

**COMMUNITY SERVINGS, INC. AND AFFILIATE  
CONSOLIDATING AND CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 AND 2023  
AND CONSOLIDATED SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS AND REPORTS ON  
COMPLIANCE AND INTERNAL CONTROL  
YEAR ENDED JUNE 30, 2024**

**COMMUNITY SERVINGS, INC. AND AFFILIATE  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

**Table of Contents**

	<b><u>Page</u></b>
<b>Independent Auditor's Report</b>	1 - 3
<b>Financial Statements</b>	
Consolidating statements of financial position	4 - 7
Consolidating statements of activities and changes in net assets	8 - 9
Consolidating statements of functional expenses	10 - 11
Consolidated statements of cash flows	12 - 13
Notes to consolidating and consolidated financial statements	14 - 29
<b>Supplementary Information</b>	
Consolidated schedule of expenditures of federal awards and notes thereto	30 - 32
Independent auditor's report on compliance for each major federal program and on internal control over compliance required by the Uniform Guidance	33 - 35
Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	36 - 37
Schedule of findings and questioned costs	38
Summary schedule of prior audit findings	39

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Community Servings, Inc. and Affiliate  
Jamaica Plain, Massachusetts

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying consolidating and consolidated financial statements of Community Servings, Inc. and Affiliate, which comprise the consolidating statements of financial position as of June 30, 2024 and 2023, and the related consolidating statements of activities and changes in net assets, functional expenses, and the consolidated statements of cash flows for the years then ended, and the related notes to the consolidating and consolidated financial statements.

In our opinion, the consolidating and consolidated financial statements present fairly, in all material respects, the financial position of Community Servings, Inc. and Affiliate as of June 30, 2024 and 2023, and the results of their operations 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are required to be independent of Community Servings, Inc. and Affiliate and to meet our other ethical responsibilities in accordance with 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 consolidating and consolidated 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 consolidating and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

***Responsibilities of Management for the Financial Statements (Continued)***

In preparing the consolidating and consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Servings, Inc. and Affiliate's ability to continue as a going concern within one year after the date that the consolidating and consolidated financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidating and consolidated 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 and *Government 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 consolidating and consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidating and consolidated 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 consolidating and consolidated 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 Community Servings, Inc. and Affiliate'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 consolidating and consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Servings, Inc. and Affiliate'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.


"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNI). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidating and consolidated financial statements as a whole. The accompanying consolidated schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidating and consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidating and consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidating and consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating and consolidated financial statements or to the consolidating and consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidated schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidating and consolidated financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2024, on our consideration of Community Servings, Inc. and Affiliate's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Servings, Inc. and Affiliate's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Servings, Inc. and Affiliate's internal control over financial reporting and compliance.



Braintree, Massachusetts  
November 12, 2024

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2024**

**ASSETS**

	<b>2024</b>				
	<u>Community</u> <u>Servings, Inc.</u>	<u>Marbury</u> <u>Terrace, Inc.</u>	<u>Eliminations</u>	<u>Total</u>	<u>2023</u>
Current assets:					
Cash and cash equivalents	\$ 5,039,613	\$ 258,521	\$ -	\$ 5,298,134	\$ 6,514,466
Restricted cash	84,000	-	-	84,000	66,000
Accounts receivable	3,103,060	-	-	3,103,060	1,980,337
Grants and contributions receivable, current portion	76,600	-	-	76,600	1,229,714
Food supplies	146,469	-	-	146,469	96,768
Prepaid expenses and other current assets	425,049	-	-	425,049	251,111
Certificates of deposit	2,542,598	-	-	2,542,598	2,493,474
Due (to) from related party	<u>36,200</u>	<u>(36,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	<u>11,453,589</u>	<u>222,321</u>	<u>-</u>	<u>11,675,910</u>	<u>12,631,870</u>
Property and equipment, net	<u>2,791,982</u>	<u>23,012,076</u>	<u>-</u>	<u>25,804,058</u>	<u>24,554,565</u>
Operating lease right-of-use asset	<u>13,682,856</u>	<u>-</u>	<u>(8,437,561)</u>	<u>5,245,295</u>	<u>5,388,990</u>
Other assets:					
Grants and contributions receivable, net of current portion, allowance and discount	197,882	-	-	197,882	301,515
Certificates of deposit	750,298	-	-	750,298	750,000
Deferred rent receivable	-	2,963,343	(2,963,343)	-	-
Notes receivable	<u>13,280,000</u>	<u>-</u>	<u>-</u>	<u>13,280,000</u>	<u>13,280,000</u>
Total other assets	<u>14,228,180</u>	<u>2,963,343</u>	<u>(2,963,343)</u>	<u>14,228,180</u>	<u>14,331,515</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 42,156,607</b></u>	<u><b>\$ 26,197,740</b></u>	<u><b>\$(11,400,904)</b></u>	<u><b>\$ 56,953,443</b></u>	<u><b>\$ 56,906,940</b></u>

See accompanying notes to consolidating and consolidated financial statements.

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2024**

**LIABILITIES AND NET ASSETS**

	<b>2024</b>				
	<u>Community Servings, Inc.</u>	<u>Marbury Terrace, Inc.</u>	<u>Eliminations</u>	<u>Total</u>	<u>2023</u>
Current liabilities:					
Notes payable, current portion	\$ 84,921	\$ -	\$ -	\$ 84,921	\$ 82,886
Operating lease liability, current portion	207,939	-	-	207,939	94,550
Accounts payable	302,265	-	-	302,265	377,784
Accrued expenses	838,148	-	-	838,148	704,048
Refundable advances	<u>870,495</u>	<u>-</u>	<u>-</u>	<u>870,495</u>	<u>965,002</u>
Total current liabilities	<u>2,303,768</u>	<u>-</u>	<u>-</u>	<u>2,303,768</u>	<u>2,224,270</u>
Long-term liabilities:					
Operating lease liability, net of current portion	16,689,543	-	(11,400,904)	5,288,639	5,370,948
Notes payable, net of current portion and deferred financing costs	<u>2,246,206</u>	<u>19,938,289</u>	<u>-</u>	<u>22,184,495</u>	<u>22,258,764</u>
Total long-term liabilities	<u>18,935,749</u>	<u>19,938,289</u>	<u>(11,400,904)</u>	<u>27,473,134</u>	<u>27,629,712</u>
Total liabilities	<u>21,239,517</u>	<u>19,938,289</u>	<u>(11,400,904)</u>	<u>29,776,902</u>	<u>29,853,982</u>
Net assets:					
Without donor restrictions:					
Operating	5,532,175	3,064,630	-	8,596,805	7,777,675
Board designated - reserve	712,302	121,034	-	833,336	633,336
Net investment in property and equipment	<u>13,740,855</u>	<u>3,073,787</u>	<u>-</u>	<u>16,814,642</u>	<u>15,492,915</u>
Total without donor restrictions	19,985,332	6,259,451	-	26,244,783	23,903,926
With donor restrictions	<u>931,758</u>	<u>-</u>	<u>-</u>	<u>931,758</u>	<u>3,149,032</u>
Total net assets	<u>20,917,090</u>	<u>6,259,451</u>	<u>-</u>	<u>27,176,541</u>	<u>27,052,958</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 42,156,607</u>	<u>\$ 26,197,740</u>	<u>\$ (11,400,904)</u>	<u>\$ 56,953,443</u>	<u>\$ 56,906,940</u>

See accompanying notes to consolidating and consolidated financial statements.

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2023**

**ASSETS**

	<u>Community Servings, Inc.</u>	<u>Marbury Terrace, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
Current assets:				
Cash and cash equivalents	\$ 6,172,401	\$ 342,065	\$ -	\$ 6,514,466
Restricted cash	66,000	-	-	66,000
Accounts receivable	1,980,337	-	-	1,980,337
Grants and contributions receivable, current portion	1,229,714	-	-	1,229,714
Food supplies	96,768	-	-	96,768
Prepaid expenses and other current assets	251,111	-	-	251,111
Certificates of deposit	2,493,474	-	-	2,493,474
Due (to) from related party	<u>36,200</u>	<u>(36,200)</u>	<u>-</u>	<u>-</u>
Total current assets	<u>12,326,005</u>	<u>305,865</u>	<u>-</u>	<u>12,631,870</u>
Property and equipment, net	<u>731,584</u>	<u>23,822,981</u>	<u>-</u>	<u>24,554,565</u>
Operating lease right-of-use asset	<u>14,264,334</u>	<u>-</u>	<u>(8,875,344)</u>	<u>5,388,990</u>
Other assets:				
Grants and contributions receivable, net of current portion, allowance and discount	301,515	-	-	301,515
Certificates of deposit	750,000	-	-	750,000
Deferred rent receivable	-	2,327,505	(2,327,505)	-
Notes receivable	<u>13,280,000</u>	<u>-</u>	<u>-</u>	<u>13,280,000</u>
Total other assets	<u>14,331,515</u>	<u>2,327,505</u>	<u>(2,327,505)</u>	<u>14,331,515</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 41,653,438</u></b>	<b><u>\$ 26,456,351</u></b>	<b><u>\$ (11,202,849)</u></b>	<b><u>\$ 56,906,940</u></b>

See accompanying notes to consolidating and consolidated financial statements.



**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2023**

**LIABILITIES AND NET ASSETS**

	<u>Community Servings, Inc.</u>	<u>Marbury Terrace, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
Current liabilities:				
Notes payable, current portion	\$ 82,886	\$ -	\$ -	\$ 82,886
Operating lease liability, current portion	94,550	-	-	94,550
Accounts payable	377,784	-	-	377,784
Accrued expenses	704,048	-	-	704,048
Refundable advances	<u>965,002</u>	<u>-</u>	<u>-</u>	<u>965,002</u>
Total current liabilities	<u>2,224,270</u>	<u>-</u>	<u>-</u>	<u>2,224,270</u>
Long-term liabilities:				
Operating lease liability, net of current portion	16,573,797	-	(11,202,849)	5,370,948
Notes payable, net of current portion and deferred financing costs	<u>2,370,315</u>	<u>19,888,449</u>	<u>-</u>	<u>22,258,764</u>
Total long-term liabilities	<u>18,944,112</u>	<u>19,888,449</u>	<u>(11,202,849)</u>	<u>27,629,712</u>
Total liabilities	<u>21,168,382</u>	<u>19,888,449</u>	<u>(11,202,849)</u>	<u>29,853,982</u>
Net assets:				
Without donor restrictions:				
Operating	5,265,339	2,512,336	-	7,777,675
Board designated - reserve	512,302	121,034	-	633,336
Net investment in property and equipment	<u>11,558,383</u>	<u>3,934,532</u>	<u>-</u>	<u>15,492,915</u>
Total without donor restrictions	17,336,024	6,567,902	-	23,903,926
With donor restrictions	<u>3,149,032</u>	<u>-</u>	<u>-</u>	<u>3,149,032</u>
Total net assets	<u>20,485,056</u>	<u>6,567,902</u>	<u>-</u>	<u>27,052,958</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 41,653,438</u></b>	<b><u>\$ 26,456,351</u></b>	<b><u>\$ (11,202,849)</u></b>	<b><u>\$ 56,906,940</u></b>

See accompanying notes to consolidating and consolidated financial statements.

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Community Servings, Inc.							
	Without Donor Restrictions	With Donor Restrictions	Total	Marbury Terrace, Inc.	Eliminations	Total Without Donor Restrictions	Total With Donor Restrictions	Total
Operating activities:								
Revenue and support:								
Grants and contributions	\$ 6,686,432	\$ 450,550	\$ 7,136,982	\$ -	\$ -	\$ 6,686,432	\$ 450,550	\$ 7,136,982
Contracts	5,174,320	-	5,174,320	-	-	5,174,320	-	5,174,320
Program income	5,341,631	-	5,341,631	-	-	5,341,631	-	5,341,631
Events, net	1,893,216	-	1,893,216	-	-	1,893,216	-	1,893,216
In-kind donations	29,638	-	29,638	-	-	29,638	-	29,638
Rental income	-	-	-	815,838	(815,838)	-	-	-
Other income	54,091	-	54,091	-	-	54,091	-	54,091
Net assets released from donor restrictions	<u>2,667,824</u>	<u>(2,667,824)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,667,824</u>	<u>(2,667,824)</u>	<u>-</u>
Total revenue and support	<u>21,847,152</u>	<u>(2,217,274)</u>	<u>19,629,878</u>	<u>815,838</u>	<u>(815,838)</u>	<u>21,847,152</u>	<u>(2,217,274)</u>	<u>19,629,878</u>
Operating expenses:								
Program services:								
Nutrition	13,400,204	-	13,400,204	843,620	(617,856)	13,625,968	-	13,625,968
Training	918,083	-	918,083	-	(73,964)	844,119	-	844,119
Policy	<u>1,203,871</u>	<u>-</u>	<u>1,203,871</u>	<u>-</u>	<u>(14,065)</u>	<u>1,189,806</u>	<u>-</u>	<u>1,189,806</u>
Total program services	<u>15,522,158</u>	<u>-</u>	<u>15,522,158</u>	<u>843,620</u>	<u>(705,885)</u>	<u>15,659,893</u>	<u>-</u>	<u>15,659,893</u>
Supporting expenses:								
General and administrative	1,791,560	-	1,791,560	315,395	(30,860)	2,076,095	-	2,076,095
Fundraising	<u>2,307,871</u>	<u>-</u>	<u>2,307,871</u>	<u>-</u>	<u>(79,093)</u>	<u>2,228,778</u>	<u>-</u>	<u>2,228,778</u>
Total supporting expenses	<u>4,099,431</u>	<u>-</u>	<u>4,099,431</u>	<u>315,395</u>	<u>(109,953)</u>	<u>4,304,873</u>	<u>-</u>	<u>4,304,873</u>
Total operating expenses	<u>19,621,589</u>	<u>-</u>	<u>19,621,589</u>	<u>1,159,015</u>	<u>(815,838)</u>	<u>19,964,766</u>	<u>-</u>	<u>19,964,766</u>
Changes in net assets from operations	<u>2,225,563</u>	<u>(2,217,274)</u>	<u>8,289</u>	<u>(343,177)</u>	<u>-</u>	<u>1,882,386</u>	<u>(2,217,274)</u>	<u>(334,888)</u>
Non-operating activities:								
Capital planning expenses	(60,727)	-	(60,727)	-	-	(60,727)	-	(60,727)
Net realized and unrealized gains on investments	4,977	-	4,977	-	-	4,977	-	4,977
Investment income	<u>510,695</u>	<u>-</u>	<u>510,695</u>	<u>3,526</u>	<u>-</u>	<u>514,221</u>	<u>-</u>	<u>514,221</u>
Total non-operating activities	<u>454,945</u>	<u>-</u>	<u>454,945</u>	<u>3,526</u>	<u>-</u>	<u>458,471</u>	<u>-</u>	<u>458,471</u>
Changes in net assets	2,680,508	(2,217,274)	463,234	(339,651)	-	2,340,857	(2,217,274)	123,583
Net assets - beginning	17,336,024	3,149,032	20,485,056	6,567,902	-	23,903,926	3,149,032	27,052,958
Transfers of net assets	<u>(31,200)</u>	<u>-</u>	<u>(31,200)</u>	<u>31,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 19,985,332</u>	<u>\$ 931,758</u>	<u>\$ 20,917,090</u>	<u>\$ 6,259,451</u>	<u>\$ -</u>	<u>\$ 26,244,783</u>	<u>\$ 931,758</u>	<u>\$ 27,176,541</u>

See accompanying notes to consolidating and consolidated financial statements.

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Community Servings, Inc.							
	Without Donor Restrictions	With Donor Restrictions	Total	Marbury Terrace, Inc.	Eliminations	Total Without Donor Restrictions	Total With Donor Restrictions	Total
Operating activities:								
Revenue and support:								
Grants and contributions	\$ 4,516,174	\$ 3,016,300	\$ 7,532,474	\$ -	\$ -	\$ 4,516,174	\$ 3,016,300	\$ 7,532,474
Contracts	3,132,130	-	3,132,130	-	-	3,132,130	-	3,132,130
Program income	5,504,512	-	5,504,512	-	-	5,504,512	-	5,504,512
Events, net	1,660,407	-	1,660,407	-	-	1,660,407	-	1,660,407
In-kind donations	83,203	-	83,203	-	-	83,203	-	83,203
Rental income	-	-	-	817,838	(817,838)	-	-	-
Other income	12,467	-	12,467	-	-	12,467	-	12,467
Net assets released from donor restrictions	<u>2,543,874</u>	<u>(2,543,874)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,543,874</u>	<u>(2,543,874)</u>	<u>-</u>
Total revenue and support	<u>17,452,767</u>	<u>472,426</u>	<u>17,925,193</u>	<u>817,838</u>	<u>(817,838)</u>	<u>17,452,767</u>	<u>472,426</u>	<u>17,925,193</u>
Operating expenses:								
Program services:								
Nutrition	11,414,537	-	11,414,537	837,441	(616,313)	11,635,665	-	11,635,665
Training	930,145	-	930,145	-	(73,779)	856,366	-	856,366
Policy	<u>1,004,451</u>	<u>-</u>	<u>1,004,451</u>	<u>-</u>	<u>(18,068)</u>	<u>986,383</u>	<u>-</u>	<u>986,383</u>
Total program services	<u>13,349,133</u>	<u>-</u>	<u>13,349,133</u>	<u>837,441</u>	<u>(708,160)</u>	<u>13,478,414</u>	<u>-</u>	<u>13,478,414</u>
Supporting expenses:								
General and administrative	1,462,523	-	1,462,523	316,263	(30,782)	1,748,004	-	1,748,004
Fundraising	<u>1,968,699</u>	<u>-</u>	<u>1,968,699</u>	<u>-</u>	<u>(78,896)</u>	<u>1,889,803</u>	<u>-</u>	<u>1,889,803</u>
Total supporting expenses	<u>3,431,222</u>	<u>-</u>	<u>3,431,222</u>	<u>316,263</u>	<u>(109,678)</u>	<u>3,637,807</u>	<u>-</u>	<u>3,637,807</u>
Total operating expenses	<u>16,780,355</u>	<u>-</u>	<u>16,780,355</u>	<u>1,153,704</u>	<u>(817,838)</u>	<u>17,116,221</u>	<u>-</u>	<u>17,116,221</u>
Changes in net assets from operations	<u>672,412</u>	<u>472,426</u>	<u>1,144,838</u>	<u>(335,866)</u>	<u>-</u>	<u>336,546</u>	<u>472,426</u>	<u>808,972</u>
Non-operating activities:								
Capital contributions	38,442	-	38,442	-	-	38,442	-	38,442
Capital planning expenses	(95,109)	-	(95,109)	-	-	(95,109)	-	(95,109)
Net realized and unrealized loss on investments	(10,957)	-	(10,957)	-	-	(10,957)	-	(10,957)
Investment income	328,657	-	328,657	3,299	-	331,956	-	331,956
Gain (loss) on sale of assets	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>(9,951)</u>	<u>-</u>	<u>49</u>	<u>-</u>	<u>49</u>
Total non-operating activities	<u>271,033</u>	<u>-</u>	<u>271,033</u>	<u>(6,652)</u>	<u>-</u>	<u>264,381</u>	<u>-</u>	<u>264,381</u>
Changes in net assets	943,445	472,426	1,415,871	(342,518)	-	600,927	472,426	1,073,353
Net assets - beginning	16,559,779	2,676,606	19,236,385	6,743,220	-	23,302,999	2,676,606	25,979,605
Transfer of net assets	<u>(167,200)</u>	<u>-</u>	<u>(167,200)</u>	<u>167,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 17,336,024</u>	<u>\$ 3,149,032</u>	<u>\$ 20,485,056</u>	<u>\$ 6,567,902</u>	<u>\$ -</u>	<u>\$ 23,903,926</u>	<u>\$ 3,149,032</u>	<u>\$ 27,052,958</u>

See accompanying notes to consolidating and consolidated financial statements.

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Nutrition	Training	Policy	Total Program Services	General and Administrative	Fundraising	Events Direct Costs	Total Supporting Services	Eliminations	Total
Community Servings, Inc.:										
Salaries and related	\$ 5,716,640	\$ 620,173	\$ 697,019	\$ 7,033,832	\$ 1,353,312	\$ 1,591,391	\$ -	\$ 2,944,703	\$ -	\$ 9,978,535
Food and kitchen supplies	3,908,682	61,421	26	3,970,129	25	-	-	25	-	3,970,154
Occupancy	1,171,998	90,712	19,905	1,282,615	40,124	100,496	-	140,620	(182,000)	1,241,235
Delivery	933,809	-	-	933,809	240	263	-	503	-	934,312
Contracted services	169,348	25,630	329,198	524,176	215,250	68,487	-	283,737	-	807,913
Office expenses	441,281	34,675	52,459	528,415	81,070	90,546	-	171,616	-	700,031
Event expenses	-	-	-	-	-	344,150	98,999	443,149	-	443,149
Other expenses	173,327	17,278	87,298	277,903	68,471	34,023	-	102,494	-	380,397
Depreciation	222,807	3,991	786	227,584	1,692	4,305	-	5,997	-	233,581
Equipment	117,720	6,558	6,218	130,496	7,326	12,567	-	19,893	-	150,389
Straight-line rent amortization (Note 14)	544,592	57,645	10,962	613,199	24,050	61,643	-	85,693	(633,838)	65,054
Less: expenses included with revenues on the statement of activities and changes in net assets	-	-	-	-	-	-	(98,999)	(98,999)	-	(98,999)
Subtotal	<u>13,400,204</u>	<u>918,083</u>	<u>1,203,871</u>	<u>15,522,158</u>	<u>1,791,560</u>	<u>2,307,871</u>	<u>-</u>	<u>4,099,431</u>	<u>(815,838)</u>	<u>18,805,751</u>
Marbury Terrace, Inc.:										
Depreciation	842,105	-	-	842,105	-	-	-	-	-	842,105
Interest expense	-	-	-	-	246,840	-	-	246,840	-	246,840
Financing fees	-	-	-	-	68,555	-	-	68,555	-	68,555
Rental operating expenses	<u>1,515</u>	<u>-</u>	<u>-</u>	<u>1,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,515</u>
Subtotal	<u>843,620</u>	<u>-</u>	<u>-</u>	<u>843,620</u>	<u>315,395</u>	<u>-</u>	<u>-</u>	<u>315,395</u>	<u>-</u>	<u>1,159,015</u>
<b>TOTAL EXPENSES</b>	<u>\$ 14,243,824</u>	<u>\$ 918,083</u>	<u>\$ 1,203,871</u>	<u>\$ 16,365,778</u>	<u>\$ 2,106,955</u>	<u>\$ 2,307,871</u>	<u>\$ -</u>	<u>\$ 4,414,826</u>	<u>\$ (815,838)</u>	<u>\$ 19,964,766</u>

See accompanying notes to consolidating and consolidated financial statements.

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Nutrition	Training	Policy	Total Program Services	General and Administrative	Fundraising	Events Direct Costs	Total Supporting Services	Eliminations	Total
Community Servings, Inc.:										
Salaries and related	\$ 4,567,517	\$ 614,546	\$ 652,951	\$ 5,835,014	\$ 1,072,717	\$ 1,089,171	\$ -	\$ 2,161,888	\$ -	\$ 7,996,902
Food and kitchen supplies	3,832,445	48,344	-	3,880,789	-	-	-	-	-	3,880,789
Contracted services	310,001	16,355	218,730	545,086	211,100	273,054	-	484,154	-	1,029,240
Delivery	786,798	-	-	786,798	339	9	-	348	-	787,146
Occupancy	679,528	84,127	21,051	784,706	38,227	88,806	-	127,033	(182,000)	729,739
Event expenses	-	-	-	-	578	356,815	97,461	454,854	-	454,854
Equipment	218,764	35,550	21,096	275,410	65,024	29,823	-	94,847	-	370,257
Office expenses	234,914	32,126	30,158	297,198	23,800	39,711	-	63,511	-	360,709
Other expenses	120,992	31,447	47,581	200,020	22,499	18,971	-	41,470	-	241,490
Depreciation	124,099	3,069	603	127,771	1,294	3,279	-	4,573	-	132,344
Straight-line rent amortization (Note 14)	539,479	64,581	12,281	616,341	26,945	69,060	-	96,005	(635,838)	76,508
Less: expenses included with revenues on the statement of activities and changes in net assets	-	-	-	-	-	-	(97,461)	(97,461)	-	(97,461)
Subtotal	<u>11,414,537</u>	<u>930,145</u>	<u>1,004,451</u>	<u>13,349,133</u>	<u>1,462,523</u>	<u>1,968,699</u>	<u>-</u>	<u>3,431,222</u>	<u>(817,838)</u>	<u>15,962,517</u>
Marbury Terrace, Inc.:										
Depreciation	836,639	-	-	836,639	-	-	-	-	-	836,639
Financing fees	-	-	-	-	69,423	-	-	69,423	-	69,423
Interest expense	-	-	-	-	246,840	-	-	246,840	-	246,840
Rental operating expenses	<u>802</u>	<u>-</u>	<u>-</u>	<u>802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>802</u>
Subtotal	<u>837,441</u>	<u>-</u>	<u>-</u>	<u>837,441</u>	<u>316,263</u>	<u>-</u>	<u>-</u>	<u>316,263</u>	<u>-</u>	<u>1,153,704</u>
<b>TOTAL EXPENSES</b>	<u><u>\$12,251,978</u></u>	<u><u>\$ 930,145</u></u>	<u><u>\$1,004,451</u></u>	<u><u>\$14,186,574</u></u>	<u><u>\$ 1,778,786</u></u>	<u><u>\$ 1,968,699</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,747,485</u></u>	<u><u>\$ (817,838)</u></u>	<u><u>\$17,116,221</u></u>

See accompanying notes to consolidating and consolidated financial statements.

**COMMUNITY SERVINGS, INC. AND AFFILIATE  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Operating activities:		
Changes in net assets	\$ 123,583	\$ 1,073,353
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Bad debt expense	33,586	-
Realized and unrealized (gains) losses on investments	(4,977)	10,957
Reinvested interest and dividends	(36,083)	24,558
Noncash lease	174,775	76,508
Depreciation	1,075,686	968,983
Grants and contributions restricted for long-term purposes, net	67,499	(38,442)
Gain on sale of assets	-	(49)
Noncash interest	49,840	49,840
Changes in operating assets and liabilities:		
Accounts receivable	(1,122,723)	79,484
Grants and contributions receivable	1,042,398	(1,062,184)
Food supplies	(49,701)	(497)
Prepaid expenses and other current assets	(173,938)	(78,395)
Accounts payable	(75,519)	76,478
Accrued expenses	134,100	142,945
Refundable advances	<u>(94,507)</u>	<u>940,002</u>
Net cash provided by operating activities	<u>1,144,019</u>	<u>2,263,541</u>
Investing activities:		
Acquisition of property and equipment	(2,325,179)	(573,842)
Purchase of certificates of deposit	(2,565,618)	(3,515,174)
Proceeds from sale of certificates of deposit	2,557,256	285,628
Proceeds from sale of assets	<u>-</u>	<u>10,000</u>
Net cash used in investing activities	<u>(2,333,541)</u>	<u>(3,793,388)</u>
Financing activities:		
Capital grants and contributions received	113,264	102,044
Payments on long-term debt	<u>(122,074)</u>	<u>(119,043)</u>
Net cash used in financing activities	<u>(8,810)</u>	<u>(16,999)</u>
Net decrease in cash and cash equivalents, including restricted cash	(1,198,332)	(1,546,846)
Cash and cash equivalents, including restricted cash - beginning	<u>6,580,466</u>	<u>8,127,312</u>
<b>CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED CASH - ENDING</b>	<b><u>\$ 5,382,134</u></b>	<b><u>\$ 6,580,466</u></b>

See accompanying notes to consolidating and consolidated financial statements.

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	\$ <u>257,727</u>	\$ <u>292,109</u>
Supplemental disclosures for noncash investing and financing activities:		
Operating lease liability and right-of-use assets recognized in connection with implementation of ASC 842 on July 1, 2022	\$ <u>-</u>	\$ <u>16,443,946</u>
Reconciliation of cash and cash equivalents, including restricted cash:		
Cash and cash equivalents	\$ 5,298,134	\$ 6,514,466
Restricted cash	<u>84,000</u>	<u>66,000</u>
Total cash and cash equivalents, including restricted cash	\$ <u>5,382,134</u>	\$ <u>6,580,466</u>

See accompanying notes to consolidating and consolidated financial statements.

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATING AND CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 1.     ORGANIZATION**

Community Servings, Inc. ("Community Servings" or "CS") is a Massachusetts community-based nonprofit organization which provides nutritious, made-from-scratch meals to homebound individuals and their families who are critically ill. Prepared meals are medically tailored to meet the medical and nutritional needs of individuals with HIV/AIDS, cancer, diabetes, and other illnesses.

As the only program of its kind in New England, Community Servings serves over 6,000 people annually across Massachusetts using more than 57,000 pounds of produce which is donated each year by local farms and purveyors. Community Servings hosts more than 85 volunteers daily, Monday through Friday, who assist in preparation and packaging of meals delivered to those in need.

Community Servings' meals program offers nutrition counseling and education to both clients and nutritionally-vulnerable individuals in the community to help manage health issues through changes in diet and provide healthier food choices. Community Servings also offers a 12-week food service job training program for those facing barriers to employment. While learning both culinary and job readiness skills, trainees assist in preparation of meals for clients while gaining valuable work experience. Community Servings' Food and Health Policy program partners with healthcare providers, payers, and researchers to demonstrate the impact of our medically-tailored meals in the treatment of patients' health conditions.

Marbury Terrace, Inc. ("MT") was incorporated as a Massachusetts nonprofit organization to hold certain real estate and related debt. MT is related to CS through common board of directors membership.

**NOTE 2.     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The consolidating and consolidated financial statements include the accounts of CS and MT (collectively, the "Agency"). The consolidating and consolidated financial statements of the Agency have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). All significant intercompany accounts and transactions have been eliminated in the accompanying consolidating and consolidated financial statements. The significant accounting policies followed are described below to enhance the usefulness of the consolidating and consolidated financial statements to the reader.

Financial Statement Presentation

The Agency follows the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic *Preparation of Financial Statements of Not-for-Profit Entities*. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net asset and changes therein are classified as follows:



**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATING AND CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Financial Statement Presentation (Continued)

*Net assets without donor restrictions* - Net assets that are not subject to donor-imposed restrictions and may be used for any purpose in performing the primary objectives of the Agency. These net assets may be used at the discretion of the Agency's management and board of directors. The Agency has grouped its net assets without donor restrictions into the following categories:

*Operating* net assets represent funds available to carry on the operations of the Agency.

*Board designated - reserve* net assets represent funds set aside by the board of directors for operating needs, building fund, and equipment reserve (Note 11).

*Net investment in property and equipment* net assets reflect and account for the activities relating to the Agency's property and equipment and related note receivable, net of related debt.

*Net assets with donor restrictions* - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Agency or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2024 and 2023, the Agency does not have net assets with donor restrictions that are perpetual in nature.

Use of Estimates

The preparation of the consolidating and consolidated financial statements in conformity with U.S. GAAP 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 consolidating and consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and highly liquid investments with original maturities of three months or less. The Agency maintains its cash in bank deposit accounts, which, at times, may exceed federal insured limits. The Agency has not experienced any losses in such accounts. The Agency believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted Cash

Restricted cash includes a replacement reserve to fund repairs and replacements for the building.

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATING AND CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 2.      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Accounts Receivable

Accounts receivable represents amounts due from contract and program service fee revenues and are carried at the original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the need for an allowance by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Management believes all outstanding amounts are fully collectible and there was no allowance for doubtful accounts at June 30, 2024 and 2023.

Certificates of Deposit

Certificates of deposit are stated at cost plus interest earned.

Revenue Recognition

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from donor restrictions.

*Events*

Revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Under ASC Topic 606, the Agency recognizes revenue when it satisfies performance obligations by transferring control over a product or service to a customer. Fundraising events are comprised of event sponsorships, which are accounted for under ASC Topic 958, and ticket and pie sales which are recognized under ASC Topic 606. Ticket sales revenue for events held by the Agency is recognized when the event takes place. The Agency determines the transaction price based on the selling price of the tickets, adjusted for variable consideration, if any.

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATING AND CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition (Continued)

*Grants and Contributions, Contracts and Program Service Fees*

Contracts and program service fees represent payment for programming offered by the Agency from federal, state and local governments and third party agencies. Grants and contributions, contracts and program service fees, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Grants and contributions of assets other than cash are reported at their estimated fair value. Restricted contributions of assets other than cash are released from restriction when the asset is placed in service. Grants and contributions, contracts and program service fees to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the grants and contributions.

Restricted grants and contributions, contracts and program service fees are recorded as revenues with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as costs are incurred or time restrictions or program restrictions have lapsed. Donor restricted grants and contributions received and satisfied in the same period are recorded as revenues without donor restrictions.

Grants and contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues in the net assets without donor restrictions category. Grants and contributions of cash or other assets to be used to acquire land, buildings and equipment with donor stipulations are reported as revenues in the net assets with donor restrictions category; the restrictions are considered to be released at the time such long-lived assets are placed in service.

Grants and contributions receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through the establishment of a valuation allowance for doubtful accounts based on historical experience applied to outstanding balances. Grants and contributions receivable are written off when deemed uncollectible. The allowance for doubtful accounts was \$52,245 and \$72,375 at June 30, 2024 and 2023, respectively, which relates to the Agency's capital campaign as a general reserve.

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATING AND CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition (Continued)

*In-kind Donations*

The Agency receives donated goods and services from organizations and other volunteers in support of various aspects of its programs. Donated services are recognized as contributions at fair value if the services create or enhance non-financial assets or require specialized skills, which would otherwise be purchased. These goods and services are reflected in the accompanying consolidating and consolidated financial statements based upon the estimated value assigned to them by the donating volunteers, agencies or by management. The Agency also receives services of volunteers which are not reflected in the consolidating and consolidated financial statements since they do not meet this recognition criteria (Note 12).

*Leasing Activities*

MT recognizes revenue from a leasing transaction with CS in accordance with FASB ASC 842, *Leases*. The revenue recognized from this leasing transaction with CS is eliminated upon consolidation within the consolidating statements of activities and changes in net assets.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the fair value on the date of the contribution. Minor renovations and repairs are expensed as incurred. Long-lived fixed assets, with the exception of land, are depreciated using the straight-line method over their respective estimated useful lives, as follows:

<u>Description</u>	<u>Years</u>
Buildings	40
Building and leasehold improvements	3-15
Vehicles	7
Office, furniture and kitchen equipment	3-10

Expenditures for major renewals and improvements are capitalized while expenditures for maintenance are expensed as incurred.

Construction in Progress

Costs associated with construction of major projects are accumulated until completion of the project. The completed asset is then depreciated over its useful life after being placed in service.

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATING AND CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Impairment of Long-Lived Assets

The Agency accounts for the valuation of long-lived assets, including the Agency's operating lease right-of-use assets, in accordance with the FASB ASC Topic *Property, Plant and Equipment*. The FASB ASC Topic *Property, Plant and Equipment* requires that long-lived 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 asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. At June 30, 2024 and 2023, the Agency has determined that no long-lived assets are impaired.

Leases

*Lessee Activities*

CS has two operating lease agreements for office and programming space for terms in excess of a year. CS determines if an arrangement is a lease at the inception of the contract. At the lease commencement date, a lease is evaluated to determine whether it will be classified as an operating or finance lease.

Lease terms include the noncancelable portion of underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options. If CS has a lease agreement with lease and non-lease components, the leases are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices. For CS's leases for space, management accounts for the lease and non-lease components as a single lease. CS uses the risk-free discount rate when the rate implicit in the lease is not readily determinable at the commencement date in determining the present value of lease payments.

Leases that contain fixed and determinable escalation clauses for which CS recognizes rental expense under these leases on the straight-line basis over the lease terms, which includes the period of time from when CS takes possession of the leased space and the cumulative expense recognized on the straight-line basis in excess of the cumulative payments. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

*Lessor Activities*

MT leases office space to CS under an operating lease expiring over the next 15 years. MT determines if an arrangement is a lease at the lease's inception. Under ASC Topic 842, a contract is a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. MT reassesses the determination of whether an arrangement is a lease if the terms and conditions of the contract are changed.

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATING AND CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Refundable Advances

Refundable advances include cash advances on grants and contracts payments received in advance of the conditions being met. The Agency held refundable advances at June 30, 2024 and 2023, totaling \$870,495 and \$965,002, respectively.

Deferred Financing Costs

The Agency has capitalized the costs associated with obtaining bond and long-term debt financing (Note 9). Deferred financing costs are amortized over the life of the related debt and are presented as a direct reduction of long-term debt on the accompanying consolidating statements of financial position. Amortization of deferred financing costs is reported as interest expense on the accompanying consolidating statements of functional expenses. Loan acquisition costs totaled \$374,977 at June 30, 2024 and 2023, and accumulated amortization totaled \$297,943 and \$248,103, respectively.

Income Taxes

CS and MT are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and accordingly, no provision for income taxes has been recorded in the accompanying consolidating and consolidated financial statements. The Agency is subject to federal and state income taxes on unrelated business income, if any. The Agency files informational tax returns as required by the IRC.

The Agency accounts for uncertain tax positions in accordance with FASB ASC Topic *Income Taxes*. This Topic prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. This Topic also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. At June 30, 2024 and 2023, management believes that the Agency has no material uncertain tax positions.

Advertising Costs

The Agency expenses advertising costs as incurred. Advertising costs incurred were \$148,563 and \$121,041 for the years ended June 30, 2024 and 2023, respectively.

Functional Expenses

The costs of providing program operations have been summarized on a functional basis in the accompanying consolidating and consolidated financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited on a reasonable basis that is consistently applied. Salaries and related expenses are allocated on the basis of time and effort. Occupancy and depreciation are allocated on a square footage basis. Other expenses including contracted services, equipment, office expenses, food and kitchen supplies and other expenses are allocated based on the nature of the expense and the program benefiting from it.

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATING AND CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Measurement of Operations

The consolidating statements of activities and changes in net assets report the changes in net assets without donor restrictions and net assets with donor restrictions from operating and non-operating activities. Operating activities consist of those revenues and expenses related to supporting the Agency's programs and operations. Non-operating activities consist of capital campaign contributions and related costs, investment income as well as unusual items or other items not directly related to the Agency's general programs, including intercompany support.

Recently Adopted Accounting Pronouncements

In June 2016, FASB issued Accounting Standards Update No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)* ("ASC 326"), along with subsequently issued related ASUs, which requires financial assets (or groups of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected, among other provisions. ASC 326 eliminates the probable initial threshold for recognition of credit losses for financial assets recorded at amortized cost, which could result in earlier recognition of credit losses. It utilizes a lifetime expected credit loss measurement model for the recognition of credit losses at the time the financial asset is originated or acquired. At year-end the Agency does not have any financial instruments subject to ASC 326. The expected credit losses are adjusted each period for changes in expected lifetime credit losses.

The Agency adopted ASC 326 using the modified retrospective method on July 1, 2023, and it did not have a material impact on the consolidating and consolidated financial statements.

Reclassifications

Certain amounts included in the 2023 consolidating and consolidated financial statements have been reclassified to conform to the 2024 presentation. These reclassifications had no effect on net assets or change in net assets.

Subsequent Events

The Agency has evaluated all events subsequent to the consolidating statement of financial position date of June 30, 2024, through the date which the consolidating and consolidated financial statements were available to be issued, November 12, 2024, and has determined that there are no subsequent events that require disclosure under FASB ASC Topic *Subsequent Events*.

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATING AND CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 3. AVAILABILITY AND LIQUIDITY**

The following represents the Agency's available financial assets as of June 30, 2024:

Cash and cash equivalents	\$ 5,298,134
Restricted cash	84,000
Accounts receivable	3,103,060
Grants and contributions receivable, net	274,482
Certificates of deposit	<u>3,292,896</u>
Total financial assets available	12,052,572

Less:

Restricted cash	(84,000)
Certificates of deposit with maturity dates in excess of 12 months	(750,298)
Financial assets with donor restrictions	(931,758)
Financial assets with board designations	<u>(833,336)</u>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,453,180</u>
--	---------------------

The Agency's goal is generally to maintain readily available assets to meet three month's of operating expenses. As part of management's liquidity plan, cash is maintained in checking and savings accounts and is readily available for use, with board designated funds available with board approval. In addition, the Agency has a \$1,500,000 line of credit available to meet cash flow needs (Note 8).

**NOTE 4. CONTRIBUTIONS RECEIVABLE**

Contributions receivable represent unconditional gifts to be received in future periods and are discounted to their present value based on anticipated payment streams. The discount rate used to calculate the discount on contributions receivable was 2.5% for the years ended June 30, 2024 and 2023. Contributions receivable at June 30, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>
Contributions for programs	\$ 40,000	\$ 1,115,984
Contributions for capital campaign	<u>411,600</u>	<u>578,580</u>
Gross contributions receivable	451,600	1,694,564
Less: allowance for doubtful accounts	52,245	72,375
Less: unamortized discount	<u>124,873</u>	<u>90,960</u>
Net contributions receivable	<u>\$ 274,482</u>	<u>\$ 1,531,229</u>
Gross contributions receivable:		
Receivable in less than one year	\$ 76,600	\$ 1,229,714
Receivable in one to five years	<u>375,000</u>	<u>464,850</u>
	<u>\$ 451,600</u>	<u>\$ 1,694,564</u>



**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATING AND CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 5. NOTES RECEIVABLE**

In conjunction with the New Markets Tax Credit (NMTC) program financing (Note 9), CS transferred funds of \$13,280,000 to PNC Bank to leverage additional capital into the funding structure. These funds were then lent to MT, through a financial lender, and are shown as notes receivable in the consolidating statement of financial position as of June 30, 2024 and 2023.

CS has two notes receivable from PNC Bank. The notes receivable have principal balances of \$6,500,000 and \$6,780,000. Both notes carry interest at a rate of 1.105% per year, which is due on a monthly basis. The principal balance on both notes receivable is due February 28, 2043.

**NOTE 6. CERTIFICATES OF DEPOSIT**

At June 30, 2024 and 2023, CS had certificates of deposit totaling \$3,292,896 and \$3,243,474, respectively, with fixed interest rates ranging from 4.25% - 5.45% and maturity terms ranging from 12 - 24 months.

**NOTE 7. PROPERTY AND EQUIPMENT, NET**

Property and equipment consisted of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Land	\$ 3,599,628	\$ 3,599,628
Building and leasehold improvements	24,707,924	23,350,323
Kitchen equipment	2,548,087	2,110,855
Office equipment	1,060,369	838,565
Vehicles	1,160,357	811,635
Furniture	169,268	169,268
Construction in progress	<u>-</u>	<u>40,180</u>
	33,245,633	30,920,454
Less: accumulated depreciation	<u>7,441,575</u>	<u>6,365,889</u>
Property and equipment, net	<u>\$ 25,804,058</u>	<u>\$ 24,554,565</u>

Depreciation expense for the years ended June 30, 2024 and 2023, totaled \$1,075,686 and \$968,983, respectively.

During the years ended June 30, 2024 and 2023, respectively, CS transferred kitchen equipment related to the 179 Amory Street building, totaling \$31,200 and \$167,200 to MT. These transfers are included in the accompanying consolidating statements of activities and changes in net assets.

**NOTE 8. LINE OF CREDIT**

The Agency has a \$1,500,000 line of credit with a bank, that is reviewed by the bank periodically. Borrowings bear interest at a fluctuating interest rate per annum equal to the bank's Prime Rate, less .50% per annum (8.00% and 7.75% at June 30, 2024 and 2023, respectively). As of June 30, 2024 and 2023, there was no outstanding balance on the line of credit.

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATING AND CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 9. NOTES PAYABLE**

On July 24, 2018, CS and MT entered into a financing agreement under the New Markets Tax Credit (NMTC) program with the Low Income Investment Fund and the Nonprofit Finance Fund. The proceeds were to be used to pay off the Massachusetts Development Finance Agency ("MDFA") and a bank in connection with the issuance of \$3,750,000 of MDFA Revenue Bonds, Series 2015A ("Series 2015A bonds"), and \$750,000 of MDFA Revenue Bonds, Series 2015B ("Series 2015B bonds"), and for the renovation, construction and equipping of a commercial kitchen and training facility located at the CS headquarters in Boston, Massachusetts. The NMTC program offers credits against federal income taxes over a seven year period for Qualified Equity Investments in designated Community Development Entities pursuant to Section 45D of the Internal Revenue Code in order to assist eligible businesses in making investments in certain low-income communities. MT is a Qualified Active Low Income Community Business for the purposes of the NMTC program.

The details of notes payable are as follows at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
<b>Community Servings, Inc.:</b>		
Promissory note payable to Low Income Investment Fund. The note bears interest at a rate of 2%, which is payable on a quarterly basis. Principal payments on the note commence July 1, 2020. The final payment is due July 24, 2025. The note is collateralized by certain pledges.	\$ 1,058,733	\$ 1,122,689
Promissory note payable to Low Income Investment Fund. The note bears interest at a rate of 3%, which is payable on a quarterly basis. Principal payments on the note commence July 1, 2020. The final payment is due July 24, 2025. The note is collateralized by certain pledges.	1,272,394	1,330,512
<b>Marbury Terrace, Inc.:</b>		
Promissory note payable to Low Income Investment Fund. The note bears interest at a rate of 1%, which is payable on a quarterly basis. A one-time principal payment due in the amount of \$5,796,120 due on August 15, 2025. Beginning November 15, 2026, the note payable is due in quarterly installments of \$46,725, from then on, of principal and interest. The final payment is due November 30, 2052. The note is collateralized by the mortgage. The note also requires that \$1,500 be deposited monthly into a separate bank account, as a reserve to be used for replacements and repairs.	6,500,000	6,500,000

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATING AND CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 9. NOTES PAYABLE (CONTINUED)**

	<u>2024</u>	<u>2023</u>
Promissory note payable to the Low Income Investment Fund. The note bears interest at a rate of 1%, which is payable on a quarterly basis. Principal payments commence November 15, 2026, with payments due in quarterly installments of \$12,575, from then on, of principal and interest. The final payment is due November 30, 2052. The note is collateralized by the Agency's building.	\$ 290,000	\$ 290,000
Promissory note payable to the Low Income Investment Fund. The note bears interest at a rate of 1%, which is payable on a quarterly basis. Principal payments commence November 15, 2026, with payments due in quarterly installments of \$139,189, from then on, of principal and interest. The final payment is due November 30, 2052. The note is collateralized by the mortgage.	3,210,000	3,210,000
Promissory note payable to the Nonprofit Finance Fund. The note bears interest at a rate of 1%, which is payable on a quarterly basis. Principal payments commence November 15, 2026, with payments due in quarterly installments of \$281,413, from then on, of principal and interest. The final payment is due November 30, 2052. The note is collateralized by the mortgage.	6,490,000	6,490,000
Promissory note payable to the Nonprofit Finance Fund. The note bears interest at a rate of 1%, which is payable on a quarterly basis. Principal payments commence November 15, 2026, with payments due in quarterly installments of \$139,189, from then on, of principal and interest. The final payment is due November 30, 2052. The note is collateralized by the mortgage.	3,210,000	3,210,000
Mortgage note payable to the City of Boston, DND. The note bears no interest and no payments are required until the loan maturity date. The maturity date of the loan shall be the earliest of June 30, 2036, the date the property is sold, transferred or mortgaged, or the date the Agency closes on a construction loan for its planned expansion. The loan is collateralized by real estate.	<u>315,323</u>	<u>315,323</u>
Total long-term debt	22,346,450	22,468,524
Less: current portion	84,921	82,886
Less: deferred financing costs, net	<u>77,034</u>	<u>126,874</u>
Total long-term debt, net	<u>\$ 22,184,495</u>	<u>\$ 22,258,764</u>

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATING AND CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 9. NOTES PAYABLE (CONTINUED)**

The Agency must comply with various covenants under these loan agreements. Maturities of long-term debt for the five years and thereafter at June 30, 2024, are as follows:

<u>Years</u>	<u>Amount</u>
2025	\$ 84,921
2026	5,883,129
2027	437,906
2028	560,436
2029	567,397
Thereafter	<u>14,812,661</u>
	<u>\$ 22,346,450</u>

In addition to credits earned through the NMTC program, the Agency has also recorded notes receivable (Note 5) in the amount of \$13,280,000 which will be used to fund future maturities upon collection.

**NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Purpose restrictions:		
Distribution Center	\$ 341,813	\$ 700,000
Nutrition	220,000	1,242,340
Maternal health	128,375	355,000
Teaching kitchen	85,000	207,159
Other programs	56,570	73,960
Step down program	50,000	300,000
FIM accelerator	<u>50,000</u>	<u>150,000</u>
Total purpose restrictions	931,758	3,028,459
Time restrictions	<u>-</u>	<u>120,573</u>
Total net assets with donor restrictions	<u>\$ 931,758</u>	<u>\$ 3,149,032</u>

Net assets are released from donor restrictions by the passage of time, incurring expenses satisfying the restricted purpose or by the occurrence of events specified by the donors. Net assets released from donor restriction due to the passage of time were \$120,573 and \$272,760 for the years ended June 30, 2024 and 2023, respectively. Net assets released from donor restriction as a result of satisfying restrictions related to the Food Is Medicine Accelerator, nutrition and other programs were \$2,547,251 and \$2,271,114 for the years ended June 30, 2024 and 2023, respectively.

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATING AND CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 11. BOARD DESIGNATED NET ASSETS**

Board designated net assets represent funds set aside by the board of directors for MT and CS equipment reserves. The MT reserve will be used to fund any major building and system repairs to the property at 18 Marbury Terrace. Withdrawals from these reserve funds require board approval.

Board designated – reserve net assets consisted of the following as of June 30, 2024 and 2023:

	<u>2024</u>		
	<u>Community Servings</u>	<u>Marbury Terrace</u>	<u>Total</u>
Equipment	\$ 682,302	\$ -	\$ 682,302
Private pay meals	30,000	-	30,000
Marbury Terrace	<u>-</u>	<u>121,034</u>	<u>121,034</u>
Total board designated reserve	<u>\$ 712,302</u>	<u>\$ 121,034</u>	<u>\$ 833,336</u>
	<u>2023</u>		
	<u>Community Servings</u>	<u>Marbury Terrace</u>	<u>Total</u>
Equipment	\$ 482,302	\$ -	\$ 482,302
Private pay meals	30,000	-	30,000
Marbury Terrace	<u>-</u>	<u>121,034</u>	<u>121,034</u>
Total board designated reserve	<u>\$ 512,302</u>	<u>\$ 121,034</u>	<u>\$ 633,336</u>

**NOTE 12. IN-KIND DONATIONS**

The value of in-kind donations for the years ended June 30, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Recorded in the consolidating and consolidated financial statements:		
Food and kitchen supplies	\$ 29,638	\$ 74,691
Furniture	-	5,526
Catering services	<u>-</u>	<u>2,986</u>
Subtotal	29,638	83,203
Not recorded in the consolidating and consolidated financial statements:		
Volunteers	<u>905,655</u>	<u>855,792</u>
Total	<u>\$ 935,293</u>	<u>\$ 938,995</u>

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATING AND CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 12. IN-KIND DONATIONS (CONTINUED)**

Donations of food and kitchen supplies and furniture are valued at the estimated U.S. wholesale prices of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution. Donated services are valued based on the number of hours of catering service received and hourly billable rates provided by the consultants that donated services.

The Agency receives services of volunteers to fulfill other aspects of its programs. These individuals contributed over 60,000 and 58,000 hours of services for the years ended June 30, 2024 and 2023, respectively. The values of these services, which are determined by management at approximately \$15.00 per hour for the years ended June 30, 2024 and 2023, are not reflected in the accompanying consolidating and consolidated financial statements, since these services do not meet the recognition criteria of the standard for *Accounting for Contributions Received and Contributions Made*.

**NOTE 13. RETIREMENT PLAN**

The Agency has a defined contribution pension plan covering all eligible employees. Employees become eligible to participate upon employment. After one year of employment, the Agency contributes 2% of the employee's annual salary, as well as matches up to 3% of the annual salary deferred by employees. For the years ended June 30, 2024 and 2023, pension contributions were \$295,684 and \$229,959, respectively, and are included in salaries and related expenses in the accompanying consolidating statements of functional expenses.

**NOTE 14. COMMITMENTS**

CS leases office and programming space under operating lease agreements expiring through April 2039. Total operating lease expense for the years ended June 30, 2024 and 2023, was \$1,155,084 and \$892,346, respectively and is included in occupancy and straight-line rent amortization in the accompanying consolidating statements of functional expenses. Intercompany lease transactions are eliminated in consolidation.

Maturities of operating lease liabilities as of June 30, 2024, are as follows:

<u>Years ending June 30:</u>	<u>Amount</u>
2025	\$ 579,584
2026	1,218,572
2027	1,397,919
2028	1,444,636
2029	1,489,735
Thereafter	<u>15,825,731</u>
Total minimum lease payments	21,956,177
Less: interest	<u>5,058,695</u>
Present value of lease payments	16,897,482
Less: current portion	<u>(207,939)</u>
Operating lease liability, net of current portion	<u>\$ 16,689,543</u>

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**NOTES TO CONSOLIDATING AND CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 14. COMMITMENTS (CONTINUED)**

Supplemental cash flows information related to leases was as follows:

	<u>2024</u>	<u>2023</u>
Cash paid for amount included in measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 456,192	\$ 180,000

Average lease terms and discount rates were as follows:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term		
Operating leases	14.55	15.55
Weighted-average discount rate		
Operating leases	3.45 %	3.45 %

Operating lease payments in the table above include approximately \$2,139,250 related to an option to extend lease terms that are reasonably certain to be exercised.

**NOTE 15. LABOR AGREEMENT**

In October 2022, the Agency completed negotiations for a three-year contract with Service Employees International Union Local 509 which superseded the previous contract between the two parties. Approximately 44% and 47% of the Agency's labor force was covered under this agreement at June 30, 2024 and 2023, respectively.

**NOTE 16. CONCENTRATION OF REVENUE**

The Agency receives a significant portion of its total revenue and support (approximately 26% and 17% for the years ended June 30, 2024 and 2023, respectively), from government agencies under cost reimbursable contracts. These reimbursements are subject to audit by the government agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the consolidated financial position of the Agency as of June 30, 2024 and 2023, or on the changes in its net assets for the years then ended.

Approximately 48% and 21% of the Agency's accounts receivable at June 30, 2024 and 2023, respectively, are due from government agencies.

**NOTE 17. UNCERTAINTIES, CONTINGENCIES AND RISKS**

In the ordinary course of business, the Agency is occasionally party to various claims. If management determines, based on the underlying facts and circumstances, that a probable loss will result from litigation contingency and the amount of the loss can be reasonably estimated, the estimated loss is accrued for. Management does not expect any adverse financial impact from the open claims occurring in the normal course of business as of June 30, 2024 and 2023.

## **SUPPLEMENTARY INFORMATION**



**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. Department of Health and Human Services:</b>				
Pass-through programs from:				
Boston Public Health Commission:				
HIV Emergency Relief Project Grants	93.914	H89HA00011	\$ -	\$ 1,229,190
Department of Public Health:				
HIV Care Formula Grants	93.917	INTF4944MM3181926015	-	90,000
Substance Abuse and Mental Health Services - Access to Recovery	93.275	N/A	-	104,400
Tufts University:				
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	R01DK134452	-	51,341
Direct programs:				
National Institute of Health:				
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	5R01DK125831	-	230,261
	93.847	5R01DK127365	-	259,470
Total Diabetes, Digestive, and Kidney Diseases Extramural Research			-	541,072
Total U.S. Department of Health and Human Services			-	1,964,662
<b>U.S. Department of Homeland Security:</b>				
Pass-through programs from:				
Suffolk County Local Board:				
Emergency Food and Shelter National Board Program	97.024	N/A	-	81,363
Total U.S. Department of Homeland Security			-	81,363

See accompanying notes to consolidated schedule of expenditures of federal awards.

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2024**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. Department of Treasury:</b>				
Pass-through programs from:				
Commonwealth Corporation:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	2304038	\$ -	\$ 99,472
City of Cambridge:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	49,985
Total U.S. Department of Treasury			-	149,457
<b>U.S. Department of Housing and Urban Development:</b>				
Direct programs:				
Community Development Block Grants/ Entitlement Grants	14.218	N/A	-	60,000
Economic Development Initiative, Community Project Funding, and Miscellaneous Grants	14.251	N/A	-	289,313
Total U.S. Department of Housing and Urban Development			-	349,313
<b>Total Expenditures of Federal Awards</b>			<b>\$ -</b>	<b>\$ 2,544,795</b>

See accompanying notes to consolidated schedule of expenditures of federal awards.

**COMMUNITY SERVINGS, INC. AND AFFILIATE**  
**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Basis of Presentation

The accompanying Consolidated Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal assistance activity of Community Servings, Inc. and Affiliate (the "Agency") under programs of the federal government for the year ended June 30, 2024. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the consolidated operations of the Agency, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Agency.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The Agency elected to use the 10% de minimis cost rate for its Federal programs.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Community Servings, Inc. and Affiliate  
Jamaica Plain, Massachusetts

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Community Servings, Inc. and Affiliate's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Community Servings, Inc. and Affiliate's major federal program for the year ended June 30, 2024. Community Servings, Inc. and Affiliate's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Community Servings, Inc. and Affiliate complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Community Servings, Inc. and Affiliate and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Community Servings, Inc. and Affiliate's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Community Servings, Inc. and Affiliate's federal programs.

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNI). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Community Servings, Inc. and Affiliate's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Community Servings, Inc. and Affiliate's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Community Servings, Inc. and Affiliate's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Community Servings, Inc. and Affiliate's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Community Servings, Inc. and Affiliate's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

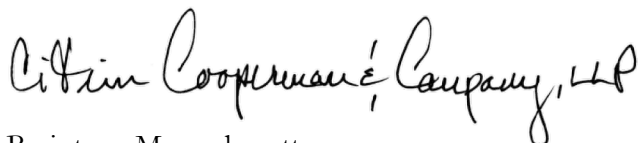
## Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Braintree, Massachusetts  
November 12, 2024

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Community Servings, Inc. and Affiliate  
Jamaica Plain, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidating and consolidated financial statements of Community Servings, Inc. and Affiliate, which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidating statements of activities and changes in net assets, functional expenses, and consolidated statement of cash flows for the year then ended, and the related notes to the consolidating and consolidated financial statements, and have issued our report thereon dated November 12, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the consolidating and consolidated financial statements, we considered Community Servings, Inc. and Affiliate's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidating and consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Servings, Inc. and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of Community Servings, Inc. and Affiliate's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidating and consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

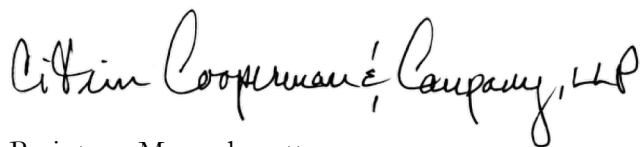
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Servings, Inc. and Affiliate's consolidating and consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidating and consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Servings, Inc. and Affiliate's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Servings, Inc. and Affiliate's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Braintree, Massachusetts  
November 12, 2024



**COMMUNITY SERVINGS, INC. AND AFFILIATE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**A. SUMMARY OF AUDIT RESULTS**

Financial Statements

- |  |               |
|--|---------------|
| 1. Type of auditor report issued:  | Unmodified    |
| 2. Internal control over financial reporting:  |               |
| a. Material weakness(es) identified?   | No            |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to consolidating and consolidated financial statements noted?      | No            |

Federal Awards

- |   |               |
|---|---------------|
| 4. Internal control over major federal programs:  |               |
| a. Material weakness(es) identified?  | No            |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses?                                      | None Reported |
| 5. Type of auditor's report issued on compliance for major federal programs   | Unmodified    |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) of Uniform Guidance? | No            |

7. Identification of major federal programs:

Name of Federal Program or Cluster

Federal  
Assistance Listing  
Number(s)

HIV Emergency Relief Project Grants

93.914

- |  |           |
|--|-----------|
| 8. Dollar threshold used to distinguish between Type A programs and Type B programs: | \$750,000 |
| 9. Auditee qualifies as a low risk auditee?  | Yes       |

**B. FINANCIAL STATEMENT FINDINGS**

None

**C. MAJOR FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS**

None

**COMMUNITY SERVINGS, INC. AND AFFILIATE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2024**

**A. FINANCIAL STATEMENT FINDINGS**

None

**B. MAJOR FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS**

None