



FINANCIAL STATEMENTS

and

SUPPLEMENTARY INFORMATION

June 30, 2021 and 2020

With Independent Auditor's Report



## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Lund Family Center, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Lund Family Center, Inc. (Lund), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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 Lund'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 Lund'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 Lund as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

## ***Other Matters***

### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, Lund adopted Financial Accounting Standards Board Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and related guidance, during the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of revenues and expenses - residential program, and 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*, are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 December 9, 2021 on our consideration of Lund's internal control over financial reporting and on our tests of its 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 Lund'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 Lund's internal control over financial reporting and compliance.

*Berry Dunn McNeil & Parker, LLC*

Manchester, New Hampshire  
December 9, 2021  
Registration No. 92-0000278

**LUND FAMILY CENTER, INC.**  
**Statements of Financial Position**  
**June 30, 2021 and 2020**

	<u><b>2021</b></u>	<u><b>2020</b></u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 2,700,068	\$ 2,514,889
Accounts and grants receivable	1,166,661	1,111,767
Contributions receivable	80,000	98,250
Prepaid expenses and other assets	<u>113,977</u>	<u>74,135</u>
Total current assets	<b>4,060,706</b>	3,799,041
Property and equipment, net	7,743,173	7,912,757
Restricted cash	93,168	75,115
Investments	<u>2,383,778</u>	<u>1,434,001</u>
Total assets	<b><u>\$ 14,280,825</u></b>	<b><u>\$13,220,914</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Current portion of long-term debt obligations	\$ 1,594,601	\$ 226,624
Accounts payable and accrued expenses	200,242	265,534
Accrued salaries and benefits	544,212	636,758
Refundable advance	-	1,750,000
Deferred revenue	<u>-</u>	<u>31,055</u>
Total current liabilities	<b>2,339,055</b>	2,909,971
Long-term debt obligations, net of current portion and unamortized deferred financing costs	<b>2,419,812</b>	3,990,239
Interest rate swap agreement	<u>131,117</u>	<u>218,534</u>
Total liabilities	<b><u>4,889,984</u></b>	<b><u>7,118,744</u></b>
Net assets		
Net assets without donor restrictions	7,862,059	5,067,720
Net assets with donor restrictions	<u>1,528,782</u>	<u>1,034,450</u>
Total net assets	<b><u>9,390,841</u></b>	<b><u>6,102,170</u></b>
Total liabilities and net assets	<b><u>\$ 14,280,825</u></b>	<b><u>\$13,220,914</u></b>

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

**LUND FAMILY CENTER, INC.**

**Statements of Activities and Changes in Net Assets**

**Years Ended June 30, 2021 and 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support						
Federal and state contracts and grants	\$ 8,749,651	\$ -	\$ 8,749,651	\$ 8,968,170	\$ -	\$ 8,968,170
Program service fees	277,124	-	277,124	291,816	-	291,816
Contributions and other grants	1,213,276	169,942	1,383,218	1,230,844	184,501	1,415,345
Special event income, net of related expenses	15,359	-	15,359	58,887	-	58,887
Miscellaneous	40,945	-	40,945	30,249	-	30,249
CARES Act funding	1,750,000	-	1,750,000	-	-	-
Net assets released from restrictions	240,276	(240,276)	-	225,907	(225,907)	-
Total revenues and support	12,286,631	(70,334)	12,216,297	10,805,873	(41,406)	10,764,467
Expenses						
Program services						
Adoption	1,402,779	-	1,402,779	1,583,663	-	1,583,663
Child and family services	2,100,939	-	2,100,939	2,818,501	-	2,818,501
Residential and community treatment	4,439,337	-	4,439,337	4,555,140	-	4,555,140
Total program services	7,943,055	-	7,943,055	8,957,304	-	8,957,304
Supporting services						
General and administrative	1,610,606	-	1,610,606	1,491,847	-	1,491,847
Fundraising and development	261,159	-	261,159	384,067	-	384,067
Total supporting services	1,871,765	-	1,871,765	1,875,914	-	1,875,914
Total expenses	9,814,820	-	9,814,820	10,833,218	-	10,833,218
Change in net assets from operations	2,471,811	(70,334)	2,401,477	(27,345)	(41,406)	(68,751)
Other gains (losses)						
Contributions for long-term purposes	-	356,949	356,949	-	-	-
Net investment return	235,111	207,717	442,828	34,993	28,522	63,515
Change in value of interest rate swap agreement	87,417	-	87,417	(2,903)	-	(2,903)
Net other gains (losses)	322,528	564,666	887,194	32,090	28,522	60,612
Change in net assets	2,794,339	494,332	3,288,671	4,745	(12,884)	(8,139)
Net assets, beginning of year	5,067,720	1,034,450	6,102,170	5,062,975	1,047,334	6,110,309
Net assets, end of year	\$ 7,862,059	\$ 1,528,782	\$ 9,390,841	\$ 5,067,720	\$ 1,034,450	\$ 6,102,170

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

**LUND FAMILY CENTER, INC.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2021**

	Program Services				Supporting Services			
		Child and Family Services	Residential and Community Treatment	Total Program	General and Administrative	Fundraising and Development	Total Supporting Services	Total
	Adoption							
Expenses								
Salaries and wages	\$ 937,870	\$1,357,964	\$2,833,670	\$ 5,129,504	\$ 859,596	\$ 149,427	\$1,009,023	\$ 6,138,527
Payroll taxes and benefits	<u>243,608</u>	<u>342,901</u>	<u>715,424</u>	<u>1,301,933</u>	<u>294,919</u>	<u>38,117</u>	<u>333,036</u>	<u>1,634,969</u>
	<u>1,181,478</u>	<u>1,700,865</u>	<u>3,549,094</u>	<u>6,431,437</u>	<u>1,154,515</u>	<u>187,544</u>	<u>1,342,059</u>	<u>7,773,496</u>
Audit and legal	-	11,250	-	11,250	43,549	-	43,549	54,799
Dues and fees	45,187	10,626	2,865	58,678	10,183	2,388	12,571	71,249
Equipment	15,060	3,871	33,980	52,911	1,677	319	1,996	54,907
Facilities	12,564	55,660	141,900	210,124	43,059	-	43,059	253,183
Insurance	4,782	17,540	37,939	60,261	18,220	2,474	20,694	80,955
Interest	13,083	49,329	133,785	196,197	14,504	6,770	21,274	217,471
Other expenses	1,675	1,511	728	3,914	3,401	25	3,426	7,340
Other professional fees	39,135	78,715	24,946	142,796	240,887	35,395	276,282	419,078
Participant assistance	25,441	25,827	75,342	126,610	95	-	95	126,705
Postage	7,254	189	827	8,270	603	2,242	2,845	11,115
Printing and advertising	-	-	-	-	-	8,073	8,073	8,073
Supplies	8,689	41,747	202,661	253,097	40,061	2,007	42,068	295,165
Telephone	8,228	7,692	13,650	29,570	6,936	898	7,834	37,404
Travel	<u>15,086</u>	<u>5,805</u>	<u>30,975</u>	<u>51,866</u>	<u>278</u>	<u>27</u>	<u>305</u>	<u>52,171</u>
	196,184	309,762	699,598	1,205,544	423,453	60,618	484,071	1,689,615
Depreciation	<u>25,117</u>	<u>90,312</u>	<u>190,645</u>	<u>306,074</u>	<u>32,638</u>	<u>12,997</u>	<u>45,635</u>	<u>351,709</u>
	<u>221,301</u>	<u>400,074</u>	<u>890,243</u>	<u>1,511,618</u>	<u>456,091</u>	<u>73,615</u>	<u>529,706</u>	<u>2,041,324</u>
Total expenses	<u>\$1,402,779</u>	<u>\$2,100,939</u>	<u>\$4,439,337</u>	<u>\$ 7,943,055</u>	<u>\$ 1,610,606</u>	<u>\$ 261,159</u>	<u>\$1,871,765</u>	<u>\$ 9,814,820</u>

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

**LUND FAMILY CENTER, INC.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2020**

	Program Services				Supporting Services			
		Child and Family Services	Residential and Community Treatment	Total Program	General and Administrative	Fundraising and Development	Total Supporting Services	Total
	Adoption							
Expenses								
Salaries and wages	\$1,043,210	\$1,767,830	\$2,877,888	\$ 5,688,928	\$ 946,573	\$ 226,399	\$1,172,972	\$ 6,861,900
Payroll taxes and benefits	<u>284,046</u>	<u>474,321</u>	<u>772,652</u>	<u>1,531,019</u>	<u>205,800</u>	<u>61,127</u>	<u>266,927</u>	<u>1,797,946</u>
	<u>1,327,256</u>	<u>2,242,151</u>	<u>3,650,540</u>	<u>7,219,947</u>	<u>1,152,373</u>	<u>287,526</u>	<u>1,439,899</u>	<u>8,659,846</u>
Audit and legal	-	8,213	-	8,213	75,356	-	75,356	83,569
Dues and fees	49,984	8,787	3,534	62,305	12,822	1,573	14,395	76,700
Equipment	17,680	7,733	48,349	73,762	2,148	1,058	3,206	76,968
Facilities	12,348	173,576	128,772	314,696	13,806	6,353	20,159	334,855
Insurance	4,593	16,847	36,440	57,880	16,635	2,377	19,012	76,892
Interest	13,478	51,018	136,393	200,889	15,128	6,975	22,103	222,992
Other expenses	1,467	4,221	5,413	11,101	37,146	218	37,364	48,465
Other professional fees	24,471	109,430	19,309	153,210	74,844	46,495	121,339	274,549
Participant assistance	14,519	24,829	82,878	122,226	57	28	85	122,311
Postage	5,264	407	942	6,613	1,053	2,712	3,765	10,378
Printing and advertising	1,658	-	-	1,658	-	10,434	10,434	12,092
Supplies	12,674	44,174	195,082	251,930	49,889	3,277	53,166	305,096
Telephone	10,953	11,480	19,114	41,547	12,882	1,745	14,627	56,174
Travel	<u>64,131</u>	<u>32,021</u>	<u>39,938</u>	<u>136,090</u>	<u>2,831</u>	<u>1,297</u>	<u>4,128</u>	<u>140,218</u>
	233,220	492,736	716,164	1,442,120	314,597	84,542	399,139	1,841,259
Depreciation	<u>23,187</u>	<u>83,614</u>	<u>188,436</u>	<u>295,237</u>	<u>24,877</u>	<u>11,999</u>	<u>36,876</u>	<u>332,113</u>
	<u>256,407</u>	<u>576,350</u>	<u>904,600</u>	<u>1,737,357</u>	<u>339,474</u>	<u>96,541</u>	<u>436,015</u>	<u>2,173,372</u>
Total expenses	<u>\$1,583,663</u>	<u>\$2,818,501</u>	<u>\$4,555,140</u>	<u>\$ 8,957,304</u>	<u>\$ 1,491,847</u>	<u>\$ 384,067</u>	<u>\$1,875,914</u>	<u>\$10,833,218</u>

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

**LUND FAMILY CENTER, INC.****Statements of Cash Flows****Years Ended June 30, 2021 and 2020**

	<u><b>2021</b></u>	<u><b>2020</b></u>
Cash flows from operating activities		
Change in net assets	<b>\$ 3,288,671</b>	<b>\$ (8,139)</b>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	<b>359,577</b>	339,981
Unrealized and realized gain on investments	<b>(424,796)</b>	(46,148)
Contributions restricted for long-term purposes	<b>(356,949)</b>	-
Change in fair value of interest rate swap agreement	<b>(87,417)</b>	2,903
Changes in operating assets and liabilities		
Accounts and grants receivable	<b>(54,894)</b>	256,855
Contributions receivable	<b>18,250</b>	72,750
Prepaid assets	<b>(39,842)</b>	24,865
Accounts payable and accrued expenses	<b>(65,292)</b>	38,947
Accrued salaries and benefits	<b>(92,546)</b>	67,584
Refundable advance	<b>(1,750,000)</b>	1,750,000
Deferred revenue	<b>(31,055)</b>	(5,713)
Net cash provided by operating activities	<u><b>763,707</b></u>	<u><b>2,493,885</b></u>
Cash flows from investing activities		
Purchases of investments	<b>(1,471,362)</b>	(3,351,984)
Proceeds from sale of investments	<b>946,381</b>	3,484,662
Acquisition of property and equipment	<b>(182,125)</b>	(253,804)
Net cash used by investing activities	<u><b>(707,106)</b></u>	<u><b>(121,126)</b></u>
Cash flows from financing activities		
Receipt of contributions restricted by donors for long-term purposes	<b>356,949</b>	-
Principal payments on long-term debt obligations	<b>(210,318)</b>	(172,493)
Net cash provided (used) by financing activities	<u><b>146,631</b></u>	<u><b>(172,493)</b></u>
Net increase in cash, cash equivalents and restricted cash	<b>203,232</b>	2,200,266
Cash, cash equivalents and restricted cash, beginning of year	<u><b>2,590,004</b></u>	<u><b>389,738</b></u>
Cash, cash equivalents and restricted cash, end of year	<u><b>\$ 2,793,236</b></u>	<u><b>\$ 2,590,004</b></u>
Breakdown of total cash, cash equivalents and restricted cash		
Cash and cash equivalents	<b>\$ 2,700,068</b>	\$ 2,514,889
Restricted cash	<u><b>93,168</b></u>	<u><b>75,115</b></u>
	<u><b>\$ 2,793,236</b></u>	<u><b>\$ 2,590,004</b></u>

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



# LUND FAMILY CENTER, INC.

## Notes to Financial Statements

June 30, 2021 and 2020

### Organization

Lund Family Center, Inc. (Lund or the Organization) is a multi-program family service agency, working primarily with pregnant and parenting teens and women, families with young children, adoptive families, birth parents, and adoptees, located in Burlington, Vermont. Lund's mission is to help children thrive by empowering families to break cycles of poverty, addiction, and abuse.

### 1. Summary of Significant Accounting Policies

#### Newly Adopted Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which identifies a guide for organizations to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This ASU and related guidance were adopted by the Organization for the year ended June 30, 2021. Adoption of this ASU did not have a material impact on the Organization's financial reporting.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (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 financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Basis of Accounting and Presentation

The financial statements of Lund have been prepared in accordance with U.S. GAAP, which requires Lund to report information regarding to its financial position and activities according to the following net asset classification:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Lund. These net assets may be used at the discretion of management and the Board of Trustees.

**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 Lund or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets.

# **LUND FAMILY CENTER, INC.**

## **Notes to Financial Statements**

**June 30, 2021 and 2020**

All contributions are considered to be available for operational use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor restricted support that increases that net asset class. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Contributions with donor restrictions whose restrictions are met in the same year as received are reflected as net assets without donor restrictions in the accompanying financial statements.

Lund reports contributions of property or equipment as support without donor restrictions, unless a donor places explicit restriction on their use. Contributions of cash or other assets that must be used to acquire long-lived assets are reported as donor restricted support and reclassified to net assets without donor restrictions when the assets are acquired and placed in service.

Unconditional contributions are recognized as contributions receivable at their net present value when pledged. At June 30, 2021 and 2020, substantially all contributions receivable are expected to be collected within one year.

### **Cash and Cash Equivalents**

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding investments.

Lund has cash deposits in major financial institutions which may exceed federal depository insurance limits. Lund has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk with respect to these accounts.

### **Accounts and Grants Receivable**

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Lund provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of accounts. Management considers the following factors when determining the collectability of specific accounts: creditworthiness, past transaction history, current economic industry trends, and changes to payment terms. If the financial condition of Lund's customers or grantors were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Based on management's assessment, no allowance was required at June 30, 2021 and 2020.

### **Restricted Cash**

Restricted cash represents amounts required to be reserved by a long-term debt agreement between Lund and a third party.

# **LUND FAMILY CENTER, INC.**

## **Notes to Financial Statements**

**June 30, 2021 and 2020**

### **Property and Equipment**

Property and equipment are carried at cost, if purchased, or at estimated fair value at date of donation in the case of gifts, less accumulated depreciation. Lund's policy is to capitalize assets greater than \$5,000, while minor maintenance and repairs are charged to expense as incurred. Depreciation is recorded using the straight-line method over the following estimated lives as follows:

Furniture and equipment	5-10 years
Buildings and improvements	5-40 years
Vehicles	5 years

### **Revenue Recognition**

Medicaid and client resources revenue is reported at the estimated net realizable amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing client services. These amounts are due from third-party payors (including health insurers and government programs), and others, and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills third-party payors several days after services are provided. Revenue is recognized as performance obligations are satisfied. It is the Organization's expectation that the period between the time the service is provided to a client and the time a third-party payor pays for that service will be one year or less.

Under the Organization's contractual arrangements with the Vermont Department of Health and Human Services (DHHS) and the State of Vermont Treasurer's Office (Treasurer's Office), the Organization provides services to clients for an agreed upon fee. The Organization recognizes revenue for client services in accordance with the provisions of ASU No. 2014-09 and related guidance.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual services rendered. Generally, performance obligations are satisfied over time when services are provided. The Organization measures the performance obligation from when the Organization begins to provide services to a client to the point when it is no longer required to provide services to that client, which is generally at the time of DHHS and the Treasurer's Office notification to the Organization. Total revenue recognized over time for the years ended June 30, 2021 and 2020 was \$6,142,016 and \$6,307,984, respectively. Revenue for performance obligations related to services around finalization of adoptions which are satisfied at a point in time are based upon the stated contract price for the agreed upon performance obligation and were \$478,828 and \$505,112, respectively for the years ended June 30, 2021 and 2020.

Each performance obligation is separately identifiable from other promises in the contract with the client and DHHS and the Treasurer's Office. As the performance obligations are met, revenue is recognized based upon allocated transaction price. The transaction price is allocated to separate performance obligations based upon the relative stand-alone selling price.

# **LUND FAMILY CENTER, INC.**

## **Notes to Financial Statements**

**June 30, 2021 and 2020**

Because all of its performance obligations relate to short-term contracts, the Organization has elected to apply the optional exemption provided in FASB Accounting Standards Codification (ASC) Subtopic 606-10-50-14(a), and therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

### **Investments**

Investments in marketable securities and debt instruments with readily determined market values are carried at fair value. Fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities.

Dividends, interest, and net realized and unrealized gains (losses) arising from investments are reported as follows:

- Increases (decreases) in net assets with donor restrictions if the terms of the gift require that they be maintained with the corpus of a donor restricted endowment fund;
- Increases (decreases) in net assets with donor restrictions if the terms of the gift or state law imposes restrictions on the use of the allocated investment income; and
- Increases (decreases) in net assets without donor restrictions in all other cases.

### **Deferred Financing Costs**

Financing costs are capitalized and amortized using the straight-line method over the term of the related long-term debt obligations. These costs are included in long-term debt obligations in the statements of financial position.

### **Functional Allocation of Expenses**

Lund expenses are presented on a functional basis, showing basic program services and support services. Lund allocates expenses based on the organizational cost centers in which expenses are incurred. In certain instances, expenses are allocated between support functions and program services based on an analysis of personnel time and space utilized for the related services.

### **Income Taxes**

Lund is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. There was no unrelated business income tax incurred by Lund for the years ended June 30, 2021 and 2020. Management has evaluated Lund's tax positions and concluded Lund has maintained its tax-exempt status, does not have any significant unrelated business income and has taken no uncertain tax positions that require adjustment to, or disclosure within, the accompanying financial statements.

# LUND FAMILY CENTER, INC.

## Notes to Financial Statements

June 30, 2021 and 2020

### Subsequent Events

For purposes of the preparation of these financial statements in conformity with U.S. GAAP, Lund has considered transactions or events occurring through December 9, 2021, which is the date the financial statements were available to be issued.

### 2. Availability and Liquidity of Financial Assets

Lund regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to optimize its available funds. Lund has various sources of liquidity at its disposal, including cash and cash equivalents and investments.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Lund considers all expenditures related to its ongoing operating activities as well as the conduct of services undertaken to support those operating activities.

In addition to financial assets available to meet general expenditures over the next 12 months, Lund operates with a balanced budget and anticipates collecting sufficient revenue to cover expenditures not covered by donor-restricted resources or, where appropriate, borrowings. Refer to the statements of cash flows, which identify the sources and uses of Lund's cash, cash equivalents and restricted.

The following financial assets are expected to be available within one year of the statement of financial position date to meet general expenditures as of June 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents available for operations	\$ 2,623,334	\$ 2,418,821
Accounts and grants receivable available for operations	1,166,661	1,111,767
Contributions receivable due within one year and available for general expenditures	<u>-</u>	<u>98,250</u>
Financial assets available at year end for general expenditures	<u>\$ 3,789,995</u>	<u>\$ 3,628,838</u>

Cash and cash equivalents in the statement of financial position includes amounts that are donor restricted for specific purposes and thus are excluded from the above table.

Lund's Board of Trustees has designated a portion of its resources without donor-imposed restrictions to act as endowment funds. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board of Trustees. Such assets are excluded from the table above.

# LUND FAMILY CENTER, INC.

## Notes to Financial Statements

June 30, 2021 and 2020

### 3. Property and Equipment

Property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 233,177	\$ 233,177
Buildings and improvements	10,316,913	10,176,083
Furniture and equipment	253,462	590,936
Vehicles	<u>132,042</u>	<u>213,664</u>
	10,935,594	11,213,860
Less accumulated depreciation	<u>3,192,421</u>	<u>3,301,103</u>
Property and equipment, net	<u>\$ 7,743,173</u>	<u>\$ 7,912,757</u>

### 4. Investments

Investments consist of the following marketable securities:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 91,037	\$ 31,151
Exchange traded funds	1,473,552	697,661
Equities	633,869	604,931
Mutual funds	<u>185,320</u>	<u>100,258</u>
	<u>\$ 2,383,778</u>	<u>\$ 1,434,001</u>

Lund's investments are subject to various risks, such as interest rate, credit and overall market volatility, which may substantially impact the values of investments at any given time.

### 5. Fair Value Measurements

FASB ASC Topic 820, *Fair Value Measurement*, defines fair value as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants and also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy within ASC Topic 820 distinguishes three levels of inputs that may be utilized when measuring fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

# LUND FAMILY CENTER, INC.

## Notes to Financial Statements

June 30, 2021 and 2020

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2021 are summarized below:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments			
Cash and cash equivalents	\$ 91,037	\$ -	\$ 91,037
Exchange traded funds	1,473,552	-	1,473,552
Equities	633,869	-	633,869
Mutual funds	<u>185,320</u>	<u>-</u>	<u>185,320</u>
Total investments	<u>\$ 2,383,778</u>	<u>\$ -</u>	<u>\$ 2,383,778</u>
Interest rate swap agreement	<u>\$ -</u>	<u>\$ 131,117</u>	<u>\$ 131,117</u>

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2020 are summarized below:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments			
Cash and cash equivalents	\$ 31,151	\$ -	\$ 31,151
Exchange traded funds	697,661	-	697,661
Equities	604,931	-	604,931
Mutual funds	<u>100,258</u>	<u>-</u>	<u>100,258</u>
Total investments	<u>\$ 1,434,001</u>	<u>\$ -</u>	<u>\$ 1,434,001</u>
Interest rate swap agreement	<u>\$ -</u>	<u>\$ 218,534</u>	<u>\$ 218,534</u>

The fair value of the interest rate swap agreement from the 2007E Bonds was based on mid-market benchmark levels of swap transactions with terms substantially similar to those of Lund's swap transactions and using inputs including the London Interbank Offered Rate (LIBOR) swap curve as of the close of business June 30 and the economic terms of the swap agreement. During the years ended June 30, 2021 and 2020, there have been no changes in valuation techniques, the variable rate as outlined in the 2007E Bond, or the fixed interest rate of the swap agreement.

### 6. Long-Term Debt Obligations

Lund had the following long-term debt obligations:

	<u>2021</u>	<u>2020</u>
Note payable to People's United Bank, monthly principal and interest payments of \$10,618 at a 4.8% fixed interest rate, with a balloon payment of approximately \$1,359,000, due April 2022; collateralized by specific real estate. As of June 30, 2021, the organization has began exploring options to refinance the note.	\$ 1,418,329	1,475,187

# LUND FAMILY CENTER, INC.

## Notes to Financial Statements

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Vermont Economic Development Authority (VEDA) Series 2007D bonds held by TD Bank; payable in monthly and interest installments of \$5,668, due January 2025. Interest is based on a variable rate of 69% of the total of the Federal Home Loan Bank of Boston (FHLBB) Five Year Advance Rate plus 2.175% (3.624% at June 30, 2021). At the date of maturity, Lund may extend the bonds for one additional five year term; collateralized by specific real estate.	403,124	359,322
VEDA Series 2007E bonds held by TD Bank; payable in monthly installments ranging from \$9,612 to \$20,876 through February 2033. The bonds bear a variable interest rate at 69% of the total of the thirty-day LIBOR plus 2.175% through January 2023 (2.238% at June 30, 2021). Thereafter, interest is adjusted February 2023 and 2028, to be 69% of the total of the FHLBB Five Year Advance Rate plus 2.175%; collateralized by specific real estate.	<u>2,223,336</u>	<u>2,420,598</u>
	4,044,789	4,255,107
Less current portion	1,594,601	226,624
Less unamortized deferred financing costs	<u>30,376</u>	<u>38,244</u>
Long-term debt obligations, net of current portion and unamortized deferred financing costs	<u>\$ 2,419,812</u>	<u>\$ 3,990,239</u>

Maturities of long-term debt are as follows:

2021	\$ 1,594,601
2022	185,801
2023	196,247
2024	207,382
2025	219,140
Thereafter	<u>1,641,618</u>
Total	<u>\$ 4,044,789</u>

Interest expense charged to operations, including amortization of financing costs of \$7,868, was \$217,471 and \$222,992 during the years ended June 30, 2021 and 2020, respectively. Cash paid for interest approximated interest expense in 2021 and 2020.



# LUND FAMILY CENTER, INC.

## Notes to Financial Statements

June 30, 2021 and 2020

Under the terms of the People's United Bank note payable and the VEDA bonds, Lund is required to maintain financial covenants. As of June 30, 2021 and 2020, Lund complied with the covenants under the VEDA bonds. As of June 30, 2021, Lund complied with certain covenants of the People's United Bank note payable. As of June 30, 2020, Lund failed to comply with certain covenants of the People's United Bank note payable and obtained a debt covenant waiver.

### 7. Interest Rate Swap Agreement

Lund is exposed to interest rate risk relating to its ongoing business operations. Interest rate risk is managed by using derivative instruments.

In connection with the issuance of the VEDA 2007E bonds, Lund entered into an interest rate swap agreement with a notional amount of \$2,204,648 and \$2,420,598 in 2021 and 2020, respectively, that effectively converted the variable rate on the VEDA 2007E bonds to a fixed rate through the maturity of the VEDA 2007E bonds in 2033. Under the swap agreement, Lund pays interest at a fixed rate of 6.2% and receives an interest payment at the variable rate on the VEDA 2007E bonds.

The derivative instrument is designated to qualify as a cash flow hedge, with the change in the value of the derivative reflected in the statement of activities and changes in net assets as a component of other gains (losses). The carrying amount of the swap was adjusted to fair value at year-end, which resulted in a liability of \$131,117 and \$218,534 as of June 30, 2021 and 2020, respectively.

### 8. Net Assets

Net assets without donor restrictions were as follows:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 6,850,329	\$ 4,441,101
Board-designated endowment funds	<u>1,011,730</u>	<u>626,619</u>
	<u>\$ 7,862,059</u>	<u>\$ 5,067,720</u>

Net assets with donor restrictions were as follows:

	<u>2021</u>	<u>2020</u>
Funds maintained in perpetuity:		
Income to support general operations	<u>\$ 1,020,337</u>	<u>\$ 663,388</u>
Funds maintained with donor restrictions temporary in nature:		
Accumulated earnings on funds maintained in perpetuity	351,711	143,994
Other restrictions		
Technology	20,969	38,745
Adoption	55,765	57,323
Time restriction	<u>80,000</u>	<u>131,000</u>
Total funds maintained with donor restrictions temporary in nature	<u>508,445</u>	<u>371,062</u>
Total net assets with donor restrictions	<u>\$ 1,528,782</u>	<u>\$ 1,034,450</u>

# **LUND FAMILY CENTER, INC.**

## **Notes to Financial Statements**

**June 30, 2021 and 2020**

### **9. Endowment**

Lund's endowment primarily consists of funds established for certain programs provided by Lund. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### **Interpretation of Relevant Law**

Lund has interpreted the State of Vermont Uniform Prudent Management of Institutional Funds Act (the Act) as allowing Lund to spend or accumulate the amount of an endowment fund that Lund determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift agreement. As a result of this interpretation, Lund has included in net assets with perpetual donor restrictions (1) the original value of gifts donated to be maintained in perpetuity; (2) the original value of subsequent gifts to be maintained in perpetuity; and (3) the accumulation to the gifts to be maintained in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. If the donor-restricted endowment assets earn investment returns beyond the amount necessary to maintain the endowment assets' contributed value, that excess is included in net assets with donor restrictions until appropriated by the Board of Trustees and, if applicable, expended in accordance with the donors' restrictions. Funds designated by the Board of Trustees to function as endowments are classified as net assets without donor restrictions.

In accordance with the Act, Lund considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of Lund and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of Lund; and
- (7) The investment policies of Lund.

#### **Return Objectives and Risk Parameters**

Lund has adopted investment policies, approved by the Board of Trustees, for endowment assets that attempt to maintain the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of accumulated interest and dividend income to be reinvested or used as needed, while growing the funds if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to reduce the exposure of the fund to unacceptable levels of risk.

# LUND FAMILY CENTER, INC.

## Notes to Financial Statements

June 30, 2021 and 2020

### Spending Policy

Lund and its Board of Trustees implemented a policy to forgo appropriations from its endowment funds with a goal to grow the endowment to a level of \$3,000,000. At that point, the Board is to evaluate the feasibility and amount of any regular appropriations to be taken. Any appropriations of board-designated endowment funds are approved by the Board of Trustees.

### Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires Lund to retain as a fund of perpetual duration. Deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of new contributions with donor-imposed restrictions to be maintained in perpetuity and continued appropriation for certain programs that was deemed prudent by the Board of Trustees. Lund has a policy that permits spending from underwater endowment funds, unless specifically prohibited by the donor or relevant laws and regulations. Any deficiencies are reported in net assets with donor-imposed restrictions. There were no deficiencies of this nature as of June 30, 2021 and 2020.

### Endowment Composition and Changes in Endowment

The endowment net asset composition by type of fund as of June 30, 2021 was as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,372,048	\$ 1,372,048
Board-designated endowment funds	<u>1,011,730</u>	<u>-</u>	<u>1,011,730</u>
	<u>\$ 1,011,730</u>	<u>\$ 1,372,048</u>	<u>\$ 2,383,778</u>

The changes in endowment net assets for the year ended June 30, 2021 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2020	\$ 626,619	\$ 807,382	\$ 1,434,001
Contributions	-	356,949	356,949
Transfer from undesignated net assets	150,000	-	150,000
Investment return	<u>235,111</u>	<u>207,717</u>	<u>442,828</u>
Endowment net assets, June 30, 2021	<u>\$ 1,011,730</u>	<u>\$ 1,372,048</u>	<u>\$ 2,383,778</u>

**LUND FAMILY CENTER, INC.**

**Notes to Financial Statements**

**June 30, 2021 and 2020**

The endowment net asset composition by type of fund as of June 30, 2020 was as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 807,382	\$ 807,382
Board-designated endowment funds	<u>626,619</u>	<u>-</u>	<u>626,619</u>
	<u>\$ 626,619</u>	<u>\$ 807,382</u>	<u>\$ 1,434,001</u>

The changes in endowment net assets for the year ended June 30, 2020 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2019	\$ 741,671	\$ 778,860	\$ 1,520,531
Investment return	34,993	28,522	63,515
Amount appropriated for expenditure	<u>(150,045)</u>	<u>-</u>	<u>(150,045)</u>
Endowment net assets, June 30, 2020	<u>\$ 626,619</u>	<u>\$ 807,382</u>	<u>\$ 1,434,001</u>

**10. Significant Concentration**

Lund's primary revenue sources are contracts with the State of Vermont and funding by federal and state grants, which collectively account for approximately 72% and 83% of total revenue for the years ended June 30, 2021 and 2020, respectively.

**11. Retirement Plans**

Lund sponsors a tax sheltered defined contribution annuity plan (the Plan) under the provisions of Section 403(b) of the Internal Revenue Code. The Plan covers substantially all employees who meet certain minimum eligibility requirements. Lund contributes to the Plan on a discretionary basis. During the years ended June 30, 2021 and 2020, total contributions to the Plan were \$69,490 and \$36,000, respectively.

# **LUND FAMILY CENTER, INC.**

## **Notes to Financial Statements**

**June 30, 2021 and 2020**

### **12. Uncertainty**

On March 11, 2020, the World Health Organization declared coronavirus disease (COVID-19) a global pandemic. Local, U.S., and world governments encouraged self-isolation to curtail the spread of COVID-19 by mandating the temporary shut-down of business in many sectors and imposing limitations on travel and the size and duration of group gatherings. Most sectors are experiencing disruption to business operations and may feel further impacts related to delayed government reimbursement. The Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020 provides several relief measures to allow flexibility to providers to deliver critical care. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and additional government actions to mitigate them. Accordingly, while management expects this matter to impact operating results, the related financial impact and duration cannot be reasonably estimated.

The U.S. government has responded with three phases of relief legislation, as a response to the COVID-19 outbreak. Recent legislation was enacted into law on March 27, 2020, called the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), a statute to address the economic impact of the COVID-19 outbreak. The CARES Act, among other things, 1) authorizes emergency loans to distressed businesses by establishing, and providing funding for, forgivable bridge loans; 2) provides additional funding for grants and technical assistance; and 3) delays due dates for employer payroll taxes and estimated tax payments for organizations. Management has evaluated the impact of the CARES Act on the Organization, including its potential benefits and limitations that may result from additional funding.

During 2020, Lund obtained \$1,750,000 under the CARES Act Paycheck Protection Program (PPP). The PPP has specific criteria for eligibility and provides for forgiveness of the funds under this program if the Organization meets certain requirements. Any portion of the funds that are not forgiven is to be repaid within 2 years at a 1% interest rate. As of June 30, 2020, Lund reported the PPP funds as a refundable advance in the statement of financial position. On December 1, 2020, Lund received notice from the Small Business Administration that the requirements under the PPP were satisfied and no amount of funds would be required to be returned. The full amount of the PPP funds was recognized as grant revenue during 2021.

During 2021, the Organization was awarded \$348,127 from the federal Coronavirus Relief Funds which was passed through the State of Vermont. As of June 30, 2021, the Organization had recognized the full amount in revenue which is included in federal and state contracts and grants in the statement of activities and changes in net assets.

**SUPPLEMENTARY INFORMATION**  
**AND**  
**REPORTS IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

**LUND FAMILY CENTER, INC.**

**Schedule of Revenues and Expenses - Residential Program**

**Year Ended June 30, 2021**

	<u>Residential</u>	<u>School</u>	<u>Total</u>
Revenues			
Government contracts	\$ 3,410,467	\$ 199,989	\$ 3,610,456
Government grants	-	56,534	56,534
Contributions	-	498	498
Other	<u>1,955</u>	<u>11,170</u>	<u>13,125</u>
	<u>3,412,422</u>	<u>268,191</u>	<u>3,680,613</u>
Expenses			
Salaries and wages	1,669,693	125,492	1,795,185
Payroll taxes and benefits	433,357	32,559	465,916
Supplies	171,514	2,373	173,887
Family assistance	69,548	-	69,548
Occupancy	524,782	59,943	584,725
Travel	24,687	65	24,752
Equipment repairs and maintenance	3,913	-	3,913
Telephone	4,183	813	4,996
Staff development and training	8,688	493	9,181
Contracts and services	3,030	195	3,225
Postage	438	5	443
Agency costs	582,832	44,443	627,275
Other	<u>679</u>	<u>-</u>	<u>679</u>
	<u>3,497,344</u>	<u>266,381</u>	<u>3,763,725</u>
	\$ <u>(84,922)</u>	\$ <u>1,810</u>	\$ <u>(83,112)</u>

**LUND FAMILY CENTER, INC.**

**Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2021**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal AL Number</b>	<b>Pass-Through Grantor/Agreement Number</b>	<b>Federal Expenditures</b>
<b><u>United States Department of Agriculture:</u></b>			
<i><u>Pass-through:</u></i>			
<i><u>Vermont Agency of Agriculture, Food &amp; Markets:</u></i>			
Child and Adult Care Food Program	10.558	R114(c)	\$ <u>35,174</u>
<b><u>United States Department of Housing and Urban Development:</u></b>			
<i><u>Pass-through:</u></i>			
<i><u>City of Burlington:</u></i>			
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-50-0001	<u>13,509</u>
<b><u>United States Department of Health and Human Services:</u></b>			
<i><u>Direct:</u></i>			
Enhance Safety of Children Affected by Substance Abuse	93.087		<u>475,966</u>
<i><u>Pass-through:</u></i>			
<i><u>Vermont Department of Health:</u></i>			
COVID-19 - Coronavirus Relief Fund	21.019		<u>348,127</u>
Child Care and Development Block Grant	93.575		<u>11,358</u>
Promoting Safe and Stable Families Program	93.556	03440-28419- PROJFAM_FY21	251,249
IV-B/Part II-Kinship Navigator	93.556	03440-28435-LUND- FY21	<u>18,413</u>
Total AL 93.556			<u>269,662</u>
Community-Based Child Abuse Prevention Grants	93.590	03440-32307-21-PCC	<u>12,000</u>
Adoption Assistance	93.659	03440-28435-LUND- FY21	<u>8,171</u>
Grants to States for Access and Visitation Programs	93.597	03440-28451-LUND-AV- FY21	<u>8,200</u>
Adoption Incentive Payments	93.603	03440-28419- PROJFAM_FY21	<u>87,200</u>
<i><u>Medicaid Cluster:</u></i>			
Medical Assistance Program	93.778	03440-39014-19-SFG	21,548
Medical Assistance Program	93.778	03440-32307-21-PCC	<u>22,311</u>
Total AL 93.778 and total Medicaid Cluster			<u>43,859</u>
Block Grants for Prevention and Treatment of Substance Abuse	93.959	03420-08258	<u>93,816</u>
Total United States Department of Health and Human Services			<u>1,358,359</u>
<b>Total Expenditures of Federal Awards</b>			<b>\$ <u>1,407,042</u></b>

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



**LUND FAMILY CENTER, INC.**

**Notes to Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2021**

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Lund Family Center, Inc. (Lund) under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Lund, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of Lund.

**2. 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. Pass-through entity identifying numbers are presented where available.

Lund has elected not to use the 10% de minimis indirect cost rate.



**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**

Board of Trustees  
Lund Family Center, Inc.

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lund Family Center, Inc. (Lund), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 9, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lund'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lund's internal control. Accordingly, we do not express an opinion on the effectiveness of Lund'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 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 internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lund's 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 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 Lund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Berry Dunn McNeil & Parker, LLC*

Manchester, New Hampshire  
December 9, 2021  
Registration No. 92-0000278

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees  
Lund Family Center, Inc.

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

We have audited Lund Family Center, Inc.'s (Lund) compliance with the types of compliance requirements described in the Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2021. Lund's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for Lund's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lund's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Lund's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, Lund 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, 2021.

### **Report on Internal Control Over Compliance**

Management of Lund is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lund's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lund's 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 a 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the Organization as of and for the year ended June 30, 2021, and have issued our report thereon dated December 9, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Berry Dunn McNeil & Parker, LLC*

Manchester, New Hampshire  
December 9, 2021  
Registration No. 92-0000278

LUND FAMILY CENTER, INC.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Section I. - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_ yes    X no

Significant deficiency(ies) identified not considered to be material weaknesses?

\_\_\_ yes    X none reported

Noncompliance material to financial statements noted?

\_\_\_ yes    X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

\_\_\_ yes    X no

Significant deficiency(ies) identified not considered to be material weaknesses?

\_\_\_ yes    X none reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

\_\_\_ yes    X no

Identification of major programs:

AL Number

Name of Federal Program or Cluster

21.019

COVID-19 - Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

X yes    \_\_\_ no

Section II. - Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Government Auditing Standards

None noted

Section III.- Findings and Questioned Costs for Federal Awards

None noted

**LUND FAMILY CENTER, INC.**

**Summary Schedule of Prior Year Findings and Questioned Costs**

**Year Ended June 30, 2021**

None