Graham Windham

Financial Statements

June 30, 2022
Independent Auditors’ Report

Board of Directors
Graham Windham

Opinion

We have audited the accompanying financial statements of Graham Windham, which comprise the statement of financial position as of June 30, 2022 and the related statements of activities, functional expenses and cash flows for the year 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 Graham Windham as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Graham Windham and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Graham Windham’s ability to continue as a going concern within one year after the date 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 Graham Windham'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 Graham Windham’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.

Report on Summarized Comparative Information

We have previously audited Graham Windham's June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

March 14, 2023
Graham Windham

Statement of Financial Position
June 30, 2022
(with comparative amounts at June 30, 2021)

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS - OPERATIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 6,695,277</td>
<td>$ 7,861,805</td>
</tr>
<tr>
<td>Public maintenance receivables</td>
<td>18,078,891</td>
<td>15,803,611</td>
</tr>
<tr>
<td>Other receivables and prepaid expenses</td>
<td>4,054,060</td>
<td>2,842,941</td>
</tr>
<tr>
<td>Investments</td>
<td>16,144,071</td>
<td>18,802,593</td>
</tr>
<tr>
<td>Property, plant and equipment, net</td>
<td>2,064,885</td>
<td>1,716,081</td>
</tr>
<tr>
<td>Restricted investments</td>
<td>1,463,052</td>
<td>1,774,577</td>
</tr>
<tr>
<td><strong>Total Assets - Operations</strong></td>
<td>48,500,236</td>
<td>48,801,608</td>
</tr>
</tbody>
</table>

| **ASSETS - DISCONTINUED OPERATIONS** |            |            |
| Public maintenance receivables   | 89,866     | 41,848     |
| Other receivables and prepaid expenses | 2,350      | -          |
| Assets held for sale             | 144,900    | 144,900    |
| **Total Assets - Discontinued Operations** | 237,116    | 186,748    |

**Total Assets**

$ 48,737,352 $ 48,988,356

<table>
<thead>
<tr>
<th><strong>LIABILITIES AND NET ASSETS</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities - Operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$ 8,054,040</td>
<td>$ 8,605,285</td>
</tr>
<tr>
<td>Deferred lease liabilities</td>
<td>1,060,754</td>
<td>1,082,012</td>
</tr>
<tr>
<td>Due to governments</td>
<td>12,438,724</td>
<td>11,986,461</td>
</tr>
<tr>
<td>Mortgage and loans payable</td>
<td>275,836</td>
<td>4,170,835</td>
</tr>
<tr>
<td><strong>Total Liabilities - Operations</strong></td>
<td>21,829,354</td>
<td>25,844,593</td>
</tr>
</tbody>
</table>

| Liabilities - Discontinued Operations |            |            |
| Accounts payable and accrued expenses | 11,295      | 12,426     |
| **Total Liabilities**                | 21,840,649  | 25,857,019 |

**Net Assets**

**Without donor restrictions**

$ 22,224,093 $ 18,578,793

**With Donor Restrictions**

Temporary in nature

$ 3,209,558 $ 2,777,967

Permanent in nature

$ 1,463,052 $ 1,774,577

**Total With Donor Restrictions**

$ 4,672,610 $ 4,552,544

**Total Net Assets**

$ 26,896,703 $ 23,131,337

$ 48,737,352 $ 48,988,356

See notes to financial statements
Graham Windham

Statement of Activities
Year Ended June 30, 2022
(with summarized totals for the year ended June 30, 2021)

<table>
<thead>
<tr>
<th></th>
<th>With Donor Restrictions</th>
<th>Temporary in Nature</th>
<th>Permanent in Nature</th>
<th>Total With Donor Restrictions</th>
<th>Without Donor Restrictions</th>
<th>Total 2022</th>
<th>Total 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING INCOME</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public maintenance income</td>
<td>$ 44,238,690</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 44,238,690</td>
<td>$ 42,598,575</td>
<td></td>
</tr>
<tr>
<td>Contributions and grants</td>
<td>8,987,379</td>
<td>2,411,657</td>
<td>-</td>
<td>2,411,657</td>
<td>11,399,036</td>
<td>4,479,304</td>
<td></td>
</tr>
<tr>
<td>Special events, net of direct costs of $298,730 in 2022 and $69,915 and 2021</td>
<td>1,352,419</td>
<td>227,000</td>
<td>-</td>
<td>227,000</td>
<td>1,579,419</td>
<td>1,538,177</td>
<td></td>
</tr>
<tr>
<td>Total Public Support</td>
<td>54,578,488</td>
<td>2,638,657</td>
<td>-</td>
<td>2,638,657</td>
<td>57,217,145</td>
<td>48,616,056</td>
<td></td>
</tr>
<tr>
<td>Program service fees and other</td>
<td>26,596</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>26,596</td>
<td>695,398</td>
<td></td>
</tr>
<tr>
<td>Revenue from UFSD No. 10</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>43,274</td>
<td>33,761</td>
<td>-</td>
<td>33,761</td>
<td>77,035</td>
<td>71,343</td>
<td></td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>2,240,827</td>
<td>(2,240,827)</td>
<td>-</td>
<td>(2,240,827)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total Operating Income</td>
<td>56,889,185</td>
<td>431,591</td>
<td>-</td>
<td>431,591</td>
<td>57,320,776</td>
<td>49,382,797</td>
<td></td>
</tr>
<tr>
<td>OPERATING EXPENSES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>41,196,314</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>41,196,314</td>
<td>41,265,907</td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>7,145,331</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,145,331</td>
<td>7,144,331</td>
<td></td>
</tr>
<tr>
<td>Fundraising</td>
<td>1,153,487</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,153,487</td>
<td>1,118,727</td>
<td></td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>49,495,132</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>49,495,132</td>
<td>49,528,965</td>
<td></td>
</tr>
<tr>
<td>Excess (Deficiency) of Operating Income Over Operating Expenses from Continuing Operations</td>
<td>7,394,053</td>
<td>431,591</td>
<td>-</td>
<td>431,591</td>
<td>7,825,644</td>
<td>(146,168)</td>
<td></td>
</tr>
<tr>
<td>DISCONTINUED OPERATIONS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on campus</td>
<td>(1,149,734)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,149,734)</td>
<td>(2,834,220)</td>
<td></td>
</tr>
<tr>
<td>NON OPERATING ACTIVITY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment (loss) income</td>
<td>(2,599,019)</td>
<td>-</td>
<td>(311,525)</td>
<td>(311,525)</td>
<td>(2,910,544)</td>
<td>3,750,537</td>
<td></td>
</tr>
<tr>
<td>Change in Net Assets</td>
<td>3,645,300</td>
<td>431,591</td>
<td>(311,525)</td>
<td>120,066</td>
<td>3,765,366</td>
<td>770,149</td>
<td></td>
</tr>
<tr>
<td>NET ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of year</td>
<td>18,578,793</td>
<td>2,777,967</td>
<td>1,774,577</td>
<td>4,552,544</td>
<td>23,131,337</td>
<td>22,361,188</td>
<td></td>
</tr>
<tr>
<td>End of year</td>
<td>$ 22,224,093</td>
<td>$ 3,209,558</td>
<td>$ 1,463,052</td>
<td>$ 4,672,610</td>
<td>$ 26,896,703</td>
<td>$ 23,131,337</td>
<td></td>
</tr>
</tbody>
</table>

See notes to financial statements
### Graham Windham

**Statement of Functional Expenses**

**Year Ended June 30, 2022**

(with summarized totals for the year ended June 30, 2021)

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Supporting Services</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PERSONNEL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>$12,874,568</td>
<td>$4,265,058</td>
<td>$4,081,792</td>
<td>$21,221,418</td>
</tr>
<tr>
<td>Employee benefits and payroll taxes</td>
<td>3,592,983</td>
<td>1,105,571</td>
<td>895,538</td>
<td>5,594,092</td>
</tr>
<tr>
<td><strong>CARE AND MAINTENANCE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food</td>
<td>489</td>
<td>1,253</td>
<td>111,655</td>
<td>113,397</td>
</tr>
<tr>
<td>Clothing</td>
<td>401,275</td>
<td>-</td>
<td>-1,006</td>
<td>402,281</td>
</tr>
<tr>
<td>Travel and workers expense</td>
<td>216,222</td>
<td>6,312</td>
<td>142,344</td>
<td>364,878</td>
</tr>
<tr>
<td>Allowances and recreation</td>
<td>368,226</td>
<td>11,659</td>
<td>807,425</td>
<td>1,187,310</td>
</tr>
<tr>
<td>Medicine and medical supplies</td>
<td>-</td>
<td>1,792</td>
<td>-</td>
<td>1,792</td>
</tr>
<tr>
<td>Boarding payments to foster parents</td>
<td>6,692,572</td>
<td>-</td>
<td>-</td>
<td>6,692,572</td>
</tr>
<tr>
<td><strong>PROFESSIONAL FEES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health services</td>
<td>-</td>
<td>364,966</td>
<td>-</td>
<td>364,966</td>
</tr>
<tr>
<td>Audit, legal and consultants</td>
<td>442,441</td>
<td>3,683</td>
<td>200</td>
<td>446,334</td>
</tr>
<tr>
<td>Purchased services</td>
<td>602,094</td>
<td>184,782</td>
<td>104,016</td>
<td>891,792</td>
</tr>
<tr>
<td><strong>STAFF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff development and conference</td>
<td>56,679</td>
<td>5,084</td>
<td>35,785</td>
<td>99,548</td>
</tr>
<tr>
<td><strong>FIXED CHARGES, SERVICES AND EQUIPMENT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td>790,892</td>
<td>186,033</td>
<td>155,636</td>
<td>1,132,561</td>
</tr>
<tr>
<td>Utilities</td>
<td>93,842</td>
<td>31,812</td>
<td>15,088</td>
<td>140,742</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>477,630</td>
<td>173,272</td>
<td>159,655</td>
<td>810,557</td>
</tr>
<tr>
<td>Telephone</td>
<td>116,485</td>
<td>24,568</td>
<td>37,824</td>
<td>180,877</td>
</tr>
<tr>
<td>Insurance</td>
<td>516,195</td>
<td>155,025</td>
<td>200,637</td>
<td>881,851</td>
</tr>
<tr>
<td>Postage</td>
<td>1,953</td>
<td>243</td>
<td>1,016</td>
<td>3,212</td>
</tr>
<tr>
<td>Equipment and vehicle rental</td>
<td>77,326</td>
<td>11,820</td>
<td>21,046</td>
<td>110,192</td>
</tr>
<tr>
<td>Supplies and equipment</td>
<td>85,966</td>
<td>28,699</td>
<td>101,973</td>
<td>216,640</td>
</tr>
<tr>
<td>Dues, licenses and permits</td>
<td>564</td>
<td>10,250</td>
<td>1,139</td>
<td>11,953</td>
</tr>
<tr>
<td>Subscriptions and publications</td>
<td>2,400</td>
<td>300</td>
<td>155</td>
<td>2,855</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>78,008</td>
<td>40,226</td>
<td>7,095</td>
<td>125,329</td>
</tr>
<tr>
<td>Taxes</td>
<td>55,401</td>
<td>38,912</td>
<td>13,223</td>
<td>107,536</td>
</tr>
<tr>
<td>Administrative</td>
<td>47,047</td>
<td>14,121</td>
<td>11,110</td>
<td>80,878</td>
</tr>
<tr>
<td>Interest</td>
<td>6,974</td>
<td>3,082</td>
<td>695</td>
<td>10,751</td>
</tr>
<tr>
<td>Event expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>27,603,128</td>
<td>6,678,533</td>
<td>6,914,653</td>
<td>41,196,314</td>
</tr>
<tr>
<td>Less costs with direct benefit to donors</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Expenses Reported on the Statement of Activities</td>
<td>$27,603,128</td>
<td>$6,678,533</td>
<td>$6,914,653</td>
<td>$41,196,314</td>
</tr>
</tbody>
</table>

See notes to financial statements
**Graham Windham**

**Statement of Cash Flows**  
**Year Ended June 30, 2022**  
(with comparative amounts for the year ended June 30, 2021)

### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Continuing Operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$4,915,100</td>
<td>$3,604,369</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash from continuing operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>276,994</td>
<td>340,858</td>
</tr>
<tr>
<td>Donation of stock</td>
<td>(641,771)</td>
<td>(232,674)</td>
</tr>
<tr>
<td>Realized and unrealized (loss) gain on investments</td>
<td>3,229,798</td>
<td>(3,452,469)</td>
</tr>
<tr>
<td>Straight-line rent adjustment</td>
<td>24,203</td>
<td>24,203</td>
</tr>
<tr>
<td>Deferred lease incentive amortization</td>
<td>(45,461)</td>
<td>(45,461)</td>
</tr>
<tr>
<td>Paycheck Protection Program loan forgiveness</td>
<td>(3,800,000)</td>
<td>-</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public maintenance receivables</td>
<td>(2,275,281)</td>
<td>969,141</td>
</tr>
<tr>
<td>Other receivables and prepaid expenses</td>
<td>(1,211,118)</td>
<td>662,211</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(551,245)</td>
<td>(447,330)</td>
</tr>
<tr>
<td>Due to governments</td>
<td>452,263</td>
<td>(520,839)</td>
</tr>
<tr>
<td><strong>Net Cash from Continuing Operations</strong></td>
<td>373,482</td>
<td>902,009</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Discontinued Operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>(1,149,734)</td>
<td>(2,834,220)</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash from discontinued operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>22,173</td>
<td>399,720</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public maintenance receivables</td>
<td>(48,018)</td>
<td>(41,848)</td>
</tr>
<tr>
<td>Other receivables and prepaid expenses</td>
<td>(2,350)</td>
<td>-</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(1,131)</td>
<td>(527)</td>
</tr>
<tr>
<td><strong>Net Cash from Discontinued Operations</strong></td>
<td>(1,179,060)</td>
<td>(2,476,875)</td>
</tr>
<tr>
<td><strong>Net Cash from Operating Activities</strong></td>
<td>(805,578)</td>
<td>(1,574,866)</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(647,971)</td>
<td>(79,219)</td>
</tr>
<tr>
<td>Transfer of property, plant and equipment</td>
<td>-</td>
<td>537,584</td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(854,539)</td>
<td>(896,380)</td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>1,236,559</td>
<td>457,164</td>
</tr>
<tr>
<td><strong>Net Cash from Investing Activities</strong></td>
<td>(265,951)</td>
<td>19,149</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayment of portfolio loan</td>
<td>-</td>
<td>(157)</td>
</tr>
<tr>
<td>Repayment of debt</td>
<td>(94,999)</td>
<td>(208,017)</td>
</tr>
<tr>
<td><strong>Net Cash from Financing Activities</strong></td>
<td>(94,999)</td>
<td>(208,174)</td>
</tr>
<tr>
<td><strong>Net Change in Cash and Cash Equivalents</strong></td>
<td>(1,166,528)</td>
<td>(1,763,891)</td>
</tr>
</tbody>
</table>

### CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of year</td>
<td>7,861,805</td>
<td>9,625,696</td>
</tr>
<tr>
<td><strong>End of year</strong></td>
<td>$6,695,277</td>
<td>$7,861,805</td>
</tr>
</tbody>
</table>

### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash paid for interest</td>
<td>$21,054</td>
<td>$56,977</td>
</tr>
</tbody>
</table>

### NON CASH FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forgiveness of Paycheck Protection Program loan</td>
<td>3,800,000</td>
<td>-</td>
</tr>
</tbody>
</table>

See notes to financial statements
1. Organization and Tax Status

General

Graham Windham (the “Agency”) is a not-for-profit, nonsectarian voluntary child welfare 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 strive to make a life-altering difference with children, youth and families in full partnership with them and the communities where they live. Graham Windham seeks to ensure that each child served has a strong foundation for life: a safe, loving, permanent family and the opportunity and preparation to thrive in school and in the world.

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 present significant emotional and educational challenges. The programs also include Preparing Youth for Adulthood.

In the 2021 fiscal year, the Agency discontinued the Raise the Age and Regular Institution programs.

In the 2022 fiscal year, the agency discontinued the remaining Westchester Residential Services. Amounts relates to the 2021 fiscal year for Westchester Residential Services were reclassified to discontinued operations in the 2021 statement of activities as loss on campus.

Foster Care and Preventive Services include the following programs:

Family Foster Care - Placement and supervision of children with selected foster families. Supplemental programming includes Enhanced Discharge Support and Preventive Waiver for Aftercare Support.

Preventive Services - A diverse set of community based programs designed to help families at risk of having a child placed in 24-hour care and address challenges which threaten their stability and safety.

Therapeutic Family Foster Care - Placement and supervision of children with specially trained foster families and enhanced services.

Preparing Youth for Adulthood - Enhanced services for foster care children ages 14 - 21 to prepare them for independent living after foster care.
1. **Organization and Tax Status (continued)**

   **Program Services (continued)**

   Medicaid:

   Foster Care Clinics and the Health Home program provide medical, clinical and nursing care for all children in the above-mentioned foster care programs. Health Homes Waiver Program provides opportunities for strong support of permanency planning and improving the health and well-being of foster children served. These complement, but do not duplicate, foster care services. All medical costs incurred in non-foster care programs are provided for within the specific program.

   The Family and Community Support Services on the statement of functional expenses incorporates two branches, Health and Wellness Support Services and Youth Success Support Services.

   Health and Wellness Support Services include the following programs:

   Manhattan Mental Health Center - An Article 31 clinic that provides a range of counseling services to youngsters and their families to address mental health issues.

   The Family Enrichment Center in Hunts Point - Aimed at providing help to stressed families before they come to the attention of the child welfare or justice systems. Family Enrichment Centers use a community organizing, family-centered and customer-service oriented approach to help families identify their needs and use their own strengths and the strength of their community to support each other and create meaningful lasting solutions.

   Family Success Initiative (including Forever Families and Visit Coaching) - Provides an array of services that include various approaches to helping parents develop their parenting skill sets and deepen their understanding of child development in a highly supportive environment; parental peer support before, during and following the process of reunification and adoption; improving outcomes for pregnant and parenting teens ages 12 to 21 through workshops, increased access to pre and post-natal services by referrals, and play groups.

   Youth Success Support Services include the following programs:

   The Beacon Schools, Cornerstone Community Centers and Saturday Night Lights - Provide comprehensive afterschool support services in the form of tutoring, recreation and cultural activities for community students at PS 123 in Manhattan, MS 201 in Bronx, and the Manhattanville Community Centers in Harlem.

   Graham SLAM Initiative - Provides children from Graham Windham’s various programs with coaching, college and employment readiness, and peer support through youth programming and partnerships with schools, colleges, employers and other service providers.
1. Organization and Tax Status (continued)

Program Services (continued)

Department of Education Community Schools - Provides struggling schools in need of intensive support to improve student outcomes with community school coordination, parent and community engagement, expanded learning, and enrichment activities and mental health services.

Supporting Services

Management and General - Direction of the overall affairs of the Agency, including executive, human resources, information technology, policy, planning and performance, fiscal and administrative services.

Fundraising - Activities to secure increased support from the public for the needs of the various programs 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).

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Net Asset Presentation

The financial statements report amounts separately by class of net assets as follows:

Net assets without donor restrictions - consist of resources available for the general support of the Agency’s operations. Net assets without donor restrictions may be used at the discretion of the Agency’s management and Board of Directors.
2. **Summary of Significant Accounting Policies (continued)**

**Net Asset Presentation (continued)**

*Net assets with donor restrictions* - represent amounts restricted by donors for specific activities of the Agency or to be used at some future date. The Agency records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions also consist of net assets that are subject to donor imposed restrictions that require the Agency to maintain them in perpetuity, including funds that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity and the income be used for specific or general purposes. These funds are held as endowment fund investments. Income and gains earned on endowment fund investments are available to be used as net assets without donor restrictions or net assets with donor restrictions based upon stipulations by the donors.

**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 US GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted market prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

**Investment Valuations**

Investments are carried at fair value.

**Investment Income Recognition**

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of change in net assets.
2. Summary of Significant Accounting Policies (continued)

Assets Held for Sale

Property and equipment which have ceased to be of productive use in operations can be held for sale with approval from the Board of Directors. The asset would be removed from the asset register and recorded as an asset held for sale at the lesser of its historical net carrying value (cost less accumulated depreciation to date) or net realizable value (estimated fair value less of any costs of disposition). Assets held for sale are no longer depreciated.

Public Maintenance and Contribution Income Recognition

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

Public maintenance income from cost reimbursement contracts with the various government agencies is recognized as the expenses associated with each contract are incurred.

Contributions received, including unconditional promises to give, are recognized as income in the period received at their fair values. Contributions are recorded as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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 generally 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 due to governments 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.

An estimated allowance for doubtful accounts is provided when necessary based on management’s assessment of collectability on a pledge-by-pledge and contract-by-contract basis.

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 the subsequent fiscal year are included in other receivables and prepaid expenses on the statement of financial position.
2. **Summary of Significant Accounting Policies (continued)**

**Property, Plant and Equipment**

Property, plant and equipment are stated at cost or, if donated, at the estimated fair value at the date of donation. Costs incurred for repairs and maintenance are charged to expense as incurred. Depreciation and amortization are 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
- Trucks and automobile: 4 years
- Leasehold improvements: Life of lease or useful life if shorter

Property, plant 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.

The Agency reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset exceeds its fair value. If such review indicates that the asset is impaired, the asset's carrying amount would be written down to fair value. Management has determined that no impairment adjustment was required for the years ended June 30, 2022 and 2021.

**Functional Allocation of Expenses**

Expenses have been charged to program and supporting services, either directly when identifiable to a specific program, or indirectly based on management's estimate of the functional area benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<table>
<thead>
<tr>
<th>Expense Classification</th>
<th>Method of Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, benefits and taxes</td>
<td>Time and effort</td>
</tr>
<tr>
<td>Rent</td>
<td>Square footage</td>
</tr>
<tr>
<td>Utilities</td>
<td>Square footage</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>Square footage</td>
</tr>
<tr>
<td>Insurance</td>
<td>Time and effort</td>
</tr>
<tr>
<td>Supplies and equipment</td>
<td>Square footage</td>
</tr>
<tr>
<td>Interest</td>
<td>Square footage</td>
</tr>
<tr>
<td>Taxes</td>
<td>Square footage</td>
</tr>
</tbody>
</table>

All other expenses were direct for the years ended June 30, 2022 and 2021.
2. **Summary of Significant Accounting Policies (continued)**

**Summarized Comparative Information**

The statements of activities and functional expenses include certain prior year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Agency’s financial statements as of and for the year ended June 30, 2021 from which the summarized information was derived.

**Accounting for Uncertainty in Income Taxes**

The Agency recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Agency had no uncertain tax positions that would require financial statement recognition or disclosure. The Agency is no longer subject to examinations by the applicable taxing jurisdictions for tax years prior to fiscal 2019.

**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 March 14, 2023.

3. **Concentration of Credit Risk**

Financial instruments that potentially subject the Agency to significant concentrations of credit risk consist principally of cash and cash equivalents, receivables and investments. At times cash balances held at financial institutions may be in excess of federally insured limits. The Agency has not experienced any losses on its cash deposits. As of June 30, 2022 and 2021, the Agency had approximately $4,000,000 and $4,300,000 that exceeded the FDIC insurance limits.

The Agency provides program services that are covered under various third party payor agreements. Receivables that are due from government agencies for such arrangements, included in public maintenance receivables on the statement of financial position, totaled $17,104,732 and $15,344,988 as of June 30, 2022 and 2021. Management believes all these receivables are collectible and accordingly no allowances for uncollectible accounts have been established. The percentage of the total by third party payors was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York City</td>
<td>82</td>
<td>86</td>
</tr>
<tr>
<td>Medicaid</td>
<td>16</td>
<td>11</td>
</tr>
<tr>
<td>New York State</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Other counties</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
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. Unconditional Promises to Give

Other receivables and prepaid expenses in the accompanying statement of financial position include unconditional promises to give, and as of June 30 are due to be collected as follows:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due in one year or less</td>
<td>$ 2,757,150</td>
<td>$ 1,333,318</td>
</tr>
<tr>
<td>Due in two through five years</td>
<td>288,333</td>
<td>703,213</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 3,045,483</strong></td>
<td><strong>$ 2,036,531</strong></td>
</tr>
</tbody>
</table>

As of June 30, 2022, all promises to give receivable are deemed collectable by management.

5. Investments

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

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Stocks Large Blend Index Fund</td>
<td>$ 7,107,872</td>
<td>$ 8,572,468</td>
</tr>
<tr>
<td>International Stocks Large Blend Index Fund</td>
<td>3,556,000</td>
<td>4,402,585</td>
</tr>
<tr>
<td>Intermediate Term Bond Index Fund</td>
<td>6,722,929</td>
<td>7,257,936</td>
</tr>
<tr>
<td>Equities</td>
<td>220,322</td>
<td>344,181</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 17,607,123</strong></td>
<td><strong>$ 20,577,170</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>$ 16,144,071</td>
<td>$ 18,802,593</td>
</tr>
<tr>
<td>Restricted</td>
<td>1,463,052</td>
<td>1,774,577</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 17,607,123</strong></td>
<td><strong>$ 20,577,170</strong></td>
</tr>
</tbody>
</table>

As of June 30, 2022 and 2021, all of the Agency’s investments, bought, sold and held were considered Level 1 investments.
5. **Investments (continued)**

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

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends</td>
<td>$ 423,206</td>
<td>$ 392,712</td>
</tr>
<tr>
<td>Realized and unrealized (losses) gains</td>
<td>(3,229,798)</td>
<td>3,452,469</td>
</tr>
<tr>
<td>Direct investment fees</td>
<td>(26,917)</td>
<td>(23,301)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ (2,833,590)</td>
<td>$ 3,821,880</td>
</tr>
</tbody>
</table>

Operating $ 77,035 $ 71,343 Non-operating (2,910,544) 3,750,537

$ (2,833,590) $ 3,821,880

6. **Property, Plant and Equipment**

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

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and improvements</td>
<td>$ 1,685,165</td>
<td>$ 1,421,207</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>4,021,568</td>
<td>3,713,158</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>3,342,494</td>
<td>3,156,441</td>
</tr>
<tr>
<td>Trucks and automobiles</td>
<td>31,400</td>
<td>31,400</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>-</td>
<td>111,180</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,080,627</td>
<td>8,433,386</td>
</tr>
</tbody>
</table>

Accumulated depreciation and amortization (7,015,742) (6,717,305)

$ 2,064,885 $ 1,716,081

During the year ended June 30, 2021, the Agency transferred control of $534,964 of construction in progress to the Dormitory Authority of the State of New York which is included in repairs and maintenance in the statement of functional expenses. Additionally, the Agency reclassified land with a cost of $144,900 to assets held for sale, as well as $9,571,317 of fully depreciated buildings and improvements.
6. **Property, Plant and Equipment (continued)**

For the year ended June 30, 2022 and 2021, $22,173 and $399,720 of depreciation was included in campus expenses on the statement of activities.

7. **Due to Governments**

New York City (“NYC”) foster care audits for fiscal years 2018 and 2019 are currently in progress with the results yet to be determined. Liabilities to NYC of $7,869,634 and $7,973,849 are included in the $12,438,724 and $11,986,461 amounts due to governments in the accompanying statement of financial position at June 30, 2022 and 2021. These totals also include $2,730,492 and $3,552,632 of unearned revenue from the NYS Office for Children and Family Services for the Agency’s Raise the Age program. The remaining balances of $1,838,598 and $459,980 consist of potential liabilities to governments for non-foster care programs. Management believes this estimated liability is adequate.

8. **Mortgage and Loans Payable**

*Mortgage and Office Space Loan*

The Agency has a mortgage loan payable maturing in April 2026. The interest rate for the first rate period which ended April 26, 2016 was 7.5% per annum. Interest for the second rate period, which commenced April 27, 2016, was adjusted to 3.7% per annum.

On August 11, 2015, the Agency entered into a $650,000 loan agreement to help fund the buildout of the leased office space (see note 12), which matured and was paid in full in August 2021.

Future scheduled mortgage principal payments at June 30, 2022 are payable as follows:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>$72,000</td>
</tr>
<tr>
<td>2024</td>
<td>72,000</td>
</tr>
<tr>
<td>2025</td>
<td>72,000</td>
</tr>
<tr>
<td>2026</td>
<td>59,836</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$275,836</strong></td>
</tr>
</tbody>
</table>
8. **Mortgage and Loans Payable (continued)**

*Paycheck Protection Program Loan*

During the year ended June 30, 2020, the Agency qualified for and received a loan (the “Loan”) from Citibank in the amount of $3,800,000 pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), which was enacted March 27, 2020. The Loan bears interest at a rate of 1.0% per annum, with a deferral of payments for the first six months, has a repayment term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (“SBA”). The Loan may be prepaid by the borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations. Under the terms of the PPP, some or all of the Loan may be forgiven if the proceeds are used for qualifying expenses as described in the CARES Act. To the extent that all or part of the Loan is not forgiven, the Agency will be required to pay interest on the Loan through the date principal is repaid in full or maturity date. The Agency believes that it has used the entire Loan amount for qualifying expenses. The Loan was forgiven in full during fiscal year 2022 and is included in contributions and grants on the 2022 statement of activities.

The SBA has stated it will review the needs certification on all loans over $2,000,000. After the review, if the SBA determines that the Agency did not meet the need criteria to apply for the PPP loan, the Agency may be required to repay part or all of the PPP loan proceeds plus pay the accrued and unpaid interest. The Agency believes it was eligible to receive the PPP loan proceeds and can justify the spending of funds accordingly.

9. **Portfolio Loan Account**

The Agency has a portfolio loan account with Morgan Stanley. The portfolio loan account is a security-based loan agreement that allows the Agency to borrow up to $2,500,000 or 50 percent of the assets in the account, whichever is lower. Interest is charged monthly on all outstanding amounts under this agreement at an interest rate of LIBOR plus 2.25 percent. At June 30, 2022 and 2021, available borrowing is $2,500,000 with no outstanding obligation under the agreement.

10. **Union Free School District No. 10**

The Agency received payments in fiscal 2022 and 2021 totaling $48,018 and $41,848 from the Union Free School District No. 10 (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 also serve on the School Board of the School District.
11. Employee Benefit Plans

The Agency’s union employees are covered by a collective bargaining agreement with the 1199 SEIU United Healthcare Workers East (the “Union”), effective through September 30, 2023, and includes participation in the following funds: (A) 1199 SEIU National Benefit Fund for Health and Human Services Employees (“Health Plan”); and, (B) 1199 SEIU Health Care Employees Pension Fund (“Pension Plan”). The Pension Plan is a multi-employer, non-contributory defined benefit pension plan that runs on a calendar year and operates under employer identification number 13-3604862. Separate actuarial information regarding such plan is not made available to the contributing employers by the union administrators or trustees since the plan does not maintain separate records for each reporting unit. According to the latest available information, as of December 31, 2021, the Pension Plan was in the “Green Zone” with a current funded percentage of at least 80%. The Health Plan is a jointly-trusteed employee welfare benefit fund which provides health and other benefits to eligible participants employed in the healthcare industry who are covered under collective bargaining agreements and operates under employer identification number 13-1628401.

The Agency’s contributions to the Pension Plan totaled approximately $37,000 and $124,000 and its contributions to the Health Plan totaled $189,000 and $214,000 for the years ended June 30, 2022 and 2021 and did not exceed more than 5% of the total contributions made to the plans by all contributing employers.

Assets contributed to the multi-employer plans may be used to provide benefits of employment to other participating employers. If a plan employer stops contributing to the plans, the unfunded obligations of the plan may be borne by the remaining participating employers. If the Agency stops participating in the plans, it may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Agency makes contributions to a defined contribution pension plan for participating employees. Pension expense was approximately $1,092,000 and $924,000 for the years ended June 30, 2022 and 2021.

The Agency has a matching thrift savings plan available to all eligible employees. Agency expense amounted to approximately $114,000 and $135,000 for the years ended June 30, 2022 and 2021.

12. Commitments and Contingencies

The Agency maintains several operating leases for office and program facilities and for equipment and automobiles which expire in varying years through 2032. The lease for the Agency’s headquarters includes provisions for escalations and sharing of common expenses.
12. Commitments and Contingencies (continued)

On July 1, 2015, the Agency entered into a new fifteen year lease agreement for the rental of new office space located in Brooklyn, New York which commenced December 1, 2015. The lease agreement provides the Agency with a ten month free rent allowance. The Agency uses the straight-line method to recognize the annual rent expense. The use of the straight-line method results in accelerated recognition of rent expense. On July 1, 2020, the Agency entered into a new five year lease agreement for the rental of new office space located in Brooklyn, New York. On April 23, 2021, the Agency entered into a lease extension for office space located in New York, New York. At June 30, 2022, the cumulative balance of deferred rent expense totaled $639,482 and is reflected in deferred lease liabilities in the accompanying statement of financial position. The new lease agreement also provided the Agency with a lease incentive payment of $719,800 to be applied to the buildout of the new building space. This amount has been deferred and is being amortized over the life of the lease and will be netted against rent expense. At June 30, 2022, the balance of the deferred lease incentive was $421,272 and is reflected in the accompanying statement of financial position as part of the deferred lease liabilities.

Aggregate minimum annual rentals for office and program facilities for the years ending June 30, are payable as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>$1,316,000</td>
</tr>
<tr>
<td>2024</td>
<td>1,316,000</td>
</tr>
<tr>
<td>2025</td>
<td>1,316,000</td>
</tr>
<tr>
<td>2026</td>
<td>1,086,000</td>
</tr>
<tr>
<td>2027</td>
<td>1,164,000</td>
</tr>
<tr>
<td>Thereafter</td>
<td>3,390,875</td>
</tr>
<tr>
<td>Total</td>
<td>$9,588,875</td>
</tr>
</tbody>
</table>

In accordance with the lease agreements, two standby letters of credit are maintained in the amount of $309,726. These standby letters of credit are held by the landlords and may be presented to the bank by the landlords for collection if the Agency fails to comply with the terms of the lease. A savings account held in Citibank is identified as specific collateral for this commitment.

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>$84,000</td>
</tr>
<tr>
<td>2024</td>
<td>44,000</td>
</tr>
<tr>
<td>2025</td>
<td>7,000</td>
</tr>
<tr>
<td>Total</td>
<td>$135,000</td>
</tr>
</tbody>
</table>

Rental expense for office and program facilities for the years ended June 30, 2022 and 2021 was $1,824,829 and $1,681,150. Rental expense for equipment and automobiles for the years ended June 30, 2022 and 2021 was $134,502 and $221,316.
12. **Commitments and Contingencies (continued)**

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. In addition, in management’s opinion, the ultimate liability for these claims will not be in excess of the Agency’s insurance coverage.

13. **Economic Dependency**

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


Net assets with donor restrictions – temporary in nature, are available for the following programs or purposes as of June 30:

<table>
<thead>
<tr>
<th>Program/MPurpose</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Westchester Residential Services</td>
<td>$12,734</td>
<td>$15,745</td>
</tr>
<tr>
<td>Family Permanency Planning</td>
<td>253,020</td>
<td>280,746</td>
</tr>
<tr>
<td>Family and Community Support</td>
<td>1,816,284</td>
<td>1,465,437</td>
</tr>
<tr>
<td>General support</td>
<td>907,520</td>
<td>796,039</td>
</tr>
<tr>
<td>Time restriction</td>
<td>220,000</td>
<td>220,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$3,209,558</td>
<td>$2,777,967</td>
</tr>
</tbody>
</table>

Net assets with donor restrictions – temporary in nature, were released from donor restrictions by incurring expenses for the following programs or purposes during the years ended June 30 as follows:

<table>
<thead>
<tr>
<th>Program/MPurpose</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Westchester Residential Services</td>
<td>$3,011</td>
<td>$176,355</td>
</tr>
<tr>
<td>Family Permanency Planning</td>
<td>116,550</td>
<td>201,625</td>
</tr>
<tr>
<td>Family and Community Support</td>
<td>1,730,486</td>
<td>1,602,922</td>
</tr>
<tr>
<td>General support</td>
<td>390,780</td>
<td>665,660</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,240,827</td>
<td>$2,646,562</td>
</tr>
</tbody>
</table>

15. **Endowment Funds**

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.
15. **Endowment Funds (continued)**

**Interpretation of Relevant Law**

The Board of the Agency has interpreted the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as allowing the Agency to appropriate for expenditures or accumulate so much of the donor-restricted endowment fund as the Agency determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donors as expressed in their gift instruments except in those cases where the law allows appropriation for spending of the original gift amounts. The assets in the endowment funds shall be donor-restricted assets until appropriated for expenditure by the Board. Unless authorized by the Board, the appropriations from the endowment fund should not deplete the historical dollar value of the endowment fund.

Changes in donor-restricted endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Temporary in Nature</th>
<th>Permanent in Nature</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, June 30, 2020</td>
<td>$11,972</td>
<td>$1,427,313</td>
<td>$1,439,285</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>33,261</td>
<td>-</td>
<td>33,261</td>
</tr>
<tr>
<td>Advisory fees</td>
<td>(3,096)</td>
<td>-</td>
<td>(3,096)</td>
</tr>
<tr>
<td>Realized gains</td>
<td>-</td>
<td>50,633</td>
<td>50,633</td>
</tr>
<tr>
<td>Unrealized gains</td>
<td>-</td>
<td>296,631</td>
<td>296,631</td>
</tr>
<tr>
<td>Appropriation for expenditure</td>
<td>(28,849)</td>
<td>-</td>
<td>(28,849)</td>
</tr>
<tr>
<td></td>
<td>13,288</td>
<td>1,774,577</td>
<td>1,787,865</td>
</tr>
<tr>
<td>Balance, June 30, 2021</td>
<td>11,972</td>
<td>$1,427,313</td>
<td>$1,439,285</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>33,261</td>
<td>-</td>
<td>33,261</td>
</tr>
<tr>
<td>Advisory fees</td>
<td>(3,096)</td>
<td>-</td>
<td>(3,096)</td>
</tr>
<tr>
<td>Realized gains</td>
<td>-</td>
<td>75,568</td>
<td>75,568</td>
</tr>
<tr>
<td>Unrealized losses</td>
<td>-</td>
<td>(387,093)</td>
<td>(387,093)</td>
</tr>
<tr>
<td>Appropriation for expenditure</td>
<td>(32,289)</td>
<td>-</td>
<td>(32,289)</td>
</tr>
<tr>
<td></td>
<td>14,759</td>
<td>$1,463,052</td>
<td>$1,477,811</td>
</tr>
</tbody>
</table>

**Investment Policy, Return Objective and Risk Parameters**

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.

**Spend Policy**

The Agency’s spending policy is to use only interest and dividends earned on the endowment funds, per donor stipulation.
16. Availability and Liquidity

Financial assets available for general expenditures within one year of June 30 are as follows:

<table>
<thead>
<tr>
<th>Financial Assets at Year End:</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$6,695,277</td>
<td>$7,861,805</td>
</tr>
<tr>
<td>Public maintenance receivables</td>
<td>18,168,758</td>
<td>15,845,459</td>
</tr>
<tr>
<td>Other receivables</td>
<td>3,045,483</td>
<td>2,126,382</td>
</tr>
<tr>
<td>Investments</td>
<td>16,144,071</td>
<td>18,802,593</td>
</tr>
<tr>
<td>Restricted investments</td>
<td>1,463,052</td>
<td>1,774,577</td>
</tr>
<tr>
<td><strong>Total Financial Assets</strong></td>
<td><strong>45,516,641</strong></td>
<td><strong>46,410,816</strong></td>
</tr>
</tbody>
</table>

Less: amounts not available to be used within one year

| Net assets with donor restrictions                 | (4,672,610) | (4,552,544) |
| Less: collateral for line of credit                | (309,726)   | (309,726)   |
| Add: net assets with purpose restrictions to be met in less than one year | 3,200,000  | 2,961,384  |
|                                                   | (1,782,336) | (1,900,886) |
| **Financial Assets Available to Meet General Expenditures Over the Next Twelve Months** | **$43,734,305** | **$44,509,930** |

The Agency structures its financial assets to be available to meet its general expenditures and obligations as they come due. As part of its liquidity plan, the Agency relies on reimbursements from government contracts and contributions from donors. Additionally, the Agency has a portfolio loan account which it can draw from.

17. Coronavirus (“COVID-19”)

The Coronavirus outbreak has had and may continue to have an adverse effect on the results of operations. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the COVID-19, and around the imposition or relaxation of protective measures, management cannot reasonably estimate the impact to future results of operations, cash flows, or financial condition. Additionally, the COVID-19 pandemic has resulted in substantial volatility in global financial markets. Management cannot reasonably estimate the impact it will have in the future on the Agency’s investment portfolio.