



Financial Statements

June 30, 2024 and 2023



Independent Auditors' Report

**Board of Directors
Mercy Learning Center of Bridgeport, Inc.
Bridgeport, Connecticut**

Opinion

We have audited the accompanying financial statements of Mercy Learning Center of Bridgeport, Inc. (the "Center") which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

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

PKF O'Connor Davies, LLP

Shelton, Connecticut
October 23, 2024

Mercy Learning Center of Bridgeport, Inc.

Statements of Financial Position

	June 30,	
	2024	2023
ASSETS		
Cash and cash equivalents	\$ 967,445	\$ 908,914
U.S. treasury securities	2,000,816	1,240,228
Contribution receivable	34,018	632,224
Other assets	74,021	61,815
Investments held for endowment	9,983,533	8,757,635
Beneficial interest in assets held by others	35,238	33,431
Property and equipment	1,520,545	1,528,771
	<u>\$ 14,615,616</u>	<u>\$ 13,163,018</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 59,140	\$ 7,463
Deferred revenue	70,274	63,924
Total Liabilities	<u>129,414</u>	<u>71,387</u>
Net Assets		
Without donor restrictions	9,752,514	8,907,553
With donor restrictions	4,733,688	4,184,078
Total Net Assets	<u>14,486,202</u>	<u>13,091,631</u>
	<u>\$ 14,615,616</u>	<u>\$ 13,163,018</u>

See notes to financial statements

Mercy Learning Center of Bridgeport, Inc.

Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions			
Private foundations	\$ 494,424	\$ 5,773	\$ 500,197
Corporate	295,350	250,000	545,350
Government grants	152,356	-	152,356
In-kind donations	104,530	-	104,530
Local organizations	50,784	-	50,784
Individual donations	1,291,225	268,263	1,559,488
Special events income	659,948	-	659,948
Realized and unrealized gain on beneficial interest	2,983	-	2,983
Investment gain	851,567	490,093	1,341,660
Net assets released from restrictions satisfied of program restrictions	464,519	(464,519)	-
Total Public Support and Revenue	4,367,686	549,610	4,917,296
EXPENSES			
Program	2,637,361	-	2,637,361
Management and general	575,127	-	575,127
Fundraising	310,237	-	310,237
Total Expenses	3,522,725	-	3,522,725
Change in Net Assets	844,961	549,610	1,394,571
NET ASSETS			
Beginning of year	8,907,553	4,184,078	13,091,631
End of year	\$ 9,752,514	\$ 4,733,688	\$ 14,486,202

See notes to financial statements

Mercy Learning Center of Bridgeport, Inc.

Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions			
Private foundations	\$ 576,320	\$ 1,000	\$ 577,320
Endowment	-	1,193,767	1,193,767
Corporate	95,824	-	95,824
Government grants	188,004	-	188,004
In-kind donations	70,659	-	70,659
Local organizations	75,600	-	75,600
Individual donations	1,583,119	21,401	1,604,520
Realized and unrealized gain on beneficial interest	2,181	-	2,181
Investment gain	530,723	315,207	845,930
Net assets released from restrictions satisfied of program restrictions	755,722	(755,722)	-
Total Public Support and Revenue	3,878,152	775,653	4,653,805
EXPENSES			
Program	2,554,800	-	2,554,800
Management and general	226,461	-	226,461
Fundraising	171,519	-	171,519
Total Expenses	2,952,780	-	2,952,780
Change in Net Assets	925,372	775,653	1,701,025
NET ASSETS			
Beginning of year	7,982,181	3,408,425	11,390,606
End of year	\$ 8,907,553	\$ 4,184,078	\$ 13,091,631

See notes to financial statements

Mercy Learning Center of Bridgeport, Inc.

Statements of Functional Expenses

	Year Ended June 30, 2024				Year Ended June 30, 2023			
	Program	Management and General	Fund- Raising	Total	Program	Management and General	Fund- Raising	Total
Payroll and related	\$ 1,842,395	\$ 392,617	\$ 228,083	\$ 2,463,095	\$ 1,737,496	\$ 133,997	\$ 158,766	\$ 2,030,259
Community outreach	212,009	-	-	212,009	348,373	-	-	348,373
Office	163,121	9,062	9,062	181,245	86,064	4,781	4,781	95,626
Instructional programs	137,221	-	-	137,221	100,865	-	-	100,865
Occupancy	122,271	1,248	1,248	124,767	134,597	1,373	1,373	137,343
Professional fees	-	170,797	-	170,797	-	84,917	-	84,917
Event production	-	-	64,749	64,749	-	-	-	-
Insurance	46,588	475	475	47,538	39,839	407	407	40,653
Board, staff development and training	22,812	-	-	22,812	10,946	-	-	10,946
Public relations	-	-	5,692	5,692	-	-	5,206	5,206
Depreciation	90,944	928	928	92,800	96,620	986	986	98,592
Total Expenses	<u>\$ 2,637,361</u>	<u>\$ 575,127</u>	<u>\$ 310,237</u>	<u>\$ 3,522,725</u>	<u>\$ 2,554,800</u>	<u>\$ 226,461</u>	<u>\$ 171,519</u>	<u>\$ 2,952,780</u>

See notes to financial statements

Mercy Learning Center of Bridgeport, Inc.

Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,394,571	\$ 1,701,025
Adjustments to reconcile change in net assets to net cash from operating activities		
Gain on investments	(1,016,546)	(644,686)
Depreciation	92,800	98,592
Fixed asset donation	-	11,251
Change in beneficial interest in assets held by community foundation	(1,807)	(839)
Change in operating assets and liabilities		
Contribution receivable	598,206	637,776
Other assets	(12,206)	(32,722)
Accounts payable and accrued expenses	51,677	(3,661)
Deferred revenue	6,350	63,924
Net Cash From Operating Activities	1,113,045	1,830,660
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	3,290,000	2,850,000
Purchases of investments	(4,259,940)	(5,927,655)
Purchases of property and equipment	(84,574)	(11,559)
Net Cash From Investing Activities	(1,054,514)	(3,089,214)
Net Change In Cash and Cash Equivalents	58,531	(1,258,554)
CASH AND CASH EQUIVALENTS		
Beginning of year	908,914	2,167,468
End of year	\$ 967,445	\$ 908,914

See notes to financial statements

Mercy Learning Center of Bridgeport, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

1. Nature of Operations

Mercy Learning Center of Bridgeport, Inc. (“MLC”) was formed in 1987 to provide free literacy and life skills education to low-income women in the greater Bridgeport area using a holistic approach within a compassionate supportive environment. MLC’s programs focus on empowering and providing dignity, economic self-sufficiency and hope to their students. By educating women, MLC provides critical learning for its students to improve their skills and earning potential, creating a more solid future for themselves, their families, and their community. All women are welcome to the Center, regardless of backgrounds, experiences and identities.

2. Summary of Significant Accounting Policies

Adoption of New Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board issued an accounting pronouncement related to the measurement of credit losses on financial instruments. This pronouncement and subsequently issued Accounting Standards Updates, clarified certain provisions of the new guidance, changes the impairment model for most financial assets and require the use of an “expected loss” model for instruments measured at amortized cost. Under this model, entities are required to estimate the lifetime expected credit losses on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The adoption of this guidance on July 1, 2023 expanded the Center’s required disclosures for its expected credit losses for accounts receivable but did not have a material impact on its financial statements.

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash balances held in bank accounts and highly liquid debt instruments with maturities of three months or less at the time of purchase. Included within cash and cash equivalents are cash equivalents valued using Level 1 inputs of approximately \$418,000 and \$387,000 as of June 30, 2024 and 2023, respectively.

At times cash deposits may exceed the federally insured limits of the financial institution and expose MLC to credit risk. MLC believes it is not exposed to any significant risk of loss from these funds. As of June 30, 2024, MLC’s cash and cash equivalents exceeded federally insured limits by \$365,000.

Mercy Learning Center of Bridgeport, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

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

Investments

MLC's investments, which are comprised of mutual funds and debt securities, are carried at their fair value based on quoted market prices of the securities at June 30, 2024 and 2023. Net realized and unrealized gains and losses on trading securities are included in net income. For purposes of determining realized gains and losses, the cost of securities sold is based on specific identification. MLC maintains its investments with one financial institution.

Estimated fair value is based on the criteria outlined in Financial Accounting Standards Board Accounting Standard Codification No. 820 ("ASC 820") "Fair Value Measurements and Disclosures". ASC 820 established a "three-tier" valuation hierarchy to prioritize the assumptions used in valuation techniques to measure fair value.

The three levels of fair value hierarchy under ASC 820 are described below:

- **Level 1** - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- **Level 2** - Quoted prices in active markets for similar assets and liabilities or quoted prices in less active, dealer or broker markets;
- **Level 3** - Prices or valuations that require inputs that are both significant in the fair value measurements and are unobservable.

Dividends and interest income, gains and losses are included in the change in net assets. Investment income is considered unrestricted unless restricted by donor stipulation or law.

Investment expenses such as custodial, commission, and investment advisory fees are netted against investment income in the statements of activities.

MLC follows U.S. GAAP guidance which removed the requirements to categorize within the fair value hierarchy certain investments, such as MLC's investment described in Note 5, where fair value is measured using the Net Asset Value ("NAV") per share as a practical expedient.

Contributions Receivable

Contributions receivable consist of unconditional promises to give and are recorded in the year the promise is made. Contributions receivables that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. MLC continuously monitors the creditworthiness of donors and establishes, when appropriate, an allowance for amounts that may become uncollectible in the future based on current economic trends, historical payments and bad debt write-off experience, and any specific donor related collection issues. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction in accounts receivable. As of June 30, 2024 and 2023, no allowance for doubtful accounts has been deemed necessary.

Mercy Learning Center of Bridgeport, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

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

Property and Equipment

Property and equipment are recorded at cost or donated value. The cost of property and equipment purchased in excess of \$1,000 is capitalized. Depreciation is provided using the straight-line method over estimated useful lives ranging from three to ten years for furniture and equipment. The building and building improvements are depreciated over thirty-nine years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred.

Deferred Revenue

Deferred revenue consists of funds that have been received from donors and private businesses for future fundraising events, which will be recognized as revenue when related events occur.

Net Assets

Net assets without donor restrictions – net assets without donor restrictions are available for use at the discretion of the Board of Directors (“Board”) and / or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion. For example, the Board has designated a portion of net assets without donor restrictions as a quasi-endowment (an amount to be treated by management as if it were part of the donor restricted endowment) for the purpose of securing MLC’s long-term financial viability.

Net assets with donor restrictions – net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. Some assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting MLC to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

Contributions

MLC recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions are reported as revenue without donor restrictions or revenues with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified in the statement of activities to net assets without donor restriction. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues without donor restrictions.

Mercy Learning Center of Bridgeport, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Contributed Goods and Services

MLC reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent donor stipulations about how long those assets must be maintained, MLC reports expirations of donor restrictions when the assets are placed in service.

Contributed services are recognized in the financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. General volunteer services do not meet these criteria for recognition.

Grants and Contracts

Other than certain awards to fund capital expenditures, governmental grants and contracts are generally considered to be conditional contributions. Revenue from cost reimbursement grants and contracts is recognized to the extent of costs incurred. Revenue from performance based grants and contracts is recognized to the extent of performance achieved.

Functional Expenses

The costs of providing programs and supporting activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated based on job function and time allocation for payroll and related expenses and square footage allocation for office, occupancy, and depreciation expense.

Income Taxes

MLC is exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code.

MLC recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that MLC had no uncertain tax positions that would require financial statement recognition or disclosure. MLC is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2021.

Mercy Learning Center of Bridgeport, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

3. Investments

Investments are carried at fair value using Level 1 inputs.

Investments consist of the following:

	June 30,			
	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Government securities	\$ 1,981,087	\$ 2,000,816	\$ 1,221,526	\$ 1,240,228
Endowment:				
Mutual funds	7,613,324	9,983,533	7,403,770	8,757,635
	\$ 9,594,411	\$ 11,984,349	\$ 8,625,296	\$ 9,997,863

Investment return, including interest earned on cash accounts and U.S. treasury bills, consists of the following for the years ended June 30, 2024 and 2023:

	2024	2023
Realized and unrealized gain	\$ 1,016,546	\$ 644,686
Interest and dividend income	325,114	201,244
	\$ 1,341,660	\$ 845,930

4. Contributions Receivable

Contributions receivable represent the present value of unconditional promises to give. As of June 30, 2024, contribution receivable amount of \$34,018 is all due within a year.

5. Beneficial Interest in a Community Foundation

Beneficial interest in a community foundation represents amounts held by Fairfield County's Community Foundation, Inc. (the "Foundation"). MLC's interest is represented by units in the Foundation's charitable fund which is carried at fair value, therefore the beneficial interest in the Foundation is reported at NAV. The changes in beneficial interest in the Foundation are recognized in the statement of activities. In accordance with the spending policy of the Foundation, annual distributions to MLC are recognized as contributions in the statements of activities. In addition, the agreement allows for release of funds in excess of the Foundation's spending policy when requested by MLC. Any such release of funds in excess of the Foundation's spending policy must also be approved by the Foundation.

As of June 30, 2024 and 2023, NAV of the fund was \$35,238 and \$33,431 respectively, including \$10,000 that is required to remain in perpetuity, in accordance with the agreement.

Mercy Learning Center of Bridgeport, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

5. Beneficial Interest in a Community Foundation (continued)

Changes in the beneficial interest is as follows:

Balance July 1, 2022	\$ 32,592
Distributions	(1,342)
Change in fair value of beneficial interest	<u>2,181</u>
Balance June 30, 2023	33,431
Distributions	(1,177)
Change in fair value of beneficial interest	<u>2,984</u>
Balance June 30, 2024	<u><u>\$ 35,238</u></u>

6. Property and Equipment

	June 30,		Estimated Useful Life
	2024	2023	
Land and building	\$ 500,000	\$ 500,000	39 - 100 years
Building improvements	2,327,383	2,270,051	7 - 39 years
Furniture and fixtures	95,559	83,825	5 - 15 years
Computers, equipment and software	<u>385,938</u>	<u>370,430</u>	5 - 8 years
	3,308,880	3,224,306	
Less: accumulated depreciation	<u>1,788,335</u>	<u>1,695,535</u>	
	<u><u>\$ 1,520,545</u></u>	<u><u>\$ 1,528,771</u></u>	

7. Contributed Facilities, Services and Goods

Donated facilities, services and goods consisted of the following for the years ended June 30, 2024 and 2023:

	2024	2023
Food	\$ 48,419	\$ 39,335
Emergency assistance	11,740	14,520
Personal care	11,397	10,993
Printing	4,965	5,535
Professional services	27,650	-
Transportation	<u>359</u>	<u>276</u>
	<u><u>\$ 104,530</u></u>	<u><u>\$ 70,659</u></u>

Management estimates that volunteers have contributed approximately 4,100 and 4,300 (unaudited) hours in MLC's programs and supporting services for 2024 and 2023, respectively. However, none of these services meet the requirements for financial statement recognition.

Mercy Learning Center of Bridgeport, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

7. Contributed Facilities, Services and Goods (*continued*)

Contributed food consists of essential groceries, food donated by a local bakery company and gift cards. For financial statement purposes they are presented within community outreach on the statements of functional expenses. Contributed food was utilized in the community outreach program. The essential groceries are put into bags and distributed to current or graduated students based on their needs. In general, a bag consists of rice, beans, canned meats, canned soups, tomato sauce, and cereal. In 2024 and 2023, 1,413 and 1,367, bags of food, respectively, were distributed at a value of approximately \$28 and \$25 per bag, respectively. Management estimates the fair value of products based on estimates of wholesale values that would be received for selling similar products in the United States. A local bakery company donates its unsold products to MLC for distribution among the students. The contributed products are valued at retail value of the products contributed. Donated gift cards consist of various retail stores and are distributed in various denominations. Gift cards are used to purchase food or other home essentials. As of June 30, 2024 and 2023, 17 and 83, students received gift cards, respectively.

Gift cards have a minimum value of \$25 and a maximum value of \$500. The gift cards are distributed to the students based on their need and are valued at fair value which is equal to the gift cards' redemption amount.

Contributed emergency assistance consists of donated baby diapers and is presented within community outreach on the statements of functional expenses. Contributed emergency assistance is utilized in the community outreach program and is distributed to current or graduated students based on their needs. The diapers are valued at an average retail value. In 2024 and 2023, 587 and 726 boxes of diapers, respectively, were donated and distributed at a value of \$20 per package.

Contributed personal care items are presented within community outreach on the statements of functional expenses and were utilized in the community outreach program. Donated items include toothbrushes, baby bottles, and razors. Management values items at retail value. The personal care products are distributed to current or graduated students based on their needs.

Contributed printing services are donated from a local printing company. Contributed printing services were utilized for the annual reports and various administrative materials. The contributed services are valued at cost of the services. The printing services are contributed when needed by the Center.

Contributed professional services were utilized for administrative services. The current year contributed professional services amount consists of assistance provided by three certified public accountants. There were no contributed professional services in prior year. The contributed assistance is valued at fair value based on current rates for these services.

Contributed transportation consists of bus tokens and is presented within community outreach on the statements of functional expenses and was utilized in the community outreach program. Management values the bus tokens at fair value which is equal to its redemption value. The bus tokens are distributed to current students based on their needs.

Mercy Learning Center of Bridgeport, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

8. Major Contributor

MLC received approximately 28% and 27% of its contribution revenue from two separate donors in 2024 and one donor in 2023.

9. Net Assets

Net assets without donor restrictions is comprised of undesignated and Board designated amounts for the following purposes at June 30, 2024 and 2023:

	2024	2023
Property and equipment	\$ 1,520,545	\$ 1,528,771
Endowment fund	5,992,349	5,256,544
Operations (A)	1,642,500	1,485,325
Capital improvements	500,000	500,000
Undesignated	97,120	136,913
	\$ 9,752,514	\$ 8,907,553

(A) Board designated six months of working capital (based on the greater of the current year's budget or previous year's actual expenses) to be held in investment grade cash equivalents to meet liquidity needs.

Net assets with donor restrictions are restricted for the following purposes or periods as follows at June 30, 2024 and 2023:

	2024	2023
Subject to expenditure for specified purpose or period		
Part-time instructors	\$ 17,888	\$ 159,021
Internships	173,987	200,222
Operations	75,000	100,000
Social service staff	-	93,195
Women of achievement	-	86,998
Scholarship	18,000	14,949
Citizenship	3,182	2,802
Acting President	1,243	13,200
Reading award	2,250	2,500
Playground	260,081	-
Adult Education	175,000	-
Laptops	5,773	-
Total Subject to Expenditure for Specified Purpose or Period	732,404	672,887
Endowment subject to MLC's spending policy and appropriation		
Investment in Perpetuity		
Fairfield County's Community Foundation	10,000	10,000
Mercy Learning Center Endowment	3,991,284	3,501,191
Total Endowment Subject to MLC's Spending Policy and Appropriation	4,001,284	3,511,191
Total Net Assets With Donor Restrictions	\$ 4,733,688	\$ 4,184,078

Mercy Learning Center of Bridgeport, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

9. Net Assets (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

The net assets released from restrictions are as follows for fiscal years ended June 30, 2024 and 2023:

	2024	2023
Purpose or restrictions accomplished		
Literacy program	\$ -	\$ 199,750
Scholarship	1,949	-
Citizenship	2,802	7,141
Reading award	250	250
Internships	26,235	52,870
Part-time instructors	141,133	116,470
Social service staff	93,195	142,390
Operations	100,000	150,000
Acting President	11,957	-
Women of achievement	86,998	86,851
Net Assets Released from Restrictions	\$ 464,519	\$ 755,722

10. Liquidity and Availability of Resources

MLC's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	2024	2023
Cash and cash equivalents	\$ 967,445	\$ 908,914
U.S. treasury bills	2,000,816	1,240,228
Contribution receivable, current portion	34,018	632,224
Investments held for endowment	9,983,533	8,757,635
Total Financial Assets Available Within One Year	12,985,812	11,539,001
Less amounts unavailable for general expenditures within one year, due to		
Restricted by donor with time or purpose restriction	732,404	672,887
Restricted by donors in perpetuity		
Endowment fund	4,001,284	3,511,191
Total Amounts Unavailable for General Expenditures Within One Year	4,733,688	4,184,078

Mercy Learning Center of Bridgeport, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

10. Liquidity and Availability of Resources *(continued)*

	<u>2024</u>	<u>2023</u>
Less amounts unavailable to management without Board's approval		
Operations	1,642,500	1,485,325
Endowment fund	<u>5,992,349</u>	<u>5,256,544</u>
Total Amounts Unavailable to Management		
Without Board's Approval	<u>7,634,849</u>	<u>6,741,869</u>
Total Financial Assets Available to Management for General Expenditures Within One Year	<u>\$ 617,275</u>	<u>\$ 613,054</u>

As part of MLC's liquidity management, MLC has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition MLC invests cash in excess of daily requirements in short term investments.

MLC has board designated net assets without donor restrictions that, while MLC does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

11. Endowment

Mercy Learning Center Endowment Fund

The purpose of the MLC Endowment Fund (the "Fund") is to provide a perpetual source of reliable funding to support the mission of MLC. By establishing the Fund, the Board of Directors is dedicated to ensuring that MLC's mission of educating and empowering women and children is sustained. The Fund will be used primarily for women's literacy and life skills programs, children and family literacy, social service needs, staff development, facility maintenance and capital improvements. The Fund shall be a permanent board restricted endowment fund of MLC.

The Fund shall include the assets designated by the Board of Directors of MLC, as well as any additional financial contributions received subject to donor restrictions on a perpetual basis.

MLC is subject to the Connecticut Uniform Prudent Management of Institutional Funds Act (CTUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, MLC classifies as net assets with donor restrictions (a time restriction in perpetuity) the original value of gifts donated to the donor restricted endowment and the original value of subsequent gifts to the donor restricted endowment. In accordance with CTUPMIFA, MLC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

Mercy Learning Center of Bridgeport, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

11. Endowment (continued)

Mercy Learning Center Endowment Fund (continued)

- 1) Assure the safety of MLC funds.
- 2) Maintain sufficient income and liquidity to meet cash needs and provide timely working funds.
- 3) Attain a reasonable total return consistent with prudent levels of risk.
- 4) Diversify investments as to maturity, instruments and inherent risk.
- 5) Provide growth of both income and capital to enable MLC assets to increase on a real basis after adjusting for inflation and fees.

MLC considers a fund to be underwater if the fair value of the fund is less than the sum of the original value of initial and subsequent gift amounts donated to the fund and any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. MLC has no underwater endowment funds at June 30, 2024 and 2023.

MLC has adopted an investment policy for Endowment assets that attempts to provide a predictable stream of funding to programs supported by its Endowment while seeking to maintain the purchasing power of the Endowment assets.

Changes in endowment net assets for the year ended June 30:

	2024				Total
	Without Donor Restrictions	With Donor Restrictions		Total With Donor Restrictions	
		Original Gift Amount	Accumulated Gains (Losses)		
MLC Endowment net assets, beginning of year	\$ 5,256,544	\$ 2,859,319	\$ 641,872	\$ 3,501,191	\$ 8,757,735
Investment return					
Investment income, net	125,657	-	83,695	83,695	209,352
Realized and unrealized gain on investments	610,148	-	406,398	406,398	1,016,546
Contributions	-	-	-	-	-
	<u>5,992,349</u>	<u>2,859,319</u>	<u>1,131,965</u>	<u>3,991,284</u>	<u>9,983,633</u>
Other changes					
Transfers to board-designated endowment fund	-	-	-	-	-
MLC Endowment Net Assets, End of Year	<u>5,992,349</u>	<u>2,859,319</u>	<u>1,131,965</u>	<u>3,991,284</u>	<u>9,983,633</u>
Fairfield County's Community Foundation	-	10,000	-	10,000	10,000
MLC Endowment Net Assets, End of Year	<u>\$ 5,992,349</u>	<u>\$ 2,869,319</u>	<u>\$ 1,131,965</u>	<u>\$ 4,001,284</u>	<u>\$ 9,993,633</u>

Mercy Learning Center of Bridgeport, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

11. Endowment (continued)

Mercy Learning Center Endowment Fund (continued)

	2023				
	Without Donor Restrictions	With Donor Restrictions			Total
		Original Gift Amount	Accumulated Gains (Losses)	Total With Donor Restrictions	
MLC Endowment net assets, beginning of year	\$ 4,283,305	\$ 1,665,552	\$ 326,665	\$ 1,992,217	\$ 6,275,522
Investment return					
Investment income, net	86,287	-	57,473	57,473	143,760
Realized and unrealized gain on investments	386,952	-	257,734	257,734	644,686
Contributions	-	1,193,767	-	1,193,767	1,193,767
	<u>4,756,544</u>	<u>2,859,319</u>	<u>641,872</u>	<u>3,501,191</u>	<u>8,257,735</u>
Other changes					
Transfers to board-designated endowment fund	500,000	-	-	-	500,000
MLC Endowment Net Assets, End of Year	<u>5,256,544</u>	<u>2,859,319</u>	<u>641,872</u>	<u>3,501,191</u>	<u>8,757,735</u>
Fairfield County's Community Foundation	-	10,000	-	10,000	10,000
Endowment Net Assets, End of Year	<u>\$ 5,256,544</u>	<u>\$ 2,869,319</u>	<u>\$ 641,872</u>	<u>\$ 3,511,191</u>	<u>\$ 8,767,735</u>

MLC Endowment Fund Spending Policy

Prior to approval of MLC's annual budget and if needed, the Finance Committee shall recommend the spending amount from the Fund. This annual payout rate is expected to be 3% to 5% of the average market value of the Fund for the past three years based on the June 30th market value stated in MLC's audited financial statements. A spending rate of more than 5% requires a two-thirds approval of the Board.

In making a determination to approve any withdrawal including spending policy withdrawals from the Fund, the Board shall act in good faith, with the care that a prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

- The duration and preservation of the Fund;
- The mission of MLC and the purpose of the Fund;
- General economic conditions;
- The potential effect of inflation or deflation;
- The expected total return from income and appreciation of investments;
- Other resources of MLC; and
- The Endowment Fund Investment Policy of MLC.

12. Subsequent Events Evaluation by Management

Management has evaluated subsequent events through October 23, 2024, the date which the financial statements were available for issue.
