

Graham Windham

Financial Statements

June 30, 2009



O'Connor Davies Munns & Dobbins, llp
ACCOUNTANTS AND CONSULTANTS

Independent Auditors' Report

Board of Directors Graham Windham

We have audited the accompanying statement of financial position of Graham Windham as of June 30, 2009 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Graham Windham's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Graham Windham's financial statements as of and for the year ended June 30, 2008 and, in our report dated November 6, 2008 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Graham Windham's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Graham Windham as of June 30, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

O'Connor Davies Munns & Dobbins, LLP

New York, New York
November 17, 2009

Graham Windham
Statement of Financial Position
June 30, 2009
(with comparative amounts at June 30, 2008)

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 5,122,808	\$ 5,195,267
Public maintenance receivables	9,534,884	8,910,929
Other accounts receivable and prepaid expenses	1,130,354	1,103,715
Investments	7,518,681	8,467,890
Property, plant and equipment, net	4,896,749	4,975,991
Restricted investments	<u>679,946</u>	<u>826,596</u>
	<u>\$ 28,883,422</u>	<u>\$ 29,480,388</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 9,210,010	\$ 8,512,732
Due to governments	8,142,994	8,055,093
Due to Greenburgh School	244,329	244,329
Security deposits	13,406	13,406
Mortgage payable	<u>1,212,000</u>	<u>1,284,000</u>
Total Liabilities	<u>18,822,739</u>	<u>18,109,560</u>
Net Assets		
Unrestricted	8,538,320	9,469,458
Temporarily restricted	842,417	1,074,774
Permanently restricted	<u>679,946</u>	<u>826,596</u>
Total Net Assets	<u>10,060,683</u>	<u>11,370,828</u>
	<u>\$ 28,883,422</u>	<u>\$ 29,480,388</u>

Graham Windham
Statement of Activities
Year Ended June 30, 2009
(with summarized totals for the year ended June 30, 2008)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2009 Total</u>	<u>2008 Total</u>
OPERATING INCOME					
Public Support					
Public maintenance income	\$ 59,979,878	\$ -	\$ -	\$ 59,979,878	\$ 55,829,924
Contributions and grants	344,393	965,700	-	1,310,093	1,507,961
Special events, net of direct costs of \$76,355 and \$118,313	574,106	500	-	574,606	816,907
Revenue from UFSD No. 10	<u>203,222</u>	<u>-</u>	<u>-</u>	<u>203,222</u>	<u>441,742</u>
Total Public Support	61,101,599	966,200	-	62,067,799	58,596,534
Program service fees, other	783,252	-	-	783,252	800,597
Interest income	50,943	-	-	50,943	165,176
Net assets released from restrictions	<u>1,199,032</u>	<u>(1,199,032)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Income	<u>63,134,826</u>	<u>(232,832)</u>	<u>-</u>	<u>62,901,994</u>	<u>59,562,307</u>
OPERATING EXPENSES					
Program services	58,097,051	-	-	58,097,051	54,417,420
Management and general	4,604,811	-	-	4,604,811	4,403,968
Fundraising	<u>514,088</u>	<u>-</u>	<u>-</u>	<u>514,088</u>	<u>473,756</u>
Total Operating Expenses	<u>63,215,950</u>	<u>-</u>	<u>-</u>	<u>63,215,950</u>	<u>59,295,144</u>
Excess (Deficiency) of Operating Income					
Over Expenses	(81,124)	(232,832)	-	(313,956)	267,163
NON OPERATING INCOME					
Investment income (loss)	<u>(850,014)</u>	<u>475</u>	<u>(146,650)</u>	<u>(996,189)</u>	<u>(346,498)</u>
Change in Net Assets	(931,138)	(232,357)	(146,650)	(1,310,145)	(79,335)
NET ASSETS					
Beginning of year	<u>9,469,458</u>	<u>1,074,774</u>	<u>826,596</u>	<u>11,370,828</u>	<u>11,450,163</u>
End of year	<u><u>\$ 8,538,320</u></u>	<u><u>\$ 842,417</u></u>	<u><u>\$ 679,946</u></u>	<u><u>\$ 10,060,683</u></u>	<u><u>\$ 11,370,828</u></u>

See notes to financial statements

Graham Windham
Statement of Functional Expenses
Year Ended June 30, 2009
(with summarized totals for the year ended June 30, 2008)

	Program Services						Supporting Services			2009	2008
	Westchester Residential Services	Family Permanency Planning	Medicaid	Early Childhood	Family Preservation	Total	Management and General	Fundraising	Total	Total	Total
PERSONNEL											
Salaries	\$ 7,776,708	\$ 6,762,838	\$ 1,537,579	\$ 4,839,601	\$ 3,068,904	\$ 23,985,630	\$ 2,668,021	\$ 286,013	\$ 2,954,034	\$ 26,939,664	\$ 24,404,382
Employee benefits and payroll taxes	2,479,276	1,912,769	442,368	1,155,659	785,774	6,775,846	748,513	79,648	828,161	7,604,007	6,645,678
CARE AND MAINTENANCE											
Food	489,263	4,179	-	205,738	11,645	710,825	-	-	-	710,825	624,470
Clothing	199,474	726,849	-	1,048	603	927,974	-	-	-	927,974	872,435
Travel	68,181	153,600	5,321	21,911	31,371	280,384	3,739	1,207	4,946	285,330	344,474
Allowances and recreation	314,650	341,938	152	40,748	73,641	771,129	996	1,424	2,420	773,549	768,083
Medicine and medical supplies	-	-	671,005	1,060	378	672,443	-	-	-	672,443	620,080
Boarding payments to foster parents	816,041	8,213,894	-	4,851,517	-	13,881,452	-	-	-	13,881,452	13,717,176
PROFESSIONAL FEES											
Health services	-	18,360	1,124,112	975,088	162,018	2,279,578	-	-	-	2,279,578	2,325,739
Audit, legal and consultants	23,772	182,102	-	13,344	490	219,708	97,382	-	97,382	317,090	436,848
Purchased services	396,144	1,160,047	6,000	172,494	127,738	1,862,423	265,921	14,530	280,451	2,142,874	1,975,314
STAFF											
Staff development and conference	13,557	8,165	2,310	54,475	17,866	96,373	21,463	3,674	25,137	121,510	81,895
FIXED CHARGES, SERVICES AND EQUIPMENT											
Rent	-	328,131	55,856	381,243	120,918	886,148	315,046	43,141	358,187	1,244,335	1,169,452
Utilities	421,710	88,539	27,978	111,567	16,407	666,201	34,048	4,731	38,779	704,980	745,742
Repairs and maintenance	436,924	293,641	68,155	169,653	72,121	1,040,494	58,734	6,875	65,609	1,106,103	1,062,203
Telephone	55,957	63,335	12,191	40,357	40,849	212,689	37,243	5,320	42,563	255,252	253,508
Insurance	190,476	108,900	24,599	56,601	50,159	430,735	43,430	4,213	47,643	478,378	515,885
Postage	13,833	23,939	365	6,203	2,011	46,351	54,188	10,010	64,198	110,549	105,429
Equipment rental	121,801	57,147	13,889	26,796	30,277	249,910	43,503	4,567	48,070	297,980	270,858
SUPPLIES AND SUNDRY											
Supplies and equipment	450,779	104,948	27,650	319,851	65,720	968,948	56,975	23,647	80,622	1,049,570	944,654
Dues, licenses and permits	6,945	19,739	2,013	15,441	5,064	49,202	63,891	-	63,891	113,093	165,351
Subscriptions and publications	471	195	39	284	205	1,194	785	324	1,109	2,303	5,124
Depreciation and amortization	466,485	213,890	33,487	43,771	40,098	797,731	65,667	4,733	70,400	868,131	905,467
Property taxes	42,221	14,586	6,827	63,403	1,380	128,417	-	-	-	128,417	100,912
Interest	-	6,623	1,324	1,653	611	10,211	-	-	-	10,211	18,395
Administrative	51,773	43,902	5,960	21,837	21,583	145,055	25,266	20,031	45,297	190,352	215,590
Total Expenses	<u>\$ 14,836,441</u>	<u>\$ 20,852,256</u>	<u>\$ 4,069,180</u>	<u>\$ 13,591,343</u>	<u>\$ 4,747,831</u>	<u>\$ 58,097,051</u>	<u>\$ 4,604,811</u>	<u>\$ 514,088</u>	<u>\$ 5,118,899</u>	<u>\$ 63,215,950</u>	<u>\$ 59,295,144</u>

Graham Windham
Statement of Cash Flows
Year Ended June 30, 2009
(with comparative amounts for the year ended June 30, 2008)

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,310,145)	\$ (79,335)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	868,131	905,467
Donation of stock	(46,529)	(111,286)
Realized and unrealized loss on investments	1,246,719	642,547
Changes in operating assets and liabilities		
Public maintenance receivables	(623,955)	(2,028,406)
Other accounts receivable and prepaid expenses	(26,639)	(235,391)
Accounts payable and accrued expenses	697,278	1,411,428
Due to governments	<u>87,901</u>	<u>1,061,990</u>
Net Cash from Operating Activities	<u>892,761</u>	<u>1,567,014</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(788,888)	(544,578)
Purchase of investments	(949,573)	(301,147)
Proceeds from sale of investments	<u>845,241</u>	<u>136,702</u>
Net Cash from Investing Activities	<u>(893,220)</u>	<u>(709,023)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of debt	<u>(72,000)</u>	<u>(72,000)</u>
Net Change in Cash and Cash Equivalents	(72,459)	785,991
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>5,195,267</u>	<u>4,409,276</u>
End of year	<u>\$ 5,122,808</u>	<u>\$ 5,195,267</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 10,211	\$ 18,396

Graham Windham

Notes to Financial Statements

1. Organization and Tax Status

General

Graham Windham (the Agency) is a not-for-profit, nonsectarian voluntary childcare agency in New York State, providing a range of services and resources to children and their families in the New York metropolitan area. The Agency's purpose is to meet the needs of economically deprived, abused, neglected, homeless and emotionally disturbed children and to support, preserve and strengthen families with children at risk.

Program Services

The various programs of the Agency are as follows:

Westchester Residential Services

Operation of the Agency's owned facilities located in Hastings-on-Hudson, New York, providing rehabilitative programs for children who have significant emotional and educational handicaps. The programs also include Preparing Youth for Adulthood and Aftercare Reinvest.

Family Permanency Planning Services include the following programs:

Foster Boarding Homes – Placement and supervision of children with selected foster families. Supplemental programming includes Aftercare Reinvestment and Foster Parent Support.

Therapeutic Foster Boarding Homes – Placement and supervision of children with specially trained foster families and enhanced services.

Emergency Foster Boarding Homes – Emergency placement (not to exceed 60 days) and supervision of children with selected foster families.

Preparing Youth for Adulthood – Enhanced services for foster care children ages 14-21 to prepare them for independent living after foster care.

Medicaid

Provision of medical, clinical and nursing care for all children in the above-mentioned foster-care programs. All medical costs incurred in non foster-care programs are provided for within the specific program.

Graham Windham

Notes to Financial Statements

1. Organization and Tax Status (*continued*)

Program Services (continued)

Early Childhood Services include the following programs:

Day Care Centers – Provision of child care for two to five year-olds during the daytime. The Agency operates three centers; Williamsburg Day Care Center in Brooklyn, Finest and Harlem Day Care Centers in Manhattan.

Family Child Care Network (previously called Family Day Care) – Provision of supervised, licensed day care homes five days a week to infants and children. Parents pay for this service according to their income.

Early Head Start Family Child Care - Provides supervised, licensed day care five days a week for children up to 3 years of age, as well as providing supervised, licensed day care homes for parents or guardians working or attending job-training classes.

Preschool – Provision of special education for three to five year-olds with learning disabilities.

Parent Child Home Program – Provides home based literacy services for toddlers and pre-school children 2 to 4 years of age.

Family Preservation Services include the following programs:

Manhattan Center and School Based Mental Health Programs (previously only Manhattan Center) – Provide both family and individual counseling, tutoring, recreation and cultural activities for youngsters as well as parenting education and support for families.

The Beacon Schools and United Way After-school Programs – Provide comprehensive support services to the students of PS 195 and their families during days, evenings and weekends throughout the year.

Preventive Services - Diverse family and community support programs designed to provide comprehensive community-based services.

Supporting Services

Management and General – Direction of the overall affairs of the Agency, including accounting, personnel and administrative services.

Fund raising – Activities to secure increased support from the public for the needs of the various programs and overall direction of the Agency.

Tax Status

The Agency is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code as a publicly supported organization described in Section 509(a).

Graham Windham

Notes to Financial Statements

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management of the Agency to make certain estimates and assumptions relating to the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the amount of revenue and expenses recognized during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The financial statements report amounts separately by class of net assets. Unrestricted amounts are those currently available at the discretion of the board for use in the Agency's operations and those resources invested in property, plant and equipment. Temporarily restricted amounts are those which are stipulated by donors for specific operating purposes or for the acquisition of equipment. Permanently restricted amounts are those which are established by donor restricted gifts and bequests to provide a permanent endowment. All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal restrictions.

Cash and Cash Equivalents

For statement of cash flow purposes, the Agency considers all highly liquid investments with a maturity of ninety days or less, at the time of purchase, to be cash equivalents.

Fair Value Measurements

The Agency follows FASB 157 "Fair Value Measurements" which establishes a fair value hierarchy organized into three levels based upon the "input" assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices that are observable, either directly or indirectly with fair value being determined through the use of models or other valuation methodologies. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. As of and for the years ended June 30, 2009 and 2008, all of the Agency's investments, bought, sold and held were considered Level 1 investments.

Investments

Investments are recorded at fair market value based upon quoted market prices. Interest and dividend income is presented net of investment management fees. Changes in the fair value of investments are reported in the statement of activities as a component of investment income.

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Notes to Financial Statements

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

Revenue

The Agency derives its revenue from, among other sources, cost reimbursement contracts with federal government agencies, New York State and New York City and through contributions received from corporations and individuals.

Governmentally funded programs are generally subject to audit and, therefore the final operating reimbursement rates may not be determinable until years after the Agency has rendered services. Governmental funding is based upon allowable costs, with the excess of allowable cost over reimbursement returnable to the governmental funding agency. The Agency reflects an estimated amount in its financial statements as payable to governmental agencies for underspent interim rates but does not reflect any adjustment for potential disallowances of expenses since management believes that all expenses incurred for such programs should be treated as allowable costs.

Special Events

Revenues received and expenses incurred for special events are recognized in the fiscal year in which the events occur. Expenses incurred for events occurring in subsequent fiscal year are included in prepaid expenses on the statement of financial position.

Property, Plant and Equipment

Property, plant and equipment are stated at cost or, if donated, at the estimated fair market value at the date of donation. Costs incurred for repairs and maintenance are charged to expense as incurred. Depreciation is recognized on a straight line basis over the useful lives of such assets as follows:

Buildings and improvements	10– 40 years
Furniture and equipment	3–10 years
Automobile and trucks	4 years
Leasehold improvements	Life of lease or useful life if shorter

Property and equipment purchased through government contracts that remain the property of the funding source or where it is probable that the item will revert back to the grantor are treated as expenses in the year of purchase.

Functional Allocation of Expenses

The costs of providing programs by the Agency have been summarized on a functional basis in the accompanying financial statements. Accordingly, expenses have been charged to program and supporting services based on direct expenses and other specific allocation methods.

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Notes to Financial Statements

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

Summarized Comparative Information

The statement of activities includes certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2008 from which the summarized information was derived.

Accounting for Uncertainty in Income Taxes

Management of the Agency is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax. Consequently, in the opinion of management, adoption of FIN 48 regarding uncertainties in income taxes should not have a significant affect on the Agency. The Agency's current accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 17, 2009.

3. Concentration of Credit Risk

At June 30, 2009 and 2008, the Agency maintained cash balances with large, commercial banking institutions that exceeded the Federal Deposit Insurance Corporation's insurable limit. The Agency has not experienced any losses in such accounts.

The Agency provides program services that are covered under various third party payor agreements. Receivables from such arrangements, included in public maintenance receivable on the statement of financial position, totaled \$9,456,516 and \$8,617,671 as of June 30, 2009 and 2008. Management believes all receivables are collectible and accordingly no allowances for uncollectible accounts have been established for 2009 and 2008. The percentage of the total by third party payor was as follows:

	<u>2009</u>	<u>2008</u>
New York City	69%	70%
Medicaid	10	11
Federal	4	2
Other counties	9	12
New York State	<u>8</u>	<u>5</u>
	<u>100%</u>	<u>100%</u>

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Notes to Financial Statements

3. Concentration of Credit Risk (continued)

The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment or group of investments represent a significant concentration of market risk.

4. Investments

Investments stated at fair market value consist of the following mutual funds as of June 30:

	2009	2008
Domestic Stock Index Fund	\$ 3,484,093	\$ 3,805,734
International Stock Index Fund	771,248	950,731
Bond Index Fund	3,943,286	4,538,021
	<u>\$ 8,198,627</u>	<u>\$ 9,294,486</u>

The Agency's investments are reported as follows as of June 30:

	2009	2008
Unrestricted	\$ 7,518,681	\$ 8,467,890
Permanently restricted	679,946	826,596
	<u>\$ 8,198,627</u>	<u>\$ 9,294,486</u>

The composition of investment (loss) income as reported in the statement of activities for the years ended June 30 is as follows:

	2009	2008
Interest and dividends	\$ 271,032	\$ 321,296
Realized and unrealized losses	(1,246,719)	(642,547)
Investment fees	(20,502)	(25,247)
	<u>\$ (996,189)</u>	<u>\$ (346,498)</u>

Graham Windham

Notes to Financial Statements

5. Property, Plant and Equipment

Property, plant and equipment consist of the following as of June 30:

	2009	2008
Land	\$ 144,900	\$ 144,900
Buildings and improvements	9,546,539	9,407,648
Furniture and equipment	2,106,592	1,791,149
Leasehold improvements	2,873,753	2,873,753
Trucks and automobiles	11,950	-
	14,683,734	14,217,450
Construction in progress	322,605	-
	15,006,339	14,217,450
Accumulated depreciation and amortization	(10,109,590)	(9,241,459)
	<u>\$ 4,896,749</u>	<u>\$ 4,975,991</u>

6. Mortgage Payable

The Agency has a mortgage loan payable through April 2026. The interest rate for the first rate period ending April 26, 2016 is 7.5%. Interest for the second rate period (April 27, 2016 through April 26, 2026) will adjust to that rate which is equal to 1.80% per annum above the "Index" (the weekly average yield on U.S. Treasury Securities adjusted to a constant maturity of ten years as made available by the Federal Reserve Board) in effect forty-five days prior to April 26, 2016. Future scheduled principal payments at June 30, 2009 are payable as follows:

2010	\$ 72,000
2011	72,000
2012	72,000
2013	72,000
2014	72,000
Thereafter	852,000
	<u>\$ 1,212,000</u>

7. Due to Governments

A New York City (NYC) foster care audit is currently in progress for fiscal years 2004 through 2007. The results of the audits are yet to be determined. A liability to NYC of \$4,670,642 is included in the \$8,142,995 which acts as a reserve for any potential liabilities resulting from audits for fiscal years 2004 through 2009.

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Notes to Financial Statements

8. Union Free School District No. 10

The Agency receives payments from the School District for services provided. The cost of these services is included under Westchester residential services program expenses in the accompanying financial statements. Certain Agency Board members are also on the School Board of the Union Free School District No. 10.

9. Pension Plan

The Agency makes contributions to a defined contribution pension plan for participating employees. Pension expense was approximately \$1,047,000 and \$814,000 for the years ended June 30, 2009 and 2008.

The Agency has a matching thrift savings plan available to all eligible employees. Agency expense amounted to approximately \$105,000 and \$83,000 for the years ended June 30, 2009 and 2008.

10. Commitments and Contingencies

The Agency maintains several operating leases for office and program facilities. The lease for the Agency's headquarters and preschool includes provisions for escalations and sharing of common expenses. Aggregate minimum annual rentals for the years ending June 30, are payable as follows:

2010	\$ 1,224,487
2011	1,248,217
2012	1,281,789
2013	1,283,640
2014	1,219,579
Thereafter	<u>5,794,953</u>
	<u>\$12,052,665</u>

In accordance with a lease agreement, a standby letter of credit is maintained in the amount of \$59,000. This standby letter of credit is held by the landlord and may be presented to the bank by the landlord for collection if the Agency fails to comply with the terms of the lease. A portion of the bond fund included in the Agency's investment portfolio is identified by the bank as specific collateral for this debt.

Aggregate minimum annual rentals on operating leases for equipment and automobiles for the years ending June 30, are payable as follows

2010	\$ 95,805
2011	23,513
2012	<u>2,880</u>
	<u>\$122,198</u>

Graham Windham

Notes to Financial Statements

10. Commitments and Contingencies (continued)

Rental expense for the years ended June 30, 2009 and 2008 was \$1,244,335 and \$1,169,452, net of rental income of \$188,538 and \$183,538.

The Agency is involved in various legal proceedings incurred in the normal course of operations. Management believes it has defenses for all such claims and is vigorously defending the actions. It is the opinion of management that the probable resolution of such proceedings will not materially affect the financial position, results of operations or cash flows of the Agency.

11. Economic Dependency

The Agency is licensed by the New York State Department of Social Services (“DSS”) to operate as a child care agency. Reimbursement rates for the services provided by the Agency are promulgated by DSS and payments for such services are received through various governmental agencies. The Agency is economically dependent on these funds to continue operations.

12. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following programs as of June 30:

	2009	2008
Westchester Residential Services	\$ 72,605	\$ 100,400
Family Permanency Planning	297,966	226,035
Early Childhood	455,923	735,706
Family Preservation	11,427	9,654
Support Services	4,496	2,979
	<u>\$ 842,417</u>	<u>\$ 1,074,774</u>

Temporarily restricted net assets were released from donor restrictions by incurring expenses for the following programs during the years ended June 30 as follows:

	2009	2008
Westchester Residential Services	\$ 47,524	\$ 23,545
Family Permanency Planning	144,290	5,790
Early Childhood	995,922	732,015
Family Preservation	11,296	226,516
	<u>\$ 1,199,032</u>	<u>\$ 987,866</u>

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Notes to Financial Statements

13. Permanently Restricted Net Assets

The Agency maintains assets that are limited in their use by donor-imposed restrictions and restricted for investment in perpetuity. The income and gains from investment of these funds are available to support the operations and various programs of the Agency.

14. Endowments

The Agency utilizes a total return investment approach with its asset allocation diversified over multiple asset classes. Target allocation percentages are established for various asset classes and are modified over time. Performance is measured against a composite benchmark of investment indices reflecting the target asset allocation.

The Agency's spending policy is to use interest and dividends earned on the endowment funds.

Changes in endowment net assets for the year ended June 30, 2009 are as follows:

	Unrestricted	Permanently Restricted	Total
Balance, June 30, 2008	\$ -	\$ 826,596	\$ 826,596
Interest and dividends	22,212	-	22,212
Advisory fees	(1,937)	-	(1,937)
Realized loss	-	(617)	(617)
Unrealized loss	-	(146,033)	(146,033)
Appropriation for expenditure	<u>(20,275)</u>	<u>-</u>	<u>(20,275)</u>
Balance, June 30, 2009	<u>\$ -</u>	<u>\$ 679,946</u>	<u>\$ 679,946</u>