Graham Windham

Financial Statements

June 30, 2025

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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, 2025 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, 2025, 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 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 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, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 10, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

July 1, 2026

Graham Windham

Statement of Financial Position
June 30, 2025
(with comparative amounts at June 30, 2024)

	2025	2024
ASSETS - OPERATIONS		
Cash and cash equivalents	$ 1,955,796	$ 2,815,445
Public maintenance receivables	20,028,929	17,109,724
Other receivables and prepaid expenses, net	1,074,049	2,287,730
Investments	17,865,216	17,740,392
Property, plant and equipment, net	3,828,697	3,466,851
Right of use assets - operating leases	15,241,001	16,534,231
Restricted investments	1,965,246	1,770,282
Total Assets - Operations	61,958,934	61,724,655
ASSETS - DISCONTINUED OPERATIONS		
Other receivables and prepaid expenses	-	2,350
Assets held for sale	144,900	144,900
Total Assets - Discontinued Operations	144,900	147,250
Total Assets	$ 62,103,834	$ 61,871,905
LIABILITIES AND NET ASSETS		
Liabilities - Operations		
Accounts payable and accrued expenses	$ 8,733,271	$ 7,592,705
Operating lease liabilities	16,781,427	18,057,947
Due to governments	10,575,160	8,809,564
Portfolio loan	2,262,932	1,787,989
Mortgage and loans payable	59,836	131,836
Total Liabilities - Operations	38,412,626	36,380,041
LIABILITIES - DISCONTINUED OPERATIONS		
Accounts payable and accrued expenses	140,922	101,271
Total Liabilities	38,553,548	36,481,312
Net Assets		
Without donor restrictions	19,339,727	20,842,497
With Donor Restrictions		
Temporary in nature	2,245,313	2,777,814
Permanent in nature	1,965,246	1,770,282
Total With Donor Restrictions	4,210,559	4,548,096
Total Net Assets	23,550,286	25,390,593
	$ 62,103,834	$ 61,871,905

See notes to financial statements

Graham Windham

Statement of Activities
Year Ended June 30, 2025
(with summarized totals for the year ended June 30, 2024)

	Without Donor Restrictions	With Donor Restrictions: Temporary in Nature	With Donor Restrictions: Permanent in Nature	With Donor Restrictions: Total With Donor Restrictions	2025 Total	2024 Total
OPERATING INCOME						
Public Support						
Public maintenance income	$ 57,821,220	$ -	$ -	$ -	$ 57,821,220	$ 55,044,878
Contributions and grants	1,384,478	2,153,560	-	2,153,560	3,538,038	2,891,780
Special events, net of direct costs of $424,449 in 2025 and $346,704 and 2024	1,818,111	390,604	-	390,604	2,208,715	1,531,664
Total Public Support	61,023,809	2,544,164	-	2,544,164	63,567,973	59,468,322
Program service fees and other	1,514,960	-	-	-	1,514,960	63,687
Other income	200,000	-	-	-	200,000	-
Investment income	7,883	51,974	-	51,974	59,857	103,282
Net assets released from restrictions	3,128,639	(3,128,639)	-	(3,128,639)	-	-
Total Operating Income	65,875,291	(532,501)	-	(532,501)	65,342,790	59,635,291
OPERATING EXPENSES						
Program services	56,286,652	-	-	-	56,286,652	53,024,675
Management and general	10,435,432	-	-	-	10,435,432	9,667,261
Fundraising	1,100,626	-	-	-	1,100,626	1,032,624
Total Operating Expenses	67,822,710	-	-	-	67,822,710	63,724,560
Deficiency of Operating Income Over Operating Expenses from Continuing Operations	(1,947,419)	(532,501)	-	(532,501)	(2,479,920)	(4,089,269)
DISCONTINUED OPERATIONS						
Loss on campus	(1,620,944)	-	-	-	(1,620,944)	(1,295,699)
NON OPERATING ACTIVITY						
Investment income	2,065,593	-	194,964	194,964	2,260,557	2,337,399
Change in Net Assets	(1,502,770)	(532,501)	194,964	(337,537)	(1,840,307)	(3,047,569)
NET ASSETS						
Beginning of year	20,842,497	2,777,814	1,770,282	4,548,096	25,390,593	28,438,162
End of year	$ 19,339,727	$ 2,245,313	$ 1,965,246	$ 4,210,559	$ 23,550,286	$ 25,390,593

See notes to financial statements

Graham Windham

Statement of Functional Expenses
Year Ended June 30, 2025
(with summarized totals for the year ended June 30, 2024)

	Program Services				Supporting Services				
	Foster Care and Preventative Services	Medicaid	Family and Community Support Services	Total	Management and General	Fundraising	Total	2025 Total	2024 Total
PERSONNEL									
Salaries	$ 16,913,789	$ 4,446,234	$ 5,988,579	$ 27,348,602	$ 4,797,051	$ 441,848	$ 5,238,899	$ 32,587,501	$ 31,625,302
Employee benefits and payroll taxes	4,173,685	1,070,563	1,253,346	6,497,594	1,175,556	110,125	1,285,681	7,783,275	7,360,539
CARE AND MAINTENANCE									
Food	347	455	196,116	196,918	-	-	-	196,918	189,147
Travel and workers expense	370,114	12,586	122,444	505,144	21,477	1,186	22,663	527,807	522,487
Allowances and recreation	845,289	13,390	675,116	1,533,795	-	152,521	152,521	1,686,316	1,531,054
Medicine and medical supplies	-	-	-	-	-	-	-	-	15,843
Boarding payments to foster parents	12,236,309	-	-	12,236,309	-	-	-	12,236,309	11,526,287
PROFESSIONAL FEES									
Health services	-	413,118	-	413,118	-	-	-	413,118	429,848
Audit, legal and consultants	540,596	-	-	540,596	312,430	174,236	486,666	1,027,262	768,547
Purchased services	706,812	567,708	295,750	1,570,270	1,375,150	83,931	1,459,081	3,029,351	2,744,506
STAFF									
Staff development and conference	46,144	290	24,593	71,027	121,986	6,068	128,054	199,081	232,491
FIXED CHARGES, SERVICES AND EQUIPMENT									
Rent	968,549	406,025	229,332	1,603,906	725,159	47,730	772,889	2,376,795	2,315,041
Utilities	116,893	31,729	16,364	164,986	47,656	3,988	51,644	216,630	163,905
Repairs and maintenance	496,360	125,908	148,537	770,805	546,046	8,753	554,799	1,325,604	778,659
Telephone	141,055	18,444	45,799	205,298	131,411	1,777	133,188	338,486	292,192
Insurance	1,105,834	241,425	315,104	1,662,363	298,439	21,507	319,946	1,982,309	1,384,301
Postage	3,271	66	149	3,486	13,622	5,307	18,929	22,415	30,135
Equipment and vehicle rental	93,076	8,261	26,362	127,699	27,639	776	28,415	156,114	164,829
Supplies and equipment	167,723	8,423	66,061	242,207	54,069	19,056	73,125	315,332	362,847
Dues, licenses and permits	8,969	3,382	476	12,827	136,023	-	136,023	148,850	157,296
Subscriptions and publications	25	798	-	823	48,390	261	48,651	49,474	23,303
Depreciation and amortization	178,760	83,470	39,780	302,010	123,563	-	123,563	425,573	444,504
Taxes	13,987	5,956	3,521	23,464	89,105	1,659	90,764	114,228	90,355
Administrative	171,973	31,681	46,279	249,933	206,888	19,897	226,785	476,718	376,820
Interest	2,304	988	180	3,472	183,772	-	183,772	187,244	194,322
Event expenses	-	-	-	-	-	424,449	424,449	424,449	346,704
Total Expenses	39,301,864	7,490,900	9,493,888	56,286,652	10,435,432	1,525,075	11,960,507	68,247,159	64,071,264
Less costs with direct benefit to donors	-	-	-	-	-	(424,449)	(424,449)	(424,449)	(346,704)
Total Expenses Reported by Function on the Statement of Activities	$ 39,301,864	$ 7,490,900	$ 9,493,888	$ 56,286,652	$ 10,435,432	$ 1,100,626	$ 11,536,058	$ 67,822,710	$ 63,724,560

See notes to financial statements

Graham Windham

Statement of Cash Flows
Year Ended June 30, 2025
(with comparative amounts for the year ended June 30, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Continuing Operations		
Change in net assets	$ (219,363)	$ (1,751,870)
Adjustments to reconcile change in net assets to net cash from continuing operations		
Depreciation and amortization	425,573	444,504
Disposals of property and equipment	(23,061)	51
Amortization of right of use assets - operating leases	1,293,230	1,504,746
Donation of stock	(127,220)	(490,965)
Realized and unrealized gain on investments	(1,786,282)	(1,853,881)
Changes in operating assets and liabilities		
Public maintenance receivables	(2,919,205)	4,670,415
Other receivables and prepaid expenses	1,213,681	2,792,678
Accounts payable and accrued expenses	1,140,566	(826,349)
Operating lease liabilities	(1,276,520)	(1,514,197)
Due to governments	1,765,596	(2,053,820)
Net Cash from Continuing Operations	(513,005)	921,312
Discontinued Operations		
Change in net assets	(1,620,944)	(1,295,699)
Adjustments to reconcile change in net assets to net cash from discontinued operations		
Changes in operating assets and liabilities		
Public maintenance receivables	-	89,866
Other receivables and prepaid expenses	2,350	-
Accounts payable and accrued expenses	39,651	54,583
Net Cash from Discontinued Operations	(1,578,943)	(1,151,250)
Net Cash from Operating Activities	(2,091,948)	(229,938)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(764,358)	(998,503)
Purchase of investments	(892,874)	(478,117)
Proceeds from sale of investments	2,486,588	531,357
Net Cash from Investing Activities	829,356	(945,263)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of debt	(872,000)	(890,665)
Proceeds from loan	1,274,943	-
Net Cash from Financing Activities	402,943	(890,665)
Net Change in Cash and Cash Equivalents	(859,649)	(2,065,866)
CASH AND CASH EQUIVALENTS		
Beginning of year	2,815,445	4,881,311
End of year	$ 1,955,796	$ 2,815,445
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 187,245	$ 194,323

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:

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.

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, but not limited to, the following programs:

Medicaid - Licensed Article 29I/Care Coordination provides five (5) Core Limited Health Services (Nursing, Skill Building, Medicaid and Discharge Planning, Clinical Consultation/Supervision and Medicaid Managed Care Liaison) 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.

1. Organization and Tax Status *(continued)*

Program Services (continued)

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.

Health and Wellness Support Services also include the following programs:

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.

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.

Westchester Residential Services:

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.

1. Organization and Tax Status *(continued)*

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.

Discontinued operations represent the assets and liabilities related to the Raise the Age program, Regular Institution programs and Westchester Residential Services, and the loss attributed to these programs on the statement of activities.

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

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 less costs to sell. Management has determined that no impairment adjustment was required for the years ended June 30, 2025 and 2024.

Leases

The Agency leases various office spaces and automobiles and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets ("ROU assets") and operating lease liabilities on the accompanying statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The leases do not provide an implicit borrowing rate. The Agency uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset includes any lease payments made and excludes lease incentives. The lease terms may include options to extend the lease and when it is reasonably certain that the Agency will exercise that option such amounts are included in ROU assets and lease liabilities. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Agency's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Agency has lease agreements with lease and non-lease components, which are generally accounted for separately. Variable lease components in these leases are recognized in operating expenses in the period in which the obligation is incurred.

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

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:

Expense Classification	Method of Allocation
Salaries, benefits and taxes	Time and effort
Rent	Square footage
Utilities	Square footage
Repairs and maintenance	Square footage
Insurance	Time and effort
Supplies and equipment	Square footage
Interest	Square footage
Taxes	Square footage

All other expenses were direct for the years ended June 30, 2025 and 2024.

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, 2024 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 2022.

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 July 1, 2026.

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, 2025 and 2024, the Agency had approximately $1,200,000 and $1,100,000 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 $18,014,463 and $16,409,237 as of June 30, 2025 and 2024. 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:

	2025	2024
New York City	87 %	87 %
Medicaid	10	12
New York State	2	-
Other counties	1	1
	100 %	100 %

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. As of June 30, 2025 and 2024, the Agency had approximately $18,700,000 and $18,800,000 that exceeded SIPC limit.

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:

	2025	2024
Due in one year or less	$ 328,036	$ 1,531,463
Due in two through five years	-	54,624
	$ 328,036	$ 1,586,087

As of June 30, 2025, 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:

	2025	2024
Domestic Stocks Large Blend Index Fund	$ 7,336,833	$ 7,876,674
International Stocks Large Blend Index Fund	3,744,902	3,771,000
Intermediate Term Bond Index Fund	8,317,830	7,522,000
Equities	430,897	341,000
	$ 19,830,462	$ 19,510,674

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

	2025	2024
Without restriction	$ 17,865,216	$ 17,740,392
Restricted	1,965,246	1,770,282
	$ 19,830,462	$ 19,510,674

As of June 30, 2025 and 2024, all of the Agency's investments, bought, sold and held were considered Level 1 investments.

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

	2025	2024
Interest and dividends	$ 569,402	$ 618,595
Realized and unrealized gains	1,786,282	1,853,881
Direct investment fees	(35,270)	(31,795)
	$ 2,320,414	$ 2,440,681
Operating	$ 59,857	$ 103,282
Non-operating	2,260,557	2,337,399
	$ 2,320,414	$ 2,440,681

6. Property, Plant and Equipment

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

	2025	2024
Buildings and improvements	$ 1,482,444	$ 1,482,444
Leasehold improvements	4,849,736	4,849,736
Furniture and equipment	3,932,233	3,909,172
Trucks and automobiles	31,400	31,400
Construction in progress	1,747,439	983,081
	12,043,252	11,255,833
Accumulated depreciation and amortization	(8,214,555)	(7,788,982)
	$ 3,828,697	$ 3,466,851

7. Due to Governments

New York City ("NYC") foster care audits for fiscal years 2020 through 2023 are currently in progress with the results yet to be determined. Liabilities to NYC of $7,703,360 and $5,677,629 are included in the $10,575,160 and $8,809,564 amounts due to governments in the accompanying statement of financial position at June 30, 2025 and 2024. These totals also include $2,730,492 of unearned revenue from the NYS Office for Children and Family Services for the Agency's Raise the Age program. The remaining balances of $141,308 and $401,443 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.

Future scheduled mortgage principal payments at June 30, 2025 are payable as follows:

Fiscal Year	
2026	$ 59,836

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 $3,000,000 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 based on the Secured Overnight Financing Rate (SOFR) plus a Variable Rate Adjustment or spread adjustment. At June 30, 2025 and 2024, available borrowing is $737,068 and $1,212,011 with an outstanding obligation of $2,262,932 and $1,787,989 as of June 30, 2025 and 2024 under the agreement.

10. 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, 2027, 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, 2023, the Pension Plan was not classified as "endangered" or "critical" under the federal pension law, with a funded percentage of at least 80%. Under the federal guidelines, a plan is considered "endangered" if the funded percentage is below 80%. A plan is considered "critical" if the funded percentage is below 65% or if other specific factors apply. The Pension Plan did not meet the criteria for endangered or critical status during the plan year. 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 $39,000 and $40,000 and its contributions to the Health Plan totaled $152,000 and $78,000 for the years ended June 30, 2025 and 2024 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.

10. Employee Benefit Plans *(continued)*

The Agency makes contributions to a defined contribution pension plan for participating employees. Pension expense was approximately $1,146,000 and $1,092,000 for the years ended June 30, 2025 and 2024.

The Agency has a matching thrift savings plan available to all eligible employees. Agency expense amounted to approximately $161,000 and $159,000 for the years ended June 30, 2025 and 2024.

11. 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 2042. The lease for the Agency's headquarters includes provisions for escalations and sharing of common expenses.

On January 1, 2023, the Agency entered into an operating lease agreement for office space. The lease agreement expires in December 2042.

Aggregate minimum annual rentals for office and program facilities for the years ending June 30, at a discount rate of 3%, are payable as follows:

2026	$ 1,835,415
2027	1,899,409
2028	1,946,340
2029	1,978,796
2030	1,514,957
Thereafter	10,880,437
Total Undiscounted Operating Lease Payable	20,055,354
Less: imputed interest	(3,273,927)
	$ 16,781,427

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.

11. Commitments and Contingencies *(continued)*

During the 2025 and 2024 fiscal year, the Agency recognized an additional $326,368 and $76,624 of right-of-use assets related to the signing of new leases. The Agency amortizes the operating right-of-use asset over the remaining life of the lease agreement. The right-of-use asset consists of the following at June 30:

	2025	2024
Right-of-use operating leases	$ 19,738,000	$ 19,411,632
Less: accumulated amortization	(4,496,999)	(2,877,401)
	$ 15,241,001	$ 16,534,231

The weighted-average remaining lease term related to the Agency's lease liabilities at June 30, 2025 and 2024 is 13.02 and 13.44 years. The discount rate related to these liabilities is 4.39% and 3.0%. The discount rate is generally based on the Agency's risk-free rate, as the leases' implicit discount rates cannot be determined.

Rental expense for office and program facilities for the years ended June 30, 2025 and 2024 was $2,348,198 and $2,284,039 and cash paid for rent amounted to $2,067,601 and $2,072,322. Short term rent expense related to parking totaling $28,598 and $31,002 for the years ended June 30, 2025 and 2024 is also included in rent on the statement of functional expenses.

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.

12. 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.

13. Net Assets with Donor Restrictions – Temporary in Nature

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

	2025	2024
Westchester Residential Services	$ 7,209	$ 7,209
Family Permanency Planning	182,934	117,902
Family and Community Support	1,759,163	1,996,044
General support	249,269	605,765
Time restriction	46,738	50,894
	$ 2,245,313	$ 2,777,814

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:

	2025	2024
Westchester Residential Services	$ 2,475	$ 4,046
Family Permanency Planning	97,149	90,056
Family and Community Support	2,457,210	2,759,308
General support	520,911	793,691
Time restriction	50,894	220,000
	$ 3,128,639	$ 3,867,101

14. 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.

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.

14. Endowment Funds *(continued)*

Interpretation of Relevant Law (continued)

Changes in donor-restricted endowment net assets for the years ended June 30, 2025 and 2024 are as follows:

	With Donor Restrictions		
	Temporary in Nature	Permanent in Nature	Total
Balance, June 30, 2023	$ 16,240	$ 1,584,858	$ 1,601,098
Interest and dividends	44,085	-	44,085
Advisory fees	(3,331)	-	(3,331)
Realized gains	-	107,647	107,647
Unrealized gains	-	77,777	77,777
Appropriation for expenditure	(38,971)	-	(38,971)
Balance, June 30, 2024	18,023	1,770,282	1,788,305
Interest and dividends	51,974	-	51,974
Advisory fees	(5,038)	-	(5,038)
Realized losses	-	(490)	(490)
Unrealized gains	-	195,454	195,454
Appropriation for expenditure	(44,890)	-	(44,890)
Balance, June 30, 2025	$ 20,069	$ 1,965,246	$ 1,985,315

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.

15. Availability and Liquidity

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

	2025	2024
Financial Assets at Year End:		
Cash and cash equivalents	$ 1,955,796	$ 2,815,445
Public maintenance receivables	20,028,929	17,109,724
Other receivables and prepaid expenses, net	1,074,049	2,287,730
Investments	17,865,216	17,740,392
Restricted investments	1,965,246	1,770,282
Total Financial Assets	42,889,236	41,723,573
Less: amounts not available to be used within one year		
Net assets with donor restrictions	(4,210,559)	(4,548,096)
Less: collateral for line of credit	(2,262,932)	(1,787,989)
Add: net assets with purpose restrictions to be met in less than one year	46,738	50,894
	(6,426,753)	(6,285,191)
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	$ 36,462,483	$ 35,438,382

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.

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