

**Domus Kids, Inc.**

Financial Statements

June 30, 2021 and 2020

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Domus Kids, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 Domus Kids, Inc. as of June 30, 2021 and 2020 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.

*PKF O'Connor Davies, LLP*

Stamford, Connecticut  
January 21, 2022

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# Domus Kids, Inc.

## Statements of Financial Position

	June 30,	
	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,395,564	\$ 5,414,977
Accounts, grants and other receivables	443,825	405,723
Prepaid expenses	6,281	18,731
Due from affiliates, net	-	208,585
Investments	6,620,045	4,834,739
Beneficial interest in assets held by others	1,951,854	1,585,854
Property and equipment, net	379,205	600,943
Assets held for sale	309,211	-
	<u>\$ 14,105,985</u>	<u>\$ 13,069,552</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 299,591	\$ 299,989
Accrued payroll and related expenses	63,032	259,216
Refundable advance	-	623,500
Total Liabilities	<u>362,623</u>	<u>1,182,705</u>
 Net Assets		
Without Donor Restrictions		
Undesignated funds	4,385,130	3,427,416
Board designated funds	<u>8,724,570</u>	<u>7,336,360</u>
Total Without Donor Restrictions	13,109,700	10,763,776
With Donor Restrictions		
Restricted for time and purposes	<u>633,662</u>	<u>1,123,071</u>
Total Net Assets	<u>13,743,362</u>	<u>11,886,847</u>
	<u>\$ 14,105,985</u>	<u>\$ 13,069,552</u>

See notes to financial statements

**Domus Kids, Inc.**

Statement of Activities

	Year Ended June 30, 2021				
	Without Donor Restrictions			With Donor	
	Undesignated	Board Designated	Total	Restrictions	Total
<b>REVENUE AND SUPPORT</b>					
Contributions	\$ 1,627,243	\$ -	\$ 1,627,243	\$ 155,500	\$ 1,782,743
Fee for service government grants and contracts	1,902,284	-	1,902,284	-	1,902,284
Paycheck Protection Loan grant income	1,602,003	-	1,602,003	-	1,602,003
Foundation grants	2,130,587	-	2,130,587	103,962	2,234,549
Special events (net of direct donor benefit expenses of \$60,595)	220,431	-	220,431	-	220,431
In-kind rent and support	51,351	-	51,351	-	51,351
Investment income, net	-	131,053	131,053	-	131,053
Income from beneficial interest in assets held by others	56,908	(56,908)	-	-	-
Rental income	4,000	-	4,000	-	4,000
Other grants and miscellaneous income	1,427	-	1,427	-	1,427
Net assets released from restrictions	748,871	-	748,871	(748,871)	-
Total Operating Revenue and Support	8,345,105	74,145	8,419,250	(489,409)	7,929,841
<b>EXPENSES</b>					
Program services	6,281,733	-	6,281,733	-	6,281,733
Management and general	1,006,552	-	1,006,552	-	1,006,552
Fundraising	392,198	-	392,198	-	392,198
Total Expenses	7,680,483	-	7,680,483	-	7,680,483
Excess (Deficit) of Operating Revenue and Support Over Expenses	664,622	74,145	738,767	(489,409)	249,358
<b>NONOPERATING ACTIVITIES</b>					
Net change in beneficial interest in assets held by others	-	401,186	401,186	-	401,186
Net realized and unrealized gains on investments	-	1,205,971	1,205,971	-	1,205,971
Board authorized transfers	293,092	(293,092)	-	-	-
Total Nonoperating Activities	293,092	1,314,065	1,607,157	-	1,607,157
Change in Net Assets	957,714	1,388,210	2,345,924	(489,409)	1,856,515
<b>NET ASSETS</b>					
Beginning of year	3,427,416	7,336,360	10,763,776	1,123,071	11,886,847
End of year	\$ 4,385,130	\$ 8,724,570	\$ 13,109,700	\$ 633,662	\$ 13,743,362

See notes to financial statements

**Domus Kids, Inc.**

Statement of Activities

	Year Ended June 30, 2020				
	Without Donor Restrictions			With Donor	
	Undesignated	Board Designated	Total	Restrictions	Total
<b>REVENUE AND SUPPORT</b>					
Contributions	\$ 2,169,767	\$ -	\$ 2,169,767	\$ 186,900	\$ 2,356,667
Fee for service government grants and contracts	2,130,301	-	2,130,301	-	2,130,301
Paycheck Protection Loan grant income	473,000	-	473,000	-	473,000
Service fees charged to affiliates	123,600	-	123,600	-	123,600
Foundation grants	1,905,560	-	1,905,560	625,730	2,531,290
Special events (net of direct donor benefit expenses of \$54,495)	834,760	-	834,760	-	834,760
In-kind rent and support	57,381	-	57,381	-	57,381
Investment income, net	15,216	130,505	145,721	-	145,721
Income from beneficial interest in assets held by others	57,769	(57,769)	-	-	-
Rental income	17,300	-	17,300	-	17,300
Other grants and miscellaneous income	58,122	-	58,122	-	58,122
Net assets released from restrictions	399,473	-	399,473	(399,473)	-
Total Operating Revenue and Support	<u>8,242,249</u>	<u>72,736</u>	<u>8,314,985</u>	<u>413,157</u>	<u>8,728,142</u>
<b>EXPENSES</b>					
Program services	6,736,709	-	6,736,709	-	6,736,709
Management and general	829,159	-	829,159	-	829,159
Fundraising	428,322	-	428,322	-	428,322
Total Expenses	<u>7,994,190</u>	<u>-</u>	<u>7,994,190</u>	<u>-</u>	<u>7,994,190</u>
Excess (Deficit) of Operating Revenue and Support Over Expenses	<u>248,059</u>	<u>72,736</u>	<u>320,795</u>	<u>413,157</u>	<u>733,952</u>
<b>NONOPERATING ACTIVITIES</b>					
Net change in beneficial interest in assets held by others	-	(24,333)	(24,333)	-	(24,333)
Net realized and unrealized gains on investments	-	153,828	153,828	-	153,828
Board authorized transfers	292,231	(292,231)	-	-	-
Total Nonoperating Activities	<u>292,231</u>	<u>(162,736)</u>	<u>129,495</u>	<u>-</u>	<u>129,495</u>
Change in Net Assets	540,290	(90,000)	450,290	413,157	863,447
<b>NET ASSETS</b>					
Beginning of year	<u>2,887,126</u>	<u>7,426,360</u>	<u>10,313,486</u>	<u>709,914</u>	<u>11,023,400</u>
End of year	<u>\$ 3,427,416</u>	<u>\$ 7,336,360</u>	<u>\$ 10,763,776</u>	<u>\$ 1,123,071</u>	<u>\$ 11,886,847</u>

See notes to financial statements

**Domus Kids, Inc.**

Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services							
	School	Out of School	Juvenile Justice	Total Program Services	Management and General	Fundraising	Direct Donor Benefits	Total Expenses
Personnel costs	\$ 3,043,197	\$ 732,908	\$ 1,036,696	\$ 4,812,801	\$ 684,973	\$ 338,644	\$ -	\$ 5,836,418
Grants to affiliated schools	-	-	-	-	-	-	-	-
Direct youth services	337,240	150,169	145,204	632,613	-	-	-	632,613
Office related	117,836	26,036	29,094	172,966	95,559	26,698	15,469	310,692
Professional and consulting fees	189,527	56,078	54,771	300,376	63,154	17,968	4,633	386,131
Facilities costs	9,895	21,680	43,757	75,332	40,279	-	-	115,611
Insurance	96,958	13,130	16,805	126,893	38,441	8,787	-	174,121
Depreciation and amortization	22,435	16,772	71,685	110,892	35,880	-	-	146,772
Transportation	15,289	640	6,386	22,315	39,191	91	-	61,597
Other program expenses	16,695	1,201	1,404	19,300	8,854	-	2,706	30,860
Venues, food and other event costs	-	-	-	-	-	-	37,787	37,787
Staff development	6,931	-	1,314	8,245	221	10	-	8,476
	3,856,003	1,018,614	1,407,116	6,281,733	1,006,552	392,198	60,595	7,741,078
Less: Direct donor benefit expenses	-	-	-	-	-	-	(60,595)	(60,595)
Total Expenses	<u>\$ 3,856,003</u>	<u>\$ 1,018,614</u>	<u>\$ 1,407,116</u>	<u>\$ 6,281,733</u>	<u>\$ 1,006,552</u>	<u>\$ 392,198</u>	<u>\$ -</u>	<u>\$ 7,680,483</u>

See notes to financial statements

**Domus Kids, Inc.**

Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services							
	School	Out of School	Juvenile Justice	Total Program Services	Management and General	Fundraising	Direct Donor Benefits	Total Expenses
Personnel costs	\$ 2,971,329	\$ 860,147	\$ 927,870	\$ 4,759,346	\$ 506,145	\$ 396,240	\$ -	\$ 5,661,731
Grants to affiliated schools	405,975	-	-	405,975	-	-	-	405,975
Direct youth services	209,328	431,887	128,900	770,115	-	-	-	770,115
Office related	103,826	32,588	28,472	164,886	98,595	25,103	8,738	297,322
Professional and consulting fees	129,696	42,689	34,842	207,227	75,491	300	5,550	288,568
Facilities costs	50,596	66,931	58,913	176,440	45,951	154	-	222,545
Insurance	54,154	19,247	19,146	92,547	32,564	5,834	-	130,945
Depreciation and amortization	7,439	7,887	57,587	72,913	11,213	-	-	84,126
Transportation	15,101	1,841	10,172	27,114	49,880	367	-	77,361
Other program expenses	31,742	2,792	1,669	36,203	8,132	324	-	44,659
Venues, food and other event costs	-	-	-	-	-	-	40,207	40,207
Staff development	17,186	3,650	3,107	23,943	1,188	-	-	25,131
	3,996,372	1,469,659	1,270,678	6,736,709	829,159	428,322	54,495	8,048,685
Less: Direct donor benefit expenses	-	-	-	-	-	-	(54,495)	(54,495)
Total Expenses	<u>\$ 3,996,372</u>	<u>\$ 1,469,659</u>	<u>\$ 1,270,678</u>	<u>\$ 6,736,709</u>	<u>\$ 829,159</u>	<u>\$ 428,322</u>	<u>\$ -</u>	<u>\$ 7,994,190</u>

See notes to financial statements

# Domus Kids, Inc.

## Statements of Cash Flows

	Year Ended June 30,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,856,515	\$ 863,447
Adjustments to reconcile change in net assets to net cash from operating activities		
Gain in beneficial interest in assets held by others	(422,908)	7,181
Depreciation and amortization	146,772	84,126
Realized and unrealized gains on investments	(1,205,971)	(153,828)
Changes in operating assets and liabilities		
Accounts, grants and other receivables	(38,102)	162,877
Prepaid expenses	12,450	20,188
Accounts payable and accrued expenses	(398)	91,723
Accrued payroll and related expenses	(196,184)	82,211
Due to / from affiliates, net	208,585	(449,496)
Refundable advance	(623,500)	623,500
Net Cash from Operating Activities	(262,741)	1,331,929
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(234,245)	(128,959)
Proceeds from sale and maturities of investments	990,938	200,000
Purchase of investments	(1,570,273)	(314,267)
Net distributions from beneficial interest in assets held by others	56,908	57,769
Net Cash from Investing Activities	(756,672)	(185,457)
Net Change in Cash and Cash Equivalents	(1,019,413)	1,146,472
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	5,414,977	4,268,505
End of year	\$ 4,395,564	\$ 5,414,977

See notes to financial statements



## **Domus Kids, Inc.**

### **Notes to Financial Statements June 30, 2021 and 2020**

#### **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 New Haven County communities. Domus provided services to over 1,300 young adults (unaudited) during the year ended June 30, 2021.

During the year ended June 30, 2020, Domus shared corporate office space, certain management functions and other general and administrative costs and services with the independent charter school, Stamford Academy, Inc. ("Stamford Academy"). Stamford Academy shut down operations at the end of the 2019-2020 school year. Prior to June 30, 2020, Domus had a similar arrangement with Trailblazers Academy, Inc. ("Trailblazers Academy"). This arrangement was terminated at the end of the 2018-2019 school year which was the final year of operations of Trailblazers Academy.

**Program Services** – Domus provides the following services:

##### ***School***

***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.

***Domus Knights*** – The Domus Knights program was launched in the fall of 2017 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 in Stamford, Connecticut at West Hill High School and 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.

***Family Advocates*** – Family Advocates help students and their families address social, emotional, and life challenges to reduce their impact on school-day learning. Family Advocates work in the Domus schools and the Stamford Public Schools.

***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.

## **Domus Kids, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

### **1. Organization (*continued*)**

#### ***Program Services (continued)***

##### ***Out of School***

***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. The 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.

***Summer Camps*** – Summer camps serve 350 youth with recreation and academic enrichment each summer, two camps one at Lockwood Avenue site and one at Chester Addison.

##### ***Juvenile Justice***

***Bridges*** – The Bridges program helps participants transition into adulthood by assisting with independent apartment living in Bridgeport, Norwalk, and Stamford.

***Invictus, pre-release/re-entry program*** – The Invictus, pre-release/re-entry program works with youth six months before released 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.

***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.

***The Work and Learn Business Center*** – The Work and Learn Business Center 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 14 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.

## **Domus Kids, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

### **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.

#### ***Adoption of New Accounting Policy: Revenue from Contracts with Customers***

Recent accounting pronouncement FASB ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) was adopted by Domus as of July 1, 2020. The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. The effects of applying ASU 2014-09 had no impact on the way Domus was recognizing revenue and therefore, no adjustment was made to the financial statements as previously reported.

#### ***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.

#### ***Allowance for Uncollectible Receivables***

An allowance for uncollectible receivables is estimated based on a combination of historical bad debts, aging analysis and any specifically known troubled accounts. Management has concluded that an allowance is not required at June 30, 2021 and 2020.

## **Domus Kids, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

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

#### ***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.

*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, 2021 and 2020.

#### ***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 foundation with which investments are held to value investments.

#### ***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, 2021 and 2020

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

#### ***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.

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. During the year ended June 30, 2020, services fees charged to affiliates were recognized evenly over the related service period as the services were provided.

#### ***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.

## **Domus Kids, Inc.**

### **Notes to Financial Statements June 30, 2021 and 2020**

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

### ***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.

### ***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, 2021 and 2020 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. These revenues are included in the line item Paycheck Protection Loan grant income in the statements of activities. 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.

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.

### ***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, 2021 and 2020.

## **Domus Kids, Inc.**

### **Notes to Financial Statements June 30, 2021 and 2020**

## **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, 2021 and 2020.

### ***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, 2018.

### ***Measure of Operations***

Domus has elected to include an operating measure in its statement 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.

### ***Reclassifications***

Certain information in the prior year's financial statements has been reclassified to conform to the current year's presentation.

## Domus Kids, Inc.

### Notes to Financial Statements June 30, 2021 and 2020

#### 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, 2021 and 2020, 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.

	2021	2020
Cash and cash equivalents	\$ 4,395,564	\$ 5,414,977
Accounts, grants and other receivables	443,825	405,723
Investments	<u>6,620,045</u>	<u>4,834,739</u>
 Total Financial Assets Available Within One Year	 11,459,434	 10,655,439
 Less Amounts Unavailable for General Expenditures:		
Subject to time and purpose restrictions	(633,662)	(1,123,071)
Board designated funds	<u>(8,724,570)</u>	<u>(7,336,360)</u>
 Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	 <u>\$ 2,101,202</u>	 <u>\$ 2,196,008</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. At times, cash balances held at financial institutions may be in excess of federally insured limits. Domus has not experienced any losses in its cash deposits. Domus' investments consist of money market funds, major index mutual funds, municipal bonds, 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 45% and 31% of its revenue and support from government sources for the years ended June 30, 2021 and 2020.



# Domus Kids, Inc.

## Notes to Financial Statements June 30, 2021 and 2020

### 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:

	<u>2021</u>	<u>2020</u>
Level 1		
U.S. Treasury note	\$ -	\$ 691,151
Money market funds	13,263	125,771
Municipal bonds	354,219	-
Major index mutual fund	<u>4,633,354</u>	<u>3,063,568</u>
	5,000,836	3,880,490
Level 2		
Corporate bonds	<u>1,131,572</u>	<u>940,556</u>
	6,132,408	4,821,046
Cash equivalents	<u>487,637</u>	<u>13,693</u>
Total Investments	<u><u>\$ 6,620,045</u></u>	<u><u>\$ 4,834,739</u></u>

### 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 2021 and 2020 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.

Changes in the beneficial interest in assets held by others for the years ended June 30, 2021 and 2020 is as follows:

Beginning balance July 1, 2019	\$ 1,650,804
Distributions	(57,769)
Appreciation and investment income, net of fees	<u>(7,181)</u>
Ending balance June 30, 2020	1,585,854
Distributions	(56,908)
Appreciation and investment income, net of fees	<u>422,908</u>
Ending balance June 30, 2021	<u><u>\$ 1,951,854</u></u>

## Domus Kids, Inc.

### Notes to Financial Statements June 30, 2021 and 2020

#### 7. Related Party Transactions

##### *Service Agreements and Support*

For the year ended June 30, 2020, Domus had a service agreement with Stamford Academy to provide certain administrative and program support services to the School in exchange for fees billed at a fixed contractual annual rate of \$120,000. Any changes to the contractual fee required approval by the School's Board of Directors. Domus also provided certain administrative and program support services in-kind to Stamford Academy.

Support provided to Stamford Academy during the year ended June 30, 2020 was \$405,975 in cash and \$300,000 in in-kind support services. The cash support amount is included in grants to affiliated schools in the accompanying statements of functional expenses for the year ended June 30, 2020.

In January 2020, Stamford Academy informed Domus that it would be surrendering its charter to operate as a charter school. The State of Connecticut Board of Education approved the charter surrender and Stamford Academy's last year of operations was the 2019-2020 school year.

No cash or in-kind support was provided to Stamford Academy during the year ended June 30, 2021.

##### *Due From Affiliates*

Amounts due from affiliates at June 30, 2020 were for services provided to Stamford Academy and Trailblazers Academy of \$164,511 and \$44,074. All amounts were settled during the year ended June 30, 2021.

#### 8. Property and Equipment

Property and equipment consisted of the following at June 30:

	2021	2020
Building and improvements	\$ 8,465	\$ 727,749
Leasehold improvements	193,918	193,919
Furniture and fixtures	145,591	145,591
Vehicles and school bus	495,461	423,630
Computer and office equipment	283,793	218,985
Software	308,078	82,754
Work in progress	-	123,060
	1,435,306	1,915,688
Accumulated depreciation and amortization	(1,056,101)	(1,334,745)
	379,205	580,943
Land	-	20,000
Property and Equipment, net	<u>\$ 379,205</u>	<u>\$ 600,943</u>

## **Domus Kids, Inc.**

### **Notes to Financial Statements June 30, 2021 and 2020**

#### **9. Debt**

##### ***Bank Line of Credit***

Domus had an available line of credit of \$500,000 that expires on March 1, 2022. Borrowings were due on demand and were collateralized by substantially all of the assets of Domus. The yearly 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, 2021 and 2020. The agreement also included various restrictions and financial covenants of which Domus was in compliance.

##### ***Paycheck Protection Program Loans***

On May 6, 2020, Domus received loan proceeds in the amount of \$1,096,500 under the Paycheck Protection Program (the "PPP"). The PPP Loan, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. Domus received legal release of the PPP Loan from the Small Business Administration (the "SBA") on March 11, 2021 and elected to treat the amount released as grant income in the statements of activities. For the years ended June 30, 2021 and 2020, Domus recognized \$623,500 and \$473,000 of income, respectively, for qualified expenditures incurred.

On January 29, 2021, Domus received a second PPP loan (the "PPP 2 Loan") in the amount of \$978,503. The loan and accrued interest are forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act. The amount of loan forgiveness is reduced if the borrower terminates employees or reduces salaries during the covered period. For the year ended June 30, 2021, Domus recognized \$978,503 of income for qualified expenditures incurred. On November 2, 2021, the PPP 2 Loan was legally released by the SBA.

#### **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 has 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 2020 and 2021. While Domus is currently utilizing this corporate office space, there is not a long term agreement in place as of June 30, 2021.

## **Domus Kids, Inc.**

### **Notes to Financial Statements June 30, 2021 and 2020**

#### **10. Leases (*continued*)**

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 value of this lease of \$18,000 and \$18,000 as in-kind rent for 2021 and 2020. Rent expense under this operating lease totaled \$18,000 and \$18,000 for 2021 and 2020.

#### **11. Board Designated Endowment**

Domus has board-designated funds of approximately \$8,724,500 and \$7,336,000 at June 30, 2021 and 2020. 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.

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, 2021 and 2020.

*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.

**Domus Kids, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

**12. Net Assets With Donor Restrictions**

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

	<u>2021</u>	<u>2020</u>
Purposes		
Property, buildings, building improvements, and other equipment subject to liens	\$ 285,255	\$ 285,255
Programs		
Domus Vikings	142,500	-
Holiday Fund	94,755	25,793
COVID-19 Grants	26,674	49,905
Domus Niner	25,000	-
Domus House	15,737	15,737
Domus Knights	12,500	450,000
Staff wellness	12,373	13,640
Gala	5,000	-
Work & Learn Day	5,000	-
Chester Addison Community Center	4,518	4,518
Lion's Den	4,350	3,849
Reentry programs	-	200,683
Pelican emergency fund	-	8,691
Golf Event	-	6,000
Funds held for future use	-	59,000
Total Net Assets with Donor Restrictions	<u>\$ 633,662</u>	<u>\$ 1,123,071</u>

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

	<u>2021</u>	<u>2020</u>
Programs		
Domus Knights	\$ 450,000	\$ -
Reentry programs	200,683	228,656
COVID-19 Grants	23,230	-
Pelican emergency fund	8,691	-
Golf Event	6,000	-
Staff wellness	1,267	644
Lion's Den	-	146,519
Holiday Fund	-	10,938
Corporate	-	7,487
Scholarships	-	5,229
Funds held for future use	59,000	-
Net Assets Released From Restrictions	<u>\$ 748,871</u>	<u>\$ 399,473</u>

## Domus Kids, Inc.

### Notes to Financial Statements June 30, 2021 and 2020

#### 13. In-Kind Rent and Support

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

	2021	2020
Included in Revenue and Support:		
Donated supplies	\$ 33,351	\$ 39,381
Office space	18,000	18,000
	<u>\$ 51,351</u>	<u>\$ 57,381</u>
Included in Functional Expenses:		
Direct youth services	\$ 33,351	\$ 39,381
Facilities costs	18,000	18,000
	<u>\$ 51,351</u>	<u>\$ 57,381</u>

#### 14. Federal and State of Connecticut Grants

Domus has in prior years received funding from the Federal Government's Community Development Block Grants and the State of Connecticut's DCF Bond Act 99-242 and 01-02, for the purpose of facility building improvements. Liens have been placed on Domus' land and buildings until various ongoing terms and conditions of these grants are fulfilled. The liens are in place at June 30, 2021 and are set to expire at various times through 2023.

#### 15. 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 \$107,923 and \$102,978 for the years ended June 30, 2021 and 2020.

#### 16. Assets Held for Sale

Assets held for sale represent the net book value of a building, building improvements and land as of June 30, 2021. This property was held for sale beginning in May 2021.

## **Domus Kids, Inc.**

### **Notes to Financial Statements June 30, 2021 and 2020**

#### **17. COVID-19**

The full impact of the COVID-19 outbreak continues to evolve as of the date of these financial statements were available for issuance. As such, it is uncertain as to the full magnitude that the pandemic will have on Domus' financial condition, liquidity, cash flows and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, cash flows, funding sources, operations and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, Domus is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, liquidity, or cash flows for fiscal year 2021.

#### **18. 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 21, 2022.

In October 2021, Domus sold to a third-party the assets held for sale described in Note 16 for gross sale value of \$705,000. Closing and other costs at the time of the sale amounts to \$227,952, resulting in net proceeds to Domus in the amount of \$477,048. The net proceeds were received by Domus on October 7, 2021. Included in the closing costs is \$178,960 of repayments on liens related to loans received from the City of Stamford for improvements to the property. As described in Note 14, these liens would have expired through 2023 if the property were still going to be used to support the operations of Domus.

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