See notes to financial statements

Domus Kids, Inc.

Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services							
	School Engagement	Workforce Development	Services	Total Program Services	Management and General	Fundraising	Direct Donor Benefits	Total Expenses
Personnel costs	\$ 1,398,919	\$ 845,154	\$ 3,101,759	\$ 5,345,832	\$ 788,816	\$ 447,758	\$ -	\$ 6,582,406
Direct youth services	302,731	118,912	448,440	870,083	-	-	-	870,083
Professional and consulting fees	34,305	9,809	228,513	272,627	42,040	104,303	31,018	449,988
Office related	30,550	17,666	89,199	137,415	68,241	47,996	26,241	279,893
Insurance	30,517	16,602	68,153	115,272	21,373	13,928	-	150,573
Transportation	24,923	20,489	22,039	67,451	68,720	-	39	136,210
Depreciation and amortization	37,621	37,621	37,621	112,863	37,621	-	-	150,484
Venues, food and other event costs	-	-	-	-	-	-	119,407	119,407
Facilities costs	-	15,529	15,000	30,529	34,147	-	-	64,676
Other program expenses	-	-	-	-	-	1,070	973	2,043
Staff development	937	977	7,730	9,644	1,205	1,095	-	11,944
	1,860,503	1,082,759	4,018,454	6,961,716	1,062,163	616,150	177,678	8,817,707
Less: Direct donor benefit expenses	-	-	-	-	-	-	(177,678)	(177,678)
Total Expenses	\$ 1,860,503	\$ 1,082,759	\$ 4,018,454	\$ 6,961,716	\$ 1,062,163	\$ 616,150	\$ -	\$ 8,640,029

See notes to financial statements

Domus Kids, Inc.

Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,514,096	\$ 124,552
Adjustments to reconcile change in net assets to net cash from operating activities		
Change in beneficial interest in assets held by others	(114,193)	(90,464)
Realized and unrealized gain on investments	(1,094,601)	(631,588)
Depreciation and amortization	96,584	150,484
Gain on sale of property and equipment	-	(300)
Changes in operating assets and liabilities		
Accounts receivable	(128,110)	(187,925)
Contributions receivable	140,455	(260,787)
Other receivables	(1,970)	(137,860)
Employee Retention Credit receivable	-	1,328,204
Prepaid expenses	81,243	(136,649)
Accounts payable and accrued expenses	113,517	(104,760)
Accrued payroll and related expenses	(74,631)	80,167
Deferred grant revenue	36,819	-
Net Cash from Operating Activities	<u>569,209</u>	<u>133,074</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	-	300
Purchases of property and equipment	(117,691)	(69,059)
Proceeds from sale and maturities of investments	2,328,849	100,000
Purchase of investments	(2,269,420)	(1,345,367)
Net distributions from beneficial interest in assets held by others	<u>55,403</u>	<u>67,271</u>
Net Cash from Investing Activities	<u>(2,859)</u>	<u>(1,246,855)</u>
Net Change in Cash and Cash Equivalents	566,350	(1,113,781)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>2,822,429</u>	<u>3,936,210</u>
End of year	<u>\$ 3,388,779</u>	<u>\$ 2,822,429</u>

See notes to financial statements

Domus Kids, Inc.

Notes to Financial Statements June 30, 2024 and 2023

1. Organization

Domus Kids, Inc. ("Domus") is a not-for-profit organization serving children and families through a variety of programs within the Fairfield and Hartford County communities. Domus provided services to over 1,300 young adults (unaudited) during the year ended June 30, 2024.

Program Services – Domus provides the following services:

School Engagement

Domus Knights – The Domus Knights program was launched in the fall of 2017 at Stamford High School to engage disengaged high school youth in intensive interpersonal relationships in order to help them acquire the social and emotional skills, attitudes and habits needed to graduate high school and be ready, willing, and able to succeed in their post-secondary environment.

Domus Vikings – The Domus Vikings program was launched in the October 2020 at West Hill High School to engage disengaged high school youth in intensive interpersonal relationships in order to help them acquire the social and emotional skills, attitudes, and habits needed to graduate high school and be ready, willing, and able to succeed in their post-secondary environment.

Workforce Development

Domus Works (Work & Learn Day) – Domus Works is a youth employment program comprised of several youth-run businesses. Working alongside professionals, youth are paid while they learn vital hard and soft skills which help them get and keep jobs. The program's target population is Stamford youth aged 17 to 25 at high risk for adult unemployment and/or justice system involvement. Businesses include bike repair, small engine repair, culinary, nail-hair salon and woodworking.

Invictus (Pre-release/Re-entry Program) – The Invictus, pre-release/re-entry program works with youth six months before release from incarceration and up to a year after to help them prepare for and gain employment, in order to ensure a successful transition back to the community.

Services

Middle School Family Advocates – The Middle School Family Advocates help disengaged high school students and their families in intensive interpersonal relationships in order to address social, emotional, and life challenges to reduce their impact on school-day learning. Family Advocates started working in the Stamford Public Schools in 2010. The schools currently include Turn of River, Dolan, Rippowam and Cloonan.

Drop-in Center – The Domus Drop-in Center is a program dedicated to enriching the youth of the community. The program offers culinary, sports, dance and step teams, and other engaging activities for youth participation.

Domus Kids, Inc.

Notes to Financial Statements June 30, 2024 and 2023

1. Organization (continued)

Program Services (continued)

Services (continued)

Here-To-Help – The H2H program is a collective impact program that helps students and families access the school and community resources and information needed to ensure students succeed as they re-engage in school post pandemic. Partners include the Stamford Public Schools, Family Centers, and other nonprofits. Domus works with middle and high school students and families for between 3 and 18 months, providing interventions and support to get them back on track in school. These interventions connect students with community resources and/or reconnect them to school. Domus conducts intensive community outreach (including home visits) to determine if these students moved, need adult education, or need to be re-engaged in school.

Hartford Juvenile Detention Center Program – The HJDC Program is a ten-month academic enrichment program conducted at the Hartford Detention Center through a contract with Hartford Board of Education who funds the program. Staff work with youth detained at HJDC prior to sentencing or after sentencing but before assignment to a correctional facility on academic, social, and emotional skill building and enrichment.

After-School Programming at Toquam, Turn of River and KT Murphy – Domus operates after-school programs at the Toquam Magnet Elementary School, Turn of River Middle School and KT Murphy Elementary School in Stamford. These programs offer a diverse array of recreational and academic enrichment programming, providing a safe space for over 100 students at each school to build new skills, improve their academic outcomes, and build relationships with caring adults.

Juvenile Review Board – The Juvenile Review Board (“JRB”) program offers first-time misdemeanor offenders an alternative to the juvenile justice system.

Project New Hope Street Outreach Program – The Project New Hope program engages high-risk youth who are on the path to/or are already engaged in violence and/or gang activity.

Bridgeport and Hartford Juvenile Detention Center Summer Programs – The Bridgeport Juvenile Detention Center (“BJDC”) and Hartford Juvenile Detention Center (“HJDC”) Summer Programs are summer academic enrichment programs conducted at BJDC and HJDC through a contract with the State Court Support Services Division, who funds the program. Staff work with youth detained at BJDC and HJDC prior to sentencing or after sentencing but before assignment to a correctional facility on academic, social, and emotional skill building and enrichment.

Work & Learn After School – Work & Learn After School is an after-school enrichment program for high school students providing them with skills they need to obtain their first job. This program operates for 11 weeks, and the time is split between hands on skills learning and classroom instruction.

Domus Kids, Inc.

Notes to Financial Statements June 30, 2024 and 2023

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Some of the more significant estimates required to be made by management include the allowance for uncollectible receivables and allocation of certain functional expenses.

Change in Accounting Policy

In June 2016, the Financial Accounting Standards Board ("FASB") issued an accounting pronouncement related to the measurement of credit losses on financial instruments. This pronouncement and subsequently issued Accounting Standards Updates ("ASU"s), clarified certain provisions of the new guidance, changed the incurred loss model for most financial assets and required the use of an "expected loss" model for instruments measured at amortized cost. Under this model, entities are required to estimate the lifetime expected credit losses on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The adoption of this guidance on July 1, 2023 expanded Domus' required disclosures for its expected credit losses for receivables, but did not have a material effect on its financial statements.

Net Asset Presentation

Net assets of Domus are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met. This category may also include amounts designated by the Board of Directors.

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of Domus. Certain restrictions may require the assets to be maintained in perpetuity.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments having maturities of three months or less at the time of purchase, excluding cash held in investment accounts.

Domus Kids, Inc.

Notes to Financial Statements June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Receivables and Allowance for Credit Losses

Prior to July 1, 2023, receivables were recorded at the amount invoiced less an allowance for doubtful accounts. The net amount of trade, unbilled and other receivables, and corresponding allowance for doubtful accounts were presented on the statements of financial position. These receivable balances were assessed at every reporting date for collectability and an allowance was recorded if the receivable was considered uncollectible. At June 30, 2023, management determined that an allowance for doubtful accounts was not necessary.

Subsequent to July 1, 2023, receivables are recorded at amortized cost, less an allowance for credit losses that are not expected to be recovered. Domus maintains allowances for credit losses resulting from the expected failure or inability of its customers to make its required payments. Domus recognizes the allowance for credit losses at inception and reassesses at every reporting date based on the asset's expected collectability. The allowance is based on multiple factors including historical experience with bad debts, the credit quality of the customer base, the aging of such receivables and current macroeconomic conditions, as well as expectations of conditions in the future, if applicable. Domus' allowance for credit losses is based on the assessment of the collectability of assets pooled together with similar risk characteristics.

Domus records a provision for expected credit losses using an aging schedule approach. Expected credit losses are determined on the basis of how long a receivable has been outstanding. At each reporting period, Domus assesses whether financial assets in a pool continue to display similar risk characteristics. If particular receivables no longer display risk characteristics that are similar to those of the receivables in the pool, Domus may determine that it needs to move those receivables to a different pool or perform an individual assessment of expected credit losses for those specific receivables. Domus' receivables are short term in nature and are written off only when all collection attempts have failed. If any recoveries are made from any accounts previously written off, they will be recognized in income or as an offset to credit loss expense in the year of recovery. In accordance with Domus' accounting policy election, the total amount of write-offs was immaterial to the financial statements for the year ended June 30, 2024. At June 30, 2024, the allowance for credit losses was not material.

Property and Equipment

Property and equipment is stated at cost, or, if donated, at fair value at the date of donation. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives, which are generally between three and twenty-seven and a half years. Purchases or donations of property and equipment of less than \$5,000 are generally expensed.

Domus Kids, Inc.

Notes to Financial Statements June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Impairment or Disposal of Long-lived Assets

U.S. GAAP requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. There was no impairment expense recorded during the years ended June 30, 2024 and 2023.

Fair Value Measurements

Domus follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

The valuation methodologies used for assets measured at fair value on a recurring basis is as follows:

Money market funds - Valued at the quoted net asset value of shares held by Domus at year end.

Mutual funds - Valued at the quoted net asset value of shares reported in the active market in which the funds are traded at year end.

Government securities - Valued at the quoted net asset value of shares reported in the active market in which the securities are traded at year end.

Corporate bonds - Valued at the closing price reported on the active market on which the individual securities are traded. If prices in active markets are not available, government obligations and corporate bonds are valued based on yields currently available on comparable securities of issues with similar credit ratings.

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

Beneficial Interest in Assets Held by Others

Beneficial interest in assets held by others represents investments held by the Fairfield County Community Foundation, Inc. ("FCCF") on behalf of Domus, which are recorded as net assets without donor restrictions. The beneficial interest in assets held by others is reported at estimated fair value in the statements of financial position.

Domus Kids, Inc.

Notes to Financial Statements June 30, 2024 and 2023

2. Summary of Significant Accounting Policies *(continued)*

Investments and Investment Income

Investments are reported at fair value in the statements of financial position. Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains include Domus' gains and losses on investments bought and sold as well as those held during the year are included in the determination of net assets. Domus' Investment Committee determines Domus' valuation policies and procedures. The Committee utilized information provided by the investment brokers and foundations with which investments are held to value investments.

Revenue from Contracts with Customers

Domus recognizes revenue from contracts with customers in an amount that reflects the consideration that is expected to be received for goods or services when its performance obligations are satisfied by transferring control of those promised goods or services to its customers. Revenue for Domus is applied through the following five-step process:

1. Identify the contract(s) with a customer.
2. Identify the performance obligation in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

Domus disaggregates revenue from contracts with customers by distinguishing between fee for service government grants and contracts from other sources of revenue. This source of revenue represents program service revenue, which can generally be classified as revenue for customer services. Program service revenue is derived from providing the services detailed in Note 1 to the financial statements. Program service revenue is reported at the amount that reflects the consideration to which Domus expects to be entitled in exchange for providing these services. These amounts are due primarily from governmental agencies and other third-party payors. At July 1, 2022, accounts receivable was \$246,944.

Domus recognizes revenue as its performance obligations are completed. The performance obligations are satisfied as the individuals served simultaneously receives and consumes the benefits of the services provided. Revenue generated from fee for service government grants and contracts are typically billed on a monthly basis.

Special event revenue is derived primarily from the sales of tickets and sponsorships related to each event. The fees are recognized as revenue at a point in time, typically, when the event occurs.

Domus Kids, Inc.

Notes to Financial Statements June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Revenue from Contracts with Customers (continued)

Practical Expedients

Customer payment terms are typically less than one year and as such, Domus has applied the practical expedient to exclude consideration of significant financing components from the determination of the transaction price. If taxes are collected from customers and remitted to governmental authorities, they are excluded from net sales. Costs to obtain a contract are generally immaterial, but Domus has elected the practical expedient to expense these costs as incurred if the amortization period of the capitalized cost would be one year or less. As permitted by the guidance, Domus has applied a portfolio approach to evaluating the customer's ability to pay, rather than evaluating each customer's ability to pay separately.

Contributions and Grants

Contributions, including unconditional promises to give, are reported as revenues in the period received. Unconditional promises to give that are due beyond one year are discounted to reflect the present value of future cash flows using a risk adjusted discount rate assigned in the year the respective pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. Conditional promises to give are recognized when the conditions upon which they depend have been substantially met. Revenue from unconditional promises to give are included in the lines contributions and foundations grants in the June 30, 2024 and 2023, statements of activities.

Contributions also include funds received for government grants and contracts that are based on cost-reimbursement and are considered conditional contributions until allowable expenditures are incurred. Accordingly, revenue is recognized as the allowable costs are incurred. Funds received for government grants and contracts that are not yet expended would be reflected as a liability until expended or returned to the funding source. At June 30, 2024 and 2023, deferred grant revenue totaled \$36,819 and \$0.

Contributions that the donor requires to be used to acquire long-lived assets (e.g., building improvements, furniture, fixtures and equipment) are reported as with donor restrictions. Domus reflects the expiration of the donor-imposed restriction when long-lived assets have been placed in service, at which time 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.

Domus Kids, Inc.

Notes to Financial Statements June 30, 2024 and 2023

2. Summary of Significant Accounting Policies *(continued)*

Contributed Goods and Services

Donated goods and services are recognized as contributions if they either: a) create or enhance non-financial assets, or b) require specialized skills, are performed by people with those skills and would otherwise be purchased by Domus if not donated. Numerous volunteers have donated time to Domus' programs. However, the general volunteer services did not meet the criteria for recognition in the financial statements for the years ended June 30, 2024 and 2023.

Functional Expenses

For financial reporting in accordance with U.S. GAAP, Domus allocates its expenses on a functional basis among its program and support services. Expenses that can be specifically identified with a program or support service are allocated directly according to their natural classifications. Expenses that are common to several functions are allocated based on estimates made by management using a salary-weighted method and/or facility square footage, as applicable. Allocated expenses include personnel costs, direct youth services, professional fees, facilities costs, depreciation and amortization, insurance, other program expenses, transportation, and staff development.

For required reporting to governmental agencies and other grantors, expenses are allocated based on the specific terms of the application regulations and/or grant agreement. These expense allocations may be different than those used in preparing these financial statements.

Income Taxes

Domus is generally exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Domus recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that Domus had no uncertain tax positions that would require financial statement recognition or disclosure. Domus is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to July 1, 2021.

Measure of Operations

Domus has elected to include an operating measure in its statements of activities titled *excess (deficit) of operating revenue and support over expenses*. The measure of operations includes all grants, contributions and other support, revenue and expenses with the exception of realized and unrealized gains and losses from its investments and beneficial interest in assets held by others. Significant, non-routine contributions designated by the board at the time of receipt as an asset to be held for long-term investment are also reported outside of the measure of operation.

Domus Kids, Inc.

Notes to Financial Statements June 30, 2024 and 2023

3. Liquidity and Availability of Financial Assets

Domus structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage liquidity needs, Domus may use the board reserves noted in the table below for operations.

The following table reflects Domus available financial assets at June 30, 2024 and 2023, which exclude amounts not available for general use within one year. Amounts not available for use within one year include financial assets with donor restrictions as well as amounts set aside by the Board of Directors for operating and other reserves that could be drawn upon if the Board of Directors approves such action.

	2024	2023
Cash and cash equivalents	\$ 3,388,779	\$2,822,429
Accounts receivable	562,979	434,869
Contributions receivable	183,832	324,287
Other receivables	175,847	173,877
Investments	<u>10,744,969</u>	<u>8,381,948</u>
Total Financial Assets Available Within One Year	15,056,406	12,137,410
Less Amounts Unavailable for General Expenditures:		
Subject to time and purpose restrictions	(914,325)	(215,333)
Board designated funds	<u>(9,037,210)</u>	<u>(8,284,963)</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 5,104,871</u>	<u>\$3,637,114</u>

4. Concentration of Risk

Financial instruments that potentially subject Domus to significant concentrations of credit risk consist principally of cash and cash equivalents, investments and governmental grants.

Domus maintains cash and cash equivalent balances with financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation ("FDIC"). From time to time, the Company's balances may exceed these limits. At June 30, 2024 and 2023, Domus' uninsured bank balances totaled \$3,139,587 and \$2,571,676, and such balances were all with one bank.

Domus' investments consist of money market funds, major index mutual funds, municipal and corporate bonds, and a U.S. Treasury note. The money market funds are not protected by federal depository insurance. The value of the U.S. Treasury note is subject to fluctuations due to general market conditions and interest rates.

A significant portion of Domus' support and revenue is derived from government sources. As with all government funding, this funding may be subject to reduction or termination in future years. Any significant reduction in these grants could have a negative impact on Domus' program services. Domus received approximately 30% and 24% of its revenue and support from government sources for the years ended June 30, 2024 and 2023.

Domus Kids, Inc.

Notes to Financial Statements June 30, 2024 and 2023

5. Investments

Investments, measured at fair value using Level 1 and Level 2 inputs grouped by the fair value hierarchy, consisted of the following at June 30:

	2024	2023
Level 1		
Money market funds	\$ 318,033	\$ 278,674
Major index mutual funds	5,620,341	4,542,645
Government securities	1,338,363	994,590
Municipal bonds	304,774	297,537
	<u>7,581,511</u>	<u>6,113,446</u>
Level 2		
Corporate bonds	3,126,291	2,238,089
Total Investments at Fair Value	<u>10,707,802</u>	<u>8,351,535</u>
Cash equivalents	37,167	30,413
Total Investments	<u>\$10,744,969</u>	<u>\$ 8,381,948</u>

During fiscal year 2024, Domus established an investment account specifically for operating funds. At June 30, 2024, the operating funds investment account balance is \$1,348,364 and consists of government securities of \$1,338,363 and cash equivalents of \$10,001. These amounts are included in the table above under the corresponding captions. The remaining balance of \$9,396,605 in the investment account as of June 30, 2024 is primarily classified as board designated endowment funds (see Note 11).

6. Beneficial Interest in Assets Held By Others

The beneficial interest in assets held by others consists of assets transferred to FCCF for investment on behalf of Domus. This beneficial interest is valued using Level 3 inputs. In accordance with the spending policy of FCCF, up to 4% of the fund value for 2024 and 2023 is available for annual distribution for and to Domus. In addition, the agreement allows for release of funds in excess of the FCCF's spending policy when requested and approved by the Domus Executive Committee to meet working capital, program support and emergency needs and other unforeseen circumstances. Any such release of funds in excess of the FCCF's spending policy must also be approved by FCCF. In May 2024, full withdrawal of Domus funds from FCCF was approved through board resolution, and FCCF also approved the withdrawal. The residual balance of \$24,506 at June 30, 2024, represents accrued interest and was subsequently revived by Domus in October 2024.

Domus Kids, Inc.

Notes to Financial Statements June 30, 2024 and 2023

6. Beneficial Interest in Assets Held By Others (*continued*)

Changes in the beneficial interest in assets held by others for the years ended June 30, 2024 and 2023, is as follows:

Beginning balance July 1, 2022	\$ 1,270,372
Distributions	(67,271)
Appreciation and investment income, net of fees	<u>90,464</u>
Ending balance June 30, 2023	1,293,565
Distributions	(55,403)
Appreciation and investment income, net of fees	114,193
Withdrawal of funds	<u>(1,327,849)</u>
Ending balance June 30, 2024	<u>\$ 24,506</u>

7. Property and Equipment

Property and equipment consisted of the following at June 30:

	Estimated Useful Life	2024	2023
Building and improvements	27.5 yrs	\$ 26,510	\$ 8,465
Leasehold improvements	3-5 yrs	193,918	193,918
Furniture and fixtures	5-7 yrs	145,591	145,591
Vehicles and school bus	5 yrs	555,251	511,210
Computer and office equipment	5-15 yrs	368,341	312,737
Software	3 yrs	<u>308,078</u>	<u>308,078</u>
		1,597,689	1,479,999
Accumulated depreciation and amortization		<u>(1,343,884)</u>	<u>(1,247,301)</u>
Property and Equipment, net		<u>\$ 253,805</u>	<u>\$ 232,698</u>

8. Line of Credit

Domus has an available line of credit of \$500,000 that expires on March 1, 2025. Borrowings were due on demand and were collateralized by substantially all of the assets of Domus. The interest rate at year-end was equal to the Prime Rate plus 0.5%. There were no outstanding borrowings on this line of credit as of June 30, 2024 and 2023. The agreement also included various restrictions and financial covenants of which Domus was in compliance.

Domus Kids, Inc.

Notes to Financial Statements June 30, 2024 and 2023

9. Employee Retention Credit

During the year ended June 30, 2022, Domus qualified for the Employee Retention Credit ("ERC") which is a refundable payroll tax credit for employers who had operations fully or partially suspended due to orders from a governmental authority or whose revenues decreased by a specified threshold. When eligible, an entity can claim a refund in excess of the payroll taxes paid based upon the amount of qualified wages and health insurance paid. Because the amount of the credit is in excess of the payroll taxes paid, the ERC is considered a conditional government grant. Accordingly, Domus has elected to follow the guidance in ASC 958-605 in which conditional government grants are recognized in income as conditions are met. Domus recognized ERC of \$1,328,204 for year ended June 30, 2022. The ERC receivable of \$1,328,204 at June 30, 2022, plus interest of \$112,843, was collected in May 2023. The ERC is subject to audit by the Internal Revenue Service through 2027.

10. Leases

Domus and the City of Stamford had an agreement for the lease of a building in Stamford, Connecticut to host Trailblazers Academy and for corporate office space. The lease term was for a five-year period through June 30, 2014, with four consecutive five-year renewal terms at the City's discretion. The City approved the first of the four five-year extensions. The lease agreement allowed Domus to use approximately 78,300 square feet of space for Trailblazers Academy and administrative offices for \$1 annually in addition to paying for utilities and repair and maintenance costs.

Following the closure of Trailblazers Academy at the end of fiscal year 2019, the lease agreement was effectively terminated, and Domus was required to pay rent in the amount of \$55,000 for use of the 5,100 square feet office space during fiscal years 2021 and 2022. While Domus is currently utilizing this corporate office space, there is not a long-term agreement in place as of June 30, 2024.

Domus also has a month-to-month lease with the City of Stamford for additional office space. Lease payments are \$1 per year. Domus has recorded the estimated fair market value of this lease, based on comparable rents, of \$18,000 and \$20,100 as in-kind rent for the years ended June 30, 2024 and 2023. Rent expense under this operating lease totaled \$18,000 and \$20,100 for the years ended June 30, 2024 and 2023.

11. Board Designated Endowment

Domus has board-designated funds of approximately \$9,037,000 and \$8,285,000 at June 30, 2024 and 2023. The purpose of the board-designated funds is to provide long-term support for Domus' charitable programs (the "Endowment Funds"). Net assets associated with the Endowment Funds are classified and reported based upon the existence or absence of donor-imposed restrictions. In classifying such funds, the Board looks to the explicit directions of the donor, where applicable, and the laws and regulations of the State of Connecticut.

Domus Kids, Inc.

Notes to Financial Statements June 30, 2024 and 2023

11. Board Designated Endowment (*continued*)

The Board has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act ("CUPMIFA") as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted Endowment Funds, as applicable, absent explicit donor stipulations to the contrary. As a result of this interpretation, Domus classifies as donor designated endowment funds held in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with CUPMIFA, the Domus considers the specified factors in making a determination to appropriate or accumulate donor-restricted endowment funds. There were no donor-restricted endowment funds at June 30, 2024 and 2023.

Investment Return Objectives, Risk Parameters and Strategies - Domus has investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its Endowment Funds while also maintaining the purchasing power of those endowment assets. Domus' investment goals are to meet payout requirements calculated in accordance with the established spending rule, to provide sufficient liquidity to meet distribution requirements and to achieve successful investment performance using "total return" as the accepted measurement. Domus' investment strategy is to highly diversify its portfolio in order to minimize volatility and increase returns over time. The asset allocation seeks to balance the relative percentage invested in equity securities, fixed income, money market instruments and other financial instruments.

Spending Policy - Domus has a policy of approving for distribution each year 5% of its Endowment Fund's fair value. Absent the need for a larger distribution to fund operations in a given year, Domus expects the current spending policy to allow its Endowment Funds to grow at a nominal average rate approximately equal to inflation. This is consistent with Domus' objective of maintaining the purchasing power of the endowment assets as well as providing additional real growth through new funds and investment return.

A rollforward of the board designated endowment is as follows:

Board designated net assets, July 1, 2022	\$ 8,339,506
Investment related gains, net	887,133
Board authorized transfers	(941,976)
Other	300
Board designated net assets, June 30, 2023	8,284,963
Investment related gains, net	1,395,514
Board authorized transfers	(643,267)
Board designated net assets, June 30, 2024	<u>\$ 9,037,210</u>

Domus Kids, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

12. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30:

	2024	2023
Programs		
Child Trends Consulting Work	\$ 380,555	\$ -
Domus Works	250,000	-
Juvenile Review Board	100,000	50,205
MDRC	91,616	91,616
Holiday Fund	64,154	66,071
Golf Event	28,000	-
Staff Wellness	-	7,441
Total Net Assets with Donor Restrictions	<u>\$ 914,325</u>	<u>\$ 215,333</u>

Net assets released from donor restrictions consisted of the following during the years ended June 30:

	2024	2023
Programs		
Holiday Fund	\$ 66,071	\$ 69,365
Juvenile Review Board	50,205	-
Staff Wellness	7,441	31,481
COVID-19 Grants	-	26,577
Lion's Den - Mighty Mites	-	4,350
Net Assets Released From Restrictions	<u>\$ 123,717</u>	<u>\$ 131,773</u>

13. In-Kind Rent and Support

In-kind rent and support recorded at estimated fair value was as follows for years ended June 30:

	2024	2023
Included in Revenue and Support:		
Donated supplies	\$ 25,008	\$ 111,350
Office space	18,000	20,100
	<u>\$ 43,008</u>	<u>\$ 131,450</u>
Included in Functional Expenses:		
Direct youth services	\$ 25,008	\$ 111,350
Facilities costs	18,000	20,100
	<u>\$ 43,008</u>	<u>\$ 131,450</u>

Domus Kids, Inc.

Notes to Financial Statements June 30, 2024 and 2023

13. In-Kind Rent and Support (*continued*)

Domus recognized contributed nonfinancial assets within revenue, including contributed supplies and office space. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. The contributed supplies were utilized in general and administrative activities. The donated supplies were valued at the current market value at the time of the donation for the same or similar goods. The contributed office space was utilized in services for the program Project New Hope. The contributed office space was valued as described in Note 10.

14. Retirement Plan

Domus maintains a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code. All employees over 21 years of age, who work a minimum of 1,000 hours per year, become eligible to participate immediately upon hire. Employees may make optional contributions to the plan on a tax-deferred basis up to the maximum amount allowed by the Internal Revenue Service. Domus matches up to 4% of each eligible employee's compensation following one year of service for employees who contributed to the plan. Domus' contributions to the plan were \$123,534 and \$124,648 for the years ended June 30, 2024 and 2023.

15. Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date the financial statements were available to be issued, which date is January 16, 2025.
