Graham Windham

Financial Statements

June 30, 2020

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

Board of Directors
Graham Windham

We have audited the accompanying financial statements of Graham Windham, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Graham Windham as of June 30, 2020 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.

Report on Summarized Comparative Information

We have previously audited Graham Windham's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

January 27, 2021

Graham Windham

Statement of Financial Position
June 30, 2020
(with comparative amounts at June 30, 2019)

	2020	2019
ASSETS		
Cash and cash equivalents	$ 9,625,696	$ 4,687,541
Public maintenance receivables	16,772,752	13,172,151
Other receivables and prepaid expenses	3,505,152	5,060,759
Investments	15,025,498	13,445,988
Property, plant and equipment, net	3,059,924	3,484,111
Restricted investments	1,427,313	1,370,189
	$ 49,416,335	$ 41,220,739
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 9,065,568	$ 8,640,837
Deferred lease liabilities	1,103,270	1,124,528
Due to governments	12,507,300	9,014,033
Mortgage and loans payable	4,379,009	1,780,431
Total Liabilities	27,055,147	20,559,829
Net Assets		
Without donor restrictions	17,721,922	14,393,596
With Donor Restrictions		
Temporary in nature	3,211,953	4,897,125
Permanent in nature	1,427,313	1,370,189
Total With Donor Restrictions	4,639,266	6,267,314
Total Net Assets	22,361,188	20,660,910
	$ 49,416,335	$ 41,220,739

See notes to financial statements

Graham Windham

Statement of Activities
Year Ended June 30, 2020
(with summarized totals for the year ended June 30, 2019)

		With Donor Restrictions				
	Without Donor Restrictions	Temporary in Nature	Permanent in Nature	Total With Donor Restrictions	2020 Total	2019 Total
OPERATING INCOME						
Public Support						
Public maintenance income	$ 47,882,744	$ -	$ -	$ -	$ 47,882,744	$ 49,393,795
Contributions and grants	2,382,197	3,586,821	-	3,586,821	5,969,018	5,859,475
Special events, net of direct costs of $79,656 and $317,456	1,596,827	-	-	-	1,596,827	1,947,809
Total Public Support	51,861,768	3,586,821	-	3,586,821	55,448,589	57,201,079
Program service fees and other	64,326	-	-	-	64,326	137,933
Revenue from UFSD No. 10	39,595	-	-	-	39,595	95,646
Investment income	41,425	28,458	-	28,458	69,883	50,007
Net assets released from restrictions	5,300,451	(5,300,451)	-	(5,300,451)	-	-
Total Operating Income	57,307,565	(1,685,172)	-	(1,685,172)	55,622,393	57,484,665
OPERATING EXPENSES						
Program services	47,689,783	-	-	-	47,689,783	48,707,405
Management and general	6,180,972	-	-	-	6,180,972	6,261,320
Fundraising	868,288	-	-	-	868,288	917,164
Total Operating Expenses	54,739,043	-	-	-	54,739,043	55,885,889
Excess (Deficiency) of Operating Income Over Operating Expenses	2,568,522	(1,685,172)	-	(1,685,172)	883,350	1,598,776
NON OPERATING ACTIVITY						
Investment income	759,804	-	57,124	57,124	816,928	900,407
Change in Net Assets	3,328,326	(1,685,172)	57,124	(1,628,048)	1,700,278	2,499,183
NET ASSETS						
Beginning of year	14,393,596	4,897,125	1,370,189	6,267,314	20,660,910	18,161,727
End of year	$ 17,721,922	$ 3,211,953	$ 1,427,313	$ 4,639,266	$ 22,361,188	$ 20,660,910

See notes to financial statements

Graham Windham

Statement of Functional Expenses
Year Ended June 30, 2020
(with summarized totals for the year ended June 30, 2019)

	Program Services					Supporting Services				
	Westchester Residential Services	Foster Care and Preventitive Services	Medicaid	Family and Community Support Services	Total	Management and General	Fundraising	Total	2020 Total	2019 Total
PERSONNEL										
Salaries	$ 5,825,319	$ 9,895,328	$ 4,281,363	$ 3,578,397	$ 23,580,407	$ 3,308,962	$ 353,136	$ 3,662,098	$ 27,242,505	$ 27,696,415
Employee benefits and payroll taxes	2,343,208	2,916,509	1,233,586	881,454	7,374,757	949,749	102,171	1,051,920	8,426,677	8,401,867
CARE AND MAINTENANCE										
Food	251,652	214	1,006	37,611	290,483	154	-	154	290,637	449,720
Clothing	29,429	463,355	-	-	492,784	-	-	-	492,784	553,894
Travel and workers expense	41,682	257,465	14,031	103,417	416,595	9,565	470	10,035	426,630	469,987
Allowances and recreation	127,264	336,801	8,968	326,299	799,332	3,758	13,005	16,763	816,095	1,035,814
Medicine and medical supplies	-	-	64,340	-	64,340	225	738	963	65,303	142,580
Boarding payments to foster parents	42,869	6,851,883	-	-	6,894,752	-	-	-	6,894,752	6,331,375
PROFESSIONAL FEES										
Health services	-	-	1,459,388	-	1,459,388	-	-	-	1,459,388	1,468,913
Audit, legal and consultants	30,872	231,385	19,681	7,298	289,236	156,212	278,369	434,581	723,817	869,733
Purchased services	125,012	460,187	200,331	187,063	972,593	355,101	20,485	375,586	1,348,179	1,164,653
STAFF										
Staff development and conference	39,536	56,416	14,545	27,269	137,766	55,570	4,256	59,826	197,592	306,191
FIXED CHARGES, SERVICES AND EQUIPMENT										
Rent	13,755	461,515	192,992	185,988	854,250	525,389	45,401	570,790	1,425,040	1,326,135
Utilities	292,401	92,074	85,372	22,726	492,573	33,267	3,236	36,503	529,076	610,451
Repairs and maintenance	430,176	364,778	157,604	159,213	1,111,771	75,056	7,453	82,509	1,194,280	1,549,884
Telephone	74,779	102,365	46,799	62,636	286,579	37,994	1,199	39,193	325,772	259,424
Insurance	316,558	345,166	145,325	112,492	919,541	115,041	10,918	125,959	1,045,500	855,723
Postage	3,058	7,216	2,084	5,010	17,368	22,376	2,001	24,377	41,745	79,536
Equipment and vehicle rental	92,381	78,794	43,276	20,459	234,910	24,457	953	25,410	260,320	273,616
Supplies and equipment	158,887	206,683	30,507	74,604	470,681	121,754	1,210	122,964	593,645	709,904
Dues, licenses and permits	3,126	707	14,102	1,220	19,155	125,929	1,192	127,121	146,276	174,138
Subscriptions and publications	-	-	240	-	240	5,761	2,263	8,024	8,264	2,412
Event expenses	-	-	-	-	-		79,656	79,656	79,656	317,456
Depreciation and amortization	122,383	109,566	88,060	23,641	343,650	127,534	10,428	137,962	481,612	503,361
Taxes	35,595	46,938	43,148	9,105	134,786	4,855	100	4,955	139,741	180,444
Administrative	4,059	8,141	605	1,783	14,588	82,544	9,304	91,848	106,436	358,987
Interest	-	10,349	5,630	1,279	17,258	39,719	-	39,719	56,977	110,732
Total Expenses	10,404,001	23,303,835	8,152,983	5,828,964	47,689,783	6,180,972	947,944	7,128,916	54,818,699	56,203,345
Less costs with direct benefit to donors	-	-	-	-	-	-	(79,656)	(79,656)	(79,656)	(317,456)
Total Expenses Reported by Function on the Statement of Activities	$ 10,404,001	$ 23,303,835	$ 8,152,983	$ 5,828,964	$ 47,689,783	$ 6,180,972	$ 868,288	$ 7,049,260	$ 54,739,043	$ 55,885,889

See notes to financial statements

Graham Windham

Statement of Cash Flows
Year Ended June 30, 2020
(with comparative amounts for the year ended June 30, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,700,278	$ 2,499,183
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	481,612	503,361
Donation of stock	(3,285,186)	(341,318)
Realized and unrealized gain on investments	(485,330)	(601,651)
Straight-line rent adjustment	24,203	24,202
Deferred lease incentive amortization	(45,461)	(45,461)
Changes in operating assets and liabilities		
Public maintenance receivables	(3,600,601)	2,198,759
Other receivables and prepaid expenses	1,555,607	(2,554,578)
Accounts payable and accrued expenses	424,731	(407,811)
Due to governments	3,493,267	979,841
Net Cash from Operating Activities	263,120	2,254,527
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(57,425)	(197,975)
Purchase of investments	(3,608,535)	(341,738)
Proceeds from sale of investments	5,742,417	324,105
Net Cash from Investing Activities	2,076,457	(215,608)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from portfolio loan	-	1,000,000
Repayment of portfolio loan	(996,779)	(1,000,000)
Proceeds from Paycheck Protection Program Loan	3,800,000	-
Repayment of debt	(204,643)	(222,035)
Net Cash from Financing Activities	2,598,578	(222,035)
Net Change in Cash and Cash Equivalents	4,938,155	1,816,884
CASH AND CASH EQUIVALENTS		
Beginning of year	4,687,541	2,870,657
End of year	$ 9,625,696	$ 4,687,541
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ 56,977	$ 110,732

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.

At the end of the 2020 fiscal year, there was a reduction in programming when the Hard to Place Program was discontinued. In the 2021 fiscal year, the agency will also discontinue the Raise the Age and Regular Institution programs.

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.

Family and Community 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 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.

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.

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.

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.

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.

New Accounting Pronouncements

Recognition of Contributions

Effective July 1, 2019, the Agency adopted ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions, or as non-exchange transactions. Analysis of various provisions of this standard resulted in no significant changes in the way the Agency recognizes contributions, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. Adoption of ASU 2018-08 had no impact on the Agency's financial statements.

2. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

Revenue from Contracts with Customers

Effective July 1, 2019, the Agency adopted ASU 2014-09, Revenue from Contracts with Customers, which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, and supersedes most current revenue recognition guidance. Analysis of various provisions of this standard resulted in no significant changes in the way the Agency recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. Adoption of ASU 2014-09 had no impact on the Agency's financial statements.

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.

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.

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

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.

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.

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

Public Maintenance and Contribution Income Recognition (continued)

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.

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, 2020 and 2019.

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

Functional Allocation of Expenses

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

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, 2019 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 2017.

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 January 27, 2021.

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.

3. Concentration of Credit Risk *(continued)*

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 $15,883,499 and $12,970,771 as of June 30, 2020 and 2019. 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:

	2020	2019
New York City	78 %	77 %
Medicaid	11	12
New York State	9	9
Other counties	2	2
	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.'

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:

	2020	2019
Due in one year or less	$ 2,191,280	$ 4,116,935
Due in two through five years	563,667	220,000
	$ 2,754,947	$ 4,336,935

As of June 30, 2020, all promises to give receivable are deemed collectable by management.

5. Loan Receivable

During the year ended June 30, 2020, the Agency issued a loan to Greenburgh Graham Free School District ("Greenburgh"). Greenburgh is a separate entity with common board members which includes 4 board members and the CEO of the Agency. The loan is in the amount of $600,000, at 3.25% plus the 30 day LIBOR rate, payable July 1, 2021. The loan is included in public maintenance receivables on the accompanying statement of financial position.

6. Investments

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

	2020	2019
Domestic Stocks Large Blend Index Fund	$ 6,119,917	$ 5,476,819
International Stocks Large Blend Index Fund	3,301,858	2,897,232
Intermediate Term Bond Index Fund	7,015,926	6,410,923
Equities	15,110	31,203
	$ 16,452,811	$ 14,816,177

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

	2020	2019
Unrestricted	$ 15,025,498	$ 13,445,988
Restricted	1,427,313	1,370,189
	$ 16,452,811	$ 14,816,177

As of June 30, 2020 and 2019, 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:

	2020	2019
Interest and dividends	$ 423,446	$ 368,018
Realized and unrealized gains	485,330	601,651
Direct investment fees	(21,965)	(19,255)
	$ 886,811	$ 950,414
Operating	$ 69,883	$ 50,007
Non-operating	816,928	900,407
	$ 886,811	$ 950,414

7. Property, Plant and Equipment

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

	2020	2019
Land	$ 144,900	$ 144,900
Buildings and improvements	11,031,616	11,007,191
Leasehold improvements	3,713,158	3,713,158
Furniture and equipment	3,155,402	3,155,402
Trucks and automobiles	31,400	31,400
Construction in progress	574,770	541,770
	18,651,246	18,593,821
Accumulated depreciation and amortization	(15,591,322)	(15,109,710)
	$ 3,059,924	$ 3,484,111

8. Due to Governments

A New York City ("NYC") foster care audit for fiscal years 2016 and 2017 is currently in progress with the results yet to be determined. A liability to NYC of $6,334,396 is included in the $12,507,300 amount due to governments in the accompanying statement of financial position at June 30, 2020. The total also includes $3,879,331 of unearned revenue from the NYS Office for Children and Family Services for the Agency's Raise the Age program. The remaining balance of $2,293,573 consists of potential liabilities to governments for non-foster care programs. Management believes this estimated liability is adequate.

9. 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 13), which matures August 2021. The loan is subject to a debt covenant as defined in the loan agreement. The Agency was in compliance with this debt covenant as at June 30, 2020. The interest for the period through August 10, 2016 was subject to a variable rate of interest based on changes in the Index, as defined in the loan agreement, which was the weekly average treasury yield on U.S. Securities adjusted to a constant maturity of five years as made available by the Federal Reserve Board. Commencing August 11, 2016, monthly payments consist of both interest and principal and the rate was adjusted to a fixed rate of 1.4% above the Index (2.47%).

9. Mortgage and Loans Payable *(continued)*

Mortgage and Office Space Loan

Future scheduled principal payments at June 30, 2020 are payable as follows:

Fiscal Year	Mortgage	Office Space Loan
2021	$ 72,000	$ 136,017
2022	72,000	22,999
2023	72,000	-
2024	72,000	-
2025	72,000	-
Thereafter	59,836	-
	$ 419,836	$ 159,016

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 and as such anticipates that substantially all of the Loan amount will be forgiven upon completing the forgiveness application process.

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.

10. 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. During the year ended June 30, 2020, the outstanding balance of $996,779 was repaid, with borrowing of $2,500,000 available and $157 of principal owed at June 30, 2020. The total interest expense on the outstanding borrowing amounted to $33,913 and $79,404 for the years ended June 30, 2020 and 2019.

11. Union Free School District No. 10

The Agency received payments in fiscal 2020 and 2019 totaling $39,595 and $95,646 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.

12. 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, 2021, 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, 2019, 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 $350,000 and $364,000 and its contributions to the Health Plan totaled $910,000 and $960,000 for the years ended June 30, 2020 and 2019 and did not exceed more than 5% of the total contributions made to the plans by all contributing employers.

12. Employee Benefit Plans

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 $1,002,000 and $960,000 for the years ended June 30, 2020 and 2019.

The Agency has a matching thrift savings plan available to all eligible employees. Agency expense amounted to approximately $136,000 and $143,000 for the years ended June 30, 2020 and 2019.

13. 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.

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. At June 30, 2020, the cumulative balance of deferred rent expense totaled $591,077 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, 2020, the balance of the deferred lease incentive was $512,193 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:

2021	$ 1,341,758
2022	1,074,687
2023	761,304
2024	765,784
2025	770,464
Thereafter	4,853,767
	$ 9,567,764

13. Commitments and Contingencies *(continued)*

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:

2021	$ 143,297
2022	54,372
2023	20,504
2024	456
	$ 218,629

Rental expense for office and program facilities for the years ended June 30, 2020 and 2019 was $1,425,040 and $1,326,135. Rental expense for equipment and automobiles for the years ended June 30, 2020 and 2019 was $264,803 and $273,616.

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.

14. Economic Dependency

The Agency is licensed by the New York State Office of Children and Family Services ("OFCS") 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.

15. 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:

	2020	2019
Westchester Residential Services	$ 192,100	$ 54,251
Family Permanency Planning	299,053	165,716
Family and Community Support	1,576,265	1,141,346
General support	924,535	9,812
Time restriction	220,000	3,526,000
	$ 3,211,953	$ 4,897,125

15. Net Assets with Donor Restrictions – Temporary in Nature *(continued)*

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:

	2020	2019
Westchester Residential Services	$ 165,687	$ 130,036
Family Permanency Planning	129,225	144,184
Family and Community Support	1,646,804	1,581,777
General support	25,518	65,751
Time restriction	3,333,217	27,993
	$ 5,300,451	$ 1,949,741

16. 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.

16. Endowment Funds *(continued)*

Interpretation of Relevant Law (continued)

Changes in donor-restricted endowment net assets for the years ended June 30, 2020 and 2019 are as follows:

	With Donor Restrictions		
	Temporary in Nature	Permanent in Nature	Total
Balance, June 30, 2018	$ 9,455	$ 1,314,001	$ 1,323,456
Interest and dividends	32,956	-	32,956
Advisory fees	(3,687)	-	(3,687)
Realized gains	-	17,304	17,304
Unrealized gains	-	38,884	38,884
Appropriation for expenditure	(27,993)	-	(27,993)
Balance, June 30, 2019	10,731	1,370,189	1,380,920
Interest and dividends	31,913	-	31,913
Advisory fees	(3,455)	-	(3,455)
Realized gains	-	5,881	5,881
Unrealized gains	-	51,243	51,243
Appropriation for expenditure	(27,217)	-	(27,217)
Balance, June 30, 2020	$ 11,972	$ 1,427,313	$ 1,439,285

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.

17. Availability and Liquidity

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

	2020	2019
Financial Assets at Year End:		
Cash and cash equivalents	$ 9,625,696	$ 4,687,541
Public maintenance receivables	16,772,752	13,172,151
Other receivables	2,826,867	4,384,241
Investments	15,025,498	13,445,988
Restricted investments	1,427,313	1,370,189
Total Financial Assets	45,678,126	37,060,110
Less: amounts not available to be used within one year		
Net assets with donor restrictions	(4,639,266)	(6,267,314)
Add: net assets with purpose restrictions to be met in less than one year	2,644,023	4,602,125
	(1,995,243)	(1,665,189)
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	$ 43,682,883	$ 35,394,921

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.

18. 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.

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