

Rising Ground, Inc. and Affiliates

Independent Auditor's Report and Consolidated Financial Statements

June 30, 2019



Rising Ground, Inc. and Affiliates

June 30, 2019

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Independent Auditor's Report

Board of Directors
Rising Ground, Inc. and Affiliates
Yonkers, New York

We have audited the accompanying consolidated financial statements of Rising Ground, Inc. and Affiliates (Rising Ground), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Rising Ground's preparation and fair presentation of the consolidated 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 Rising Ground'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rising Ground, Inc. and Affiliate as of June 30, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in *Note 3* to the consolidated financial statements, for the year ended June 30, 2019, Rising Ground adopted ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*, ASU 2018-08 *Not-for-Profit Entities* (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* and ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). Our opinion is not modified with respect to these matters.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information as of and for the year ended June 30, 2019, listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information as of and for the year ended June 30, 2019, is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

BKD, LLP

New York, New York
December 25, 2019

Rising Ground, Inc. and Affiliates
Consolidated Statement of Financial Position
June 30, 2019

Assets

Current Assets

Cash and cash equivalents	\$ 2,065,615
Investments	6,358,218
Investments - certificates of deposit	25,000
Accounts receivable	19,465,511
Other receivables	642,666
Prepaid expenses	1,154,633
Accrued investment interest receivable	<u>38,673</u>
Total current assets	<u>29,750,316</u>

Assets Limited as to Use

Assets limited as to use - investments	569,771
Self-insurance deposits	3,097,221
Cash reserve for liabilities	<u>1,660,000</u>
Total assets limited as to use	<u>5,326,992</u>

Other Assets

Investments	2,361,096
Contribution receivable	190,000
Security deposits	474,622
Beneficial interest in perpetual trusts	1,664,845
Fixed assets - net	<u>31,178,666</u>
Total other assets	<u>35,869,229</u>
Total assets	<u>70,946,537</u>

Rising Ground, Inc. and Affiliates
Consolidated Statement of Financial Position (Continued)
June 30, 2019

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 3,571,419
Accrued payroll and employee benefits	11,236,511
Self insurance provision	-
Accrued expenses and other liabilities	7,601,433
Advances from government agencies	1,638,363
Due to government agencies	591,511
Accrued interest payable	34,044
Line of credit and notes payable	933,277
Capital leases payable	374,375
Bonds payable - net	<u>1,690,000</u>
 Total current liabilities	 <u>27,670,933</u>

Long-Term Liabilities

Accrued payroll and employee benefits	306,022
Line of credit and notes payable	6,881,739
Capital leases payable	651,789
Deferred rent	-
Due to government agencies	7,034,477
Bonds payable - net	<u>14,752,309</u>
 Total long-term liabilities	 <u>29,626,336</u>
 Total liabilities	 <u>57,297,269</u>

Net Assets

Without donor restrictions	9,047,595
With donor restrictions	<u>4,601,673</u>
 Total net assets	 <u>13,649,268</u>
 Total liabilities and net assets	 <u>\$ 70,946,537</u>

Rising Ground, Inc. and Affiliates
Consolidated Statement of Activities
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues			
Program revenue	\$ 131,861,476	\$ -	\$ 131,861,476
In-kind contributions	97,306	-	97,306
Other income	975,517	-	975,517
	<u>132,934,299</u>	<u>-</u>	<u>132,934,299</u>
Operating Expenses			
Program services			
Child Welfare	57,108,358	-	57,108,358
Special Education	15,078,376	-	15,078,376
Developmental Disabilities	21,671,527	-	21,671,527
Juvenile Justice	13,620,989	-	13,620,989
Early Childhood	10,406,047	-	10,406,047
Other Preventative Services	4,516,694	-	4,516,694
	<u>122,401,991</u>	<u>-</u>	<u>122,401,991</u>
Supporting services			
Management and general	14,178,950	-	14,178,950
Development	477,895	-	477,895
	<u>14,656,845</u>	<u>-</u>	<u>14,656,845</u>
	<u>\$ 137,058,836</u>	<u>\$ -</u>	<u>\$ 137,058,836</u>

Rising Ground, Inc. and Affiliates
Consolidated Statement of Activities (Continued)
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Change in Net Assets from Operations	\$ (4,124,537)	\$ -	\$ (4,124,537)
Nonoperating Revenues and Expenses			
Investment income	730,360	-	730,360
Capital improvement grant	-	-	-
Contributions	1,214,390	226,656	1,441,046
Special events	615,037	-	615,037
Direct costs of special events	(122,456)	-	(122,456)
Change in value of beneficial interest in perpetual trusts	-	7,629	7,629
Miscellaneous income	-	-	-
Contribution from Edwin Gould Services for Children and Families	265,930	395,000	660,930
Net assets released from restrictions	298,282	(298,282)	-
Change in Net Assets	<u>(1,122,994)</u>	<u>331,003</u>	<u>(791,991)</u>
Net Assets, Beginning of Year, as Previously Reported	12,487,483	4,270,670	16,758,153
Change in Accounting Principles	<u>(2,316,894)</u>	<u>-</u>	<u>(2,316,894)</u>
Net Assets, Beginning of Year, as Adjusted	<u>10,170,589</u>	<u>4,270,670</u>	<u>14,441,259</u>
Net Assets, End of Year	<u>\$ 9,047,595</u>	<u>\$ 4,601,673</u>	<u>\$ 13,649,268</u>

Rising Ground, Inc. and Affiliates

Consolidated Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services						Supporting Services					
	Child Welfare	Special Education	Developmental Disabilities	Juvenile Justice	Early Childhood	Other Preventative Services	Total	Management and General	Development	Direct Costs of Special Events	Total	Total
Employee Compensation and Benefits												
Salaries and wages	\$ 30,558,010	\$ 9,083,503	\$ 12,651,474	\$ 7,696,295	\$ 5,022,316	\$ 3,071,367	\$ 68,082,965	\$ 6,650,822	\$ 310,407	\$ -	\$ 6,961,229	\$ 75,044,194
Fringe benefits	7,971,144	2,493,074	3,212,668	2,005,340	1,407,365	668,369	17,757,960	1,757,988	84,932	-	1,842,920	19,600,880
Total employee compensation and benefits	38,529,154	11,576,577	15,864,142	9,701,635	6,429,681	3,739,736	85,840,925	8,408,810	395,339	-	8,804,149	94,645,074
Specific Assistance to Individuals												
Payments to foster parents	5,604,831	-	-	-	-	-	5,604,831	-	-	-	-	5,604,831
Food	667,258	64,438	330,078	273,424	81,171	48,379	1,464,748	-	-	-	-	1,464,748
Children's allowances and activities	2,101,402	169,800	213,413	327,648	89,852	128,785	3,030,900	-	-	-	-	3,030,900
Consumer incidentals	31,127	58	13,970	4,339	-	-	49,494	-	-	-	-	49,494
Clothing	198,456	-	38,622	14,797	175	-	252,050	-	-	-	-	252,050
Total specific assistance to individuals	8,603,074	234,296	596,083	620,208	171,198	177,164	10,402,023	-	-	-	-	10,402,023
Occupancy												
Interest expense	157,085	235,350	347,427	-	87,051	-	826,913	375,792	-	-	375,792	1,202,705
Rent	2,527,266	724,676	628,189	362,915	744,670	169,932	5,157,648	377,285	13,562	-	390,847	5,548,495
Utilities	458,697	347,102	266,743	79,254	153,489	17,964	1,300,249	102,751	1,154	-	103,905	1,404,154
Maintenance and repairs	190,083	42,371	80,347	89,726	14,755	-	417,282	14,760	135	-	14,895	432,177
Security	162,903	70,986	53,900	4,731	81,696	2,728	376,946	222,310	410	-	222,720	599,666
Janitorial services	432,629	98,273	212,016	237,069	88,944	-	1,068,931	224,108	-	-	224,108	1,293,039
Total occupancy	3,905,663	1,518,758	1,588,622	773,695	1,170,607	190,624	9,147,969	1,317,006	15,261	-	1,332,267	10,480,236
Professional Fees												
Clinical services	520,080	-	84,790	44,490	1,106,286	-	1,755,646	-	-	-	-	1,755,646
Legal and audit	451,172	77,005	39,619	21,795	24,036	11,977	625,604	700,202	-	-	700,202	1,325,806
Other independent contractors	532,691	140,672	966,308	120,444	829,233	133,368	2,722,716	999,478	4,871	-	1,004,349	3,727,065
Total professional fees	1,503,943	217,677	1,090,717	186,729	1,959,555	145,345	5,103,966	1,699,680	4,871	-	1,704,551	6,808,517
Other												
Supplies	756,613	341,811	219,426	307,019	192,189	36,277	1,853,335	226,999	13,876	-	240,875	2,094,210
Transportation and other travel-related expenses	666,650	11,772	204,917	79,431	17,838	18,885	999,493	98,879	4,346	-	103,225	1,102,718
Insurance	454,521	164,989	353,144	110,448	91,644	25,710	1,200,456	301,297	1,071	-	302,368	1,502,824
Telephone	542,252	116,525	371,708	195,754	110,253	57,564	1,394,056	202,119	1,742	-	203,861	1,597,917
Vehicle rentals, repairs and replacement	246,463	27,657	424,056	57,431	-	-	755,607	47,665	-	-	47,665	803,272
Equipment/furniture rentals, repairs and replacement	431,202	120,149	141,179	80,051	51,504	34,037	858,122	169,636	5,938	-	175,574	1,033,696
Staff development	232,800	102,592	58,721	454,297	26,819	65,216	940,445	51,741	680	-	52,391	992,836
Staff recruitment	80,271	14,464	18,916	14,134	14,520	1,411	143,716	122,543	1,237	-	123,780	267,496
Printing, postage, subscriptions, publications	70,174	20,014	2,739	209	423	1,214	94,773	106,993	11,933	-	118,926	213,699
Dues, licenses, permits	55,998	28,014	2,206	-	3,511	981	90,710	126,780	11,215	-	137,995	228,705
Line of credit interest expense	-	-	-	-	-	-	-	290,544	-	-	290,544	290,544
Miscellaneous	20,031	2,858	17,410	22,101	19,085	799	82,284	380,468	10,416	122,456	513,340	595,624
Total other	3,556,975	990,845	1,814,422	1,320,875	527,786	242,094	8,412,997	2,125,664	62,424	122,456	2,310,544	10,723,541
Total expenses before depreciation and amortization	56,098,809	14,498,153	20,953,986	12,603,142	10,258,827	4,494,963	118,907,880	13,551,160	477,895	122,456	14,151,511	133,059,391
Depreciation and Amortization	1,009,549	580,223	717,541	1,017,847	147,220	21,731	3,494,111	627,790	-	-	627,790	4,121,901
Total expenses	57,108,358	15,078,376	21,671,527	13,620,989	10,406,047	4,516,694	122,401,991	14,178,950	477,895	122,456	14,779,301	137,181,292
Less Expenses Deducted Directly from Revenues on the Consolidated Statement of Activities												
Direct cost of special events	-	-	-	-	-	-	-	-	-	(122,456)	(122,456)	(122,456)
Total expenses reported by function on the consolidated statements of activities	\$ 57,108,358	\$ 15,078,376	\$ 21,671,527	\$ 13,620,989	\$ 10,406,047	\$ 4,516,694	\$ 122,401,991	\$ 14,178,950	\$ 477,895	\$ -	\$ 14,656,845	\$ 137,058,836

Rising Ground, Inc. and Affiliates
Consolidated Statement of Cash Flows
Year Ended June 30, 2019

Reconciliation of Change in Net Assets to Net Cash

Operating Activities

Change in net assets	\$ (791,991)
Items not requiring (providing) operating cash flows	
Contribution from Edwin Gould Services for Children and Families	(660,930)
Depreciation and amortization	4,121,901
Amortization of bond issuance costs	105,788
Amortization of bond discount	3,500
Realized gains on investments	(581,303)
Unrealized losses on investments	111,703
Change in value of beneficial interest in perpetual trusts	(7,629)
Donated securities	(9,388)
Changes in	
Accounts receivable	(1,162,948)
Other receivables	(403,185)
Prepaid expenses	511,543
Accrued investment interest receivable	(8,902)
Contribution receivable	200,000
Security deposits	520
Accounts payable	(1,924,216)
Accrued payroll and employee benefits	5,270,342
Self insurance provision	-
Accrued expenses and other liabilities	925,646
Advances from government agencies	(802,109)
Due to government agencies	720,997
Accrued interest payable	(2,900)
	<hr/>
Net cash provided by operating activities	5,616,439

Investing Activities

Purchase of investments	(8,227,047)
Proceeds from sale of investments	8,431,548
Increase in investments limited as to use	(3,169,148)
Fixed asset acquisitions	(531,387)
	<hr/>
Net cash used in investing activities	(3,496,034)

Rising Ground, Inc. and Affiliates
Consolidated Statement of Cash Flows (Continued)
Year Ended June 30, 2019

Financing Activities	
Principal payments of line of credit and notes payable	\$ (999,044)
Principal payments on bonds payable	(1,686,000)
Principal payments on capital lease	<u>(291,090)</u>
Net cash used in financing activities	<u>(2,976,134)</u>
Net Change in Cash and Cash Equivalents	<u>(855,729)</u>
Cash and Cash Equivalents, Beginning of Year	<u>2,921,344</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,065,615</u></u>
Supplemental Cash Flows Information	
Cash paid during the year for interest	\$ 1,376,908
Capital lease acquisition	\$ 928,750
Acquisition of Edwin Gould Services for Children and Families and Affiliate	
Assets acquired	\$ 9,916,503
Liabilities assumed	\$ 9,255,573

Rising Ground, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2019

Note 1: Nature of Organization

Rising Ground, Inc. (formerly known as Leake and Watts Services, Inc.) provides comprehensive social services including family stabilization, foster care, child care and Head Start, residential and respite services for children and adults with developmental disabilities, special education, residential treatment and group homes for youth with emotional and mental health challenges and a spectrum of residential and treatment services for adjudicated youth and youth awaiting court action. Most families served live throughout New York City and Westchester County. The primary sources of revenue are the New York City Administration for Children's Services and various New York State (NYS) government agencies.

The Emergency Shelter, Inc. alleviates human suffering and distress through programs that feed, house, shelter, and train homeless and unemployed men, women and youth. The primary source of funding is income associated with the organization's beneficial interests in perpetual trusts held by third parties. Rising Ground, Inc. is related to The Emergency Shelter, Inc. through common board control. Rising Ground received \$75,000 from The Emergency Shelter, Inc. for certain services that Rising Ground has provided which is eliminated in the consolidation. The Emergency Shelter, Inc. is consolidated in these consolidated financial statements.

On August 3, 2018, Rising Ground, Inc. closed on a Membership Agreement with Edwin Gould Services for Children and Families (EGSCF). By the Membership Agreement, Rising Ground, Inc. became the sole member of EGSCF. Rising Ground, Inc. became the parent agency and EGSCF is the subsidiary agency. According to the terms of the Membership Agreement, EGSCF will continue to provide services in connection with its purpose. Rising Ground assumed no liabilities of EGSCF. This transaction is described in more detail in *Note 5* to the consolidated financial statements.

Rising Ground, Inc. and its affiliates are collectively referred to as "Rising Ground."

- **Child Welfare** programs and services.
 - The **Residential Treatment Center**, located on a 30-acre campus in Yonkers, provides 24-hour residential care to youth ages 12-21 requiring more significant therapeutic and educational support. An enriched, structured program of activities coupled with clinical services assists youth with mental health concerns and challenging behaviors to develop the ability to participate fully in the surrounding community and to return to a less restrictive environment. Some of the youth served at the Residential Treatment Center are in foster care.
 - The **Family Foster Care** program serves children who have experienced abuse and neglect. The goal in all cases is to establish a permanent appropriate living arrangement for the child, preferably back with his/her birth family. If that is not possible, the goal is to establish a home with an adoptive family or to prepare the youth to live independently.
 - Our evidence-based **Multidimensional Treatment Foster Care** serves teens in foster care with emotional and behavioral challenges with more intensive support.

Rising Ground, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2019

- Our **Mother/Child Home** in the Bronx serves teen mothers in foster care along with their children. The focus, as with all foster youth, is on education, skills development (with particular emphasis on parenting skills training), employment, safety and wellbeing.
- **Preventive Services Programs** strengthen and preserve families, keep children safe by preventing child abuse and neglect, and prevent the necessity of placing children in foster care utilizing two evidence-based models that have proven track records of success, Family Connections and Functional Family Therapy - Child Welfare adaptation.
- Our **Passage of Hope** program serves undocumented migrant children (mostly from Honduras, El Salvador and Guatemala) who have come into the United States without an adult guardian. These children are temporarily taken into the custody of the Department of Health and Human Services, Office of Refugee Resettlement and placed with us so they may receive a myriad of services (medical, clinical, education, legal, etc.) while they are reunified with their families in the U.S.
- The **Transitional Independent Living** program houses and assists runaway and homeless youth ages 16 – 21 while they transition into independent living.
- Youngsters in our child welfare programs also receive services and referrals from our **Health Service programs** to ensure that their health and mental health needs are met.
- **Special Education** services to school-age children through both The Biondi School and at our Residential Treatment Center.
 - Many students have a history of mental health challenges, learning disabilities, substance abuse, general delinquency, depression, psychotic thinking, suicidal ideation, impulsivity, anxiety and poor social skills. **The Biondi School** is a non-public school providing 12-month specialized educational services. Emphasis is on academic achievement, skills development, and increasing each student’s ability to remain on task, interact appropriately with peers, and improve behavior so that they can return to their local public school.
- **Developmental Disabilities Services** include community-based programs such as community residences and supported apartments, prevocational services, supportive employment, day habilitation services, and Medicaid Service Coordination for both children and adults. Our supportive clinical practices address the associated emotional, behavioral and psychological issues/disorders in order to assist our consumers to live more fulfilling lives.
- **Community School Services**, in collaboration with the NYC Department of Education, work with two middle schools in the Bronx. Educators, Rising Ground staff and families share leadership and organize resources so that academics, social services and other supports are integrated into the fabric of each school. These combined supports help the schools better address the needs of young people, resulting in improved student learning, stronger families and healthier communities.

Rising Ground, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2019

- **Early Childhood Centers** for children ages 18 months to 5 years.
 - Program components include an early childhood educational curriculum which prepares children for their school years promoting creativity, pre-academic skills, socialization, and independence, bilingual (Spanish) services, parent involvement, and linkage to community and social services.
 - Located in the Bronx, our federally funded **Early Head Start** program serves pregnant women, infants and toddlers living at or below the poverty level. A **Head Start** program, which served children and families, was operational through June 30, 2019. Our **Seabury Day Care** Center provides early education services to children from low-income, working families.
 - The **Brownell Preschool** and **Ames Early Childhood Center** serve both typically developing children with Universal Pre-Kindergarten (UPK) services as well as those in need of preschool special education services in integrated as well as segregated classes, depending on the need of the child.
 - The **Children's Learning Center** provides preschool special education to children with intensive needs in small classes.
 - The **Family Resource Center** provides a wide range of free services to children and families in the Soundview section of the Bronx. Services include: Computer lab, recreational activities for families, infant and toddler play groups, parent support groups, money management workshops, assistance connecting to Adult Education programs and additional social services.
 - Our **Parent-Child Home Program** provides support to low-income families in the Bronx with children ages 18 months to 33 months. This evidence-informed, early childhood home-visiting program focuses on developing pre-literacy skills to promote school readiness, promoting positive parenting skills, building positive child-parent interactions, and enhancing children's social and emotional development.
- **Juvenile Justice Services** include secure to non-secure placement programs for court-involved youth, all of which are based on the belief that young people with histories of delinquency need support, education and other tools to return safely and successfully to their communities and break the cycle of delinquency.
 - Our **Limited Secure Placement** program (LSP) is a residential program serving adjudicated youth ages 14 to 18 (and on occasion, an older or younger youth may be served). Both general and specialized populations are served. We ensure that youth are able to develop their academic, pre-vocational and communications skills through various aspects of the program and work with family members to maintain and strengthen the youth's connection with his or her family and community. Aftercare services are also provided to youth around New York City who are transitioning out of LSP programs.

Rising Ground, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2019

- Our **Non-Secure Placement** program is also part of the residential care continuum for adjudicated Juvenile Delinquents in New York City ages 12 to 14. Our program is community-oriented and family-focused, using the nationally recognized treatment method, the Missouri Model, that involves grouping youth into small cohorts of 10-12 with whom they live, attend school, participate in recreational activities and receive counseling.
- The **Family Respite** program serves youth ages 7 to 17 who are at risk of contact with the juvenile justice system by providing respite services for up to 21 days. The program staff also refers families to appropriate community-based services for sustained assistance.
- The **Juvenile Justice Initiative and Aftercare** program expands our implementation of the Functional Family Therapy evidence-based model in the juvenile justice field. It provides home-based Alternative-to-Placement and Aftercare Services for up to 52 youth involved in ACS's Juvenile Justice Initiative throughout the Bronx and Manhattan annually.
- The **Article 31 Clinic** provides outpatient mental health treatment to children and adolescents ages 5 to 21 years and their family members who meet criteria for a mental health diagnosis under DSM5.
- **Care Coordination** enables Rising Ground to serve as a downstream Care Management Agency (CMA) providing comprehensive care management services to children and adults who meet necessary criteria.

Note 2: Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of Rising Ground have been prepared on the accrual basis of accounting.

Basis of Consolidation

All material intercompany transactions and balances are eliminated in the consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Rising Ground, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2019

Cash and Cash Equivalents

Rising Ground considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2019, cash equivalents consisted primarily of money market accounts with brokers.

At June 30, 2019, Rising Ground's cash accounts exceeded federally insured limits by approximately \$5,700,000.

Investments

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes: dividend, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments, less direct investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without restrictions. Other investment return is reflected in the statement of activities as unrestricted or donor restricted based upon the existence and nature of any donor or legally imposed restrictions.

Rising Ground maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices) and Level 2 (other significant observable inputs) are recognized on the actual transfer date.

Investments – Certificates of Deposit

Certificates of deposit with maturities greater than three months when originally acquired, are valued at contract value and are considered investments for cash flow purposes.

Accounts Receivable

Accounts receivable are stated at the amount billed under government grants. Rising Ground provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions.

Rising Ground, Inc. and Affiliates

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Contract Liability

A contract liability represents revenue that has been deferred for the funds advanced by various government agencies for the organization's contracts related to services that have not yet been provided to customers. Contract liabilities consist of payments made by funding sources for the organizations' contracts for services not yet performed and are expected to be performed within the next fiscal year. Contract liabilities are included in advances from government agencies at June 30, 2019.

Fixed Assets

Fixed assets having a useful life greater than one year and costing \$5,000 or more, are stated at cost or fair market value, if donated. Depreciation is computed on the straight-line basis over the estimated useful life of the assets. Capital leases and leasehold improvements are amortized over either the remaining term of the underlying lease or the useful lives of the improvements, whichever is shorter, using the straight-line method.

The estimated useful lives of such assets are as follows:

Building and building improvements	10 to 40 years
Furniture, fixtures and equipment	3 to 10 years
Leasehold improvements	3 to 20 years

Long-Lived Asset Impairment

Rising Ground evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the year ended June 30, 2019.

Assets Limited as to Use

Investments whose assets are set aside under the terms of various bond agreements as well as the Replacement Reserve Fund. The Replacement Reserve Fund is used specifically for repair and maintenance of New York State Office for People With Developmental Disabilities (OPWDD) – funded IRA residences. Rising Ground has also deposited funds designated for its self-insured healthcare costs which are classified as assets limited as to use. All assets limited as to use are held in U.S. Treasury obligations and money market funds.

Beneficial Interests in Perpetual Trusts

The Emergency Shelter, Inc. has beneficial interests in various perpetual trusts. The Emergency Shelter, Inc.'s interest in these trusts is reported as a contribution in the year received at their fair value. Changes in the fair value of the underlying assets are recorded as revenue adjusting net assets with donor restrictions.

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Due to Government Agencies

The consideration the Organization has received from governmental agencies for which it does not expect to be entitled to is recorded as a refund liability. Refund liabilities are included in the amounts due to government agencies as of June 30, 2019.

Debt Issuance Costs

Debt issuance costs are reflected as a reduction of the carrying amount of the related debt and are amortized over the term of the related debt using the straight-line method, which approximates the effective interest method. Amortization of debt issuance costs is included in interest expense.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions include funds available for use in general operations and have no restrictions as to use or purpose imposed by donors.

Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions

Contributions are provided to the organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on Rising Ground overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value

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Nature of the Gift	Value Recognized
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

Government Grants

Support funded by grants is recognized as Rising Ground performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Contributed Costs and Revenues

Rising Ground operates programs where facility costs and consumable supplies are paid directly by New York City. Rising Ground reports these amounts as operating revenues and expenses and recognized \$97,306 of contributed costs.

Rising Ground, Inc. and Affiliates

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Measure of Operations

Rising Ground's change in net assets from operations includes revenues and expenses directly related to the provision of program services. Investment income, capital improvement grant, contributions, both with and without donor restrictions, special events and related direct costs, change in value of beneficial interests in perpetual trusts, miscellaneous income and any prior year adjustments are considered nonoperating.

Operating Leases

Rent expense has been recorded on the straight-line basis over the term of the lease. Deferred rent is recorded when material.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general, and fundraising categories based on ratio value and other methods.

Income Taxes

Rising Ground is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, Rising Ground is subject to federal income tax on any unrelated business taxable income.

Rising Ground files tax returns in the U.S. federal jurisdiction.

Note 3: Change in Accounting Principles

ASU 2016-14, Not-For-Profit Entities (Topic 958)

For the year ended June 30, 2019, Rising Ground adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-For-Profit Entities*. A summary of the changes is as follows:

Statement of Financial Position

- The statement of financial position distinguishes between two new class of net assets - those with donor-imposed restrictions and those without. This is a change from the previously required three classes of net assets - unrestricted, temporarily restricted and permanently restricted.

Statement of Activities

- Investment income is shown net of external and direct internal investment expense. Disclosure of the expense netted against investment income is no longer required.

Rising Ground, Inc. and Affiliates

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Statement of Functional Expenses

- Expenses are reported by both nature and function in one location.

Notes to the Financial Statements

- Enhanced quantitative and qualitative disclosures provide additional information useful in assessing liquidity and cash flows available to meet operating expense for one-year from the date of the statement of financial position.

This change had no impact on previously report total change in net assets and has been applied retrospectively to all periods presented.

ASU 2014-09, Revenue from Contracts with Customers (Topic 606)

On July 1, 2018, Rising Ground adopted FASB ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), using a full retrospective method of adoption to all contracts with customers at July 1, 2018. The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of promised goods or services to customers or patients in an amount that reflects the consideration to which Rising Ground expects to be entitled in exchange for those goods or services. The amount to which Rising Ground expects to be entitled is calculated as the transaction price and recorded as revenue in exchange for providing services to its customers. Adoption of ASU 2014-09 resulted in changes in presentation of the consolidated financial statements and related disclosures in the notes to the consolidated financial statements.

Because contracts are generally completed within a year, Rising Ground used the actual transaction price rather than estimating variable consideration amounts for contracts completed during the year ending June 30, 2019. Rising Ground recognized an adjustment to net assets of \$2,316,894 as of July 1, 2018 due to changes in its estimates of implicit price concessions and contractual adjustments for performance obligations satisfied in prior years.

Note 4: Revenue from Contracts with Customers

Service Revenue

Rising Ground receives funding from Medicaid, New York City and New York State through fees and government grants. Revenue is reported at the amount that reflects the consideration to which Rising Ground expects to be entitled in exchange for providing the contracted services. These amounts are due from third-party payors (including government programs) and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, Rising Ground bills the third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

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Reimbursement methodologies for major programs at Rising Ground are as follows:

Education and Early Childhood

Rising Ground's school programs are regulated and funded by the New York State Education Department. A tuition rate per student is established based upon enrollment, actual cost data, geographic location and other cost "screens" prescribed by the State. Fluctuations in enrollment and costs can have a significant impact on Rising Ground's receipt of a rate sufficient to cover program costs. Per diem tuition rate per student is subject to final reconciliation based on audited financial statements. Revenue and support payments have been reconciled with the NYS Rate Setting Unit through the fiscal year ended June 30, 2017.

Foster Care, Residential Treatment and Medical and Mental Health Services

The principal source of revenue consists of support payments received from the City of New York (the City) and Westchester County for congregate and foster boarding home care, and health care provided to children referred to Rising Ground. Such payments based initially upon per diem rates established annually by the New York State Office of Children and Family Services (NYS-OCFS), the New York City Administration for Children's Services (NYC-ACS), and the State Department of Health, are finalized after the reported costs and days of care are audited. Revenue for support payments from NYC-ACS is subject to audit.

Developmental Disabilities Services

Developmental Disabilities Services including community-based programs such as group homes and supported apartments, prevocational, respite/recreation services, supportive employment, day services for adults and children, and Medicaid Service Coordination are funded through contracts with OPWDD and by Medicaid, based on rates established by OPWDD.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the funding source's ability to pay are recorded as bad debt expense.

For the year ended June 30, 2019, Rising Ground recognized revenue of \$74,816,289 from goods and services that transfer to the customer over time. There were no revenues recognized from goods and services that transfer to the customer at a point in time.

Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

Because all of its performance obligations relate to contracts with a duration of less than one year, Rising Ground has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The performance obligations for these contracts are generally completed when the service is completed and upon submission of required documentation.

During the year ended June 30, 2019, Rising Ground recognized revenue of \$975,704 that was recognized as a contract liability at the beginning of the year.

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Rising Ground expects to recognize revenue of \$1,638,363 recorded as a contract liability at June 30, 2019 during the year ended June 30, 2020 when services have been provided under the contracts.

Significant Judgments

The initial estimate of the transaction prices is determined by reducing the established rates for services provided by any implicit price concessions based on historical collection experience with each government agency. Rising Ground has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the payors and services provided. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change.

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and Rising Ground's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known based on newly available information or as years are settled or are no longer subject to such audits, reviews and investigations.

From time to time, Rising Ground will receive overpayments from third-party payers resulting in amounts owed back. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of June 30, 2019, Rising Ground has a liability of refunds to funding sources recorded of \$7,625,988. These amounts are recorded as amounts due to government agencies on the statement of financial position. Rising Ground has entered into payment agreements for certain repayments, and therefore amounts are classified between current and long-term based upon those payment schedules.

Revenue Composition and Reimbursement Method

The composition of revenue by payor pertaining for items subject to revenue recognition standard for the year ended June 30, 2019 is as follows:

	Child Welfare	Special Education	Developmental Disabilities	Early Childhood	Total
Medicaid including SSI New York State	\$ 3,672,322	\$ -	\$ 23,655,903	\$ -	\$ 27,328,225
government agencies	-	18,415,169	748,369	4,320,692	23,484,230
New York City					-
government agencies	23,281,638	-	-	-	23,281,638
Managed Care	447,261	-	-	-	447,261
Other	-	-	274,935	-	274,935
	<u>\$ 27,401,221</u>	<u>\$ 18,415,169</u>	<u>\$ 24,679,207</u>	<u>\$ 4,320,692</u>	<u>\$ 74,816,289</u>

Rising Ground, Inc. and Affiliates

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The composition of revenue based on method of reimbursement for the year ended June 30, 2019 are as follows:

Per diem	\$ 74,034,864
Per month	499,072
Contract	<u>282,353</u>
	<u>\$ 74,816,289</u>

All revenues listed above were recognized as the service transferred over time. Other revenues not subject to the revenue recognition standard and thus not included above related to revenues which were determined to not be exchange transactions.

Contract Balances

Contract liabilities represent Rising Ground's obligation to provide services to a customer when consideration has already been received. Rising Ground did not recognize any contract assets as of June 30, 2019.

Significant changes in contract liabilities during the period are as follows:

Balance, beginning of year	\$ 975,074
Effects of:	
Revenue recognized that was included in the contract liability balance at the beginning of the period	(975,074)
Increases due to cash received, excluding amounts recognized as revenue during the period	172,965
Business combination	<u>1,465,398</u>
Balance, end of year	<u>\$ 1,638,363</u>

The following table provides information about Rising Ground's receivables from contracts with customers:

Accounts receivable, beginning of year	\$ 12,902,089
Accounts receivable, end of year	19,465,511

Financing Component

Rising Ground has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from customers and third-party payors for the effects of a significant financing component due to Rising Ground's expectation that the period between the time the service is provided to a customer and the time that the customer or third-party payor pays for that service will be one year or less.

Contract Costs

Rising Ground has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that Rising Ground otherwise would have recognized is one year or less in duration.

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Note 5: Acquisition

As previously described in *Note 1*, effective August 3, 2018, Rising Ground acquired the net assets of EGSCF. No consideration was given from Rising Ground to acquire EGSCF's assets. As a result of the acquisition, Rising Ground has an opportunity to expand its service area to include communities adjacent to those it currently serves. Rising Ground also expects this acquisition will allow it to provide more comprehensive special needs services in its current service area and achieve cost savings through elimination of certain duplicative administrative and other functions.

Rising Ground recognized the assets acquired and the liabilities assumed as of July 1, 2018, which is estimated to be materially comparable to the assets acquired and the liabilities assumed as of the acquisition date of August 3, 2018. The following table summarizes the amounts of the assets acquired and liabilities assumed:

Current assets	\$	5,869,791
Property, plant and equipment		3,531,997
Other assets		514,715
Total assets		9,916,503
Current liabilities		7,960,587
Other liabilities		1,294,986
Total liabilities		9,255,573
Total identifiable net assets	\$	660,930

Accordingly, an implied contribution to Rising Ground from EGSCF was recorded. Reflected in the financial statements are inherent contributions of net assets without donor restrictions of \$265,930 and contributions of net assets with donor restrictions of \$395,000.

Acquired current assets include accounts receivable recorded at their estimated fair value of \$5,400,474.

EGSCF contributed revenues of \$30,404,234, change in net assets without donor restrictions of (\$1,186,107), and change in net assets with donor restrictions of (\$70,924) to Rising Ground for the period from the acquisition date through June 30, 2019.

Acquisition expenses of \$414,700 were recognized in 2019.

Note 6: Investments and Disclosures about Fair Value of Assets and Liabilities

Disclosures About Fair Value of Assets and Liabilities

Rising Ground, Inc. and Affiliates
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Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices) and Level 2 (other significant observable inputs) are recognized on the actual transfer date.

Investments with and without donor restrictions, assets limited as to use and beneficial interests in perpetual trusts, as described in *Note 2*, are included in the following table set forth by level, within the fair value hierarchy at fair value:

Rising Ground, Inc. and Affiliates

Notes to Consolidated Financial Statements

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Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2019, which includes both investments and beneficial interest in perpetual trusts:

	Quoted Prices in Active Markets for Identical Assets (Level 1)				Significant Unobservable Inputs (Level 3)
	Total	Investments	Assets Limited As To Use	Total	
Investments at fair value					
Fixed-income securities					
U.S. Treasury obligations	\$ 568,972	\$ -	\$ 568,972	\$ 568,972	\$ -
Municipal bonds	-	-	-	-	-
Mortgage-backed securities	2,725	2,725	-	2,725	-
Municipal authorities	147,762	147,762	-	147,762	-
Corporate bonds					
Telecommunications	417,891	417,891	-	417,891	-
Energy	173,249	173,249	-	173,249	-
Finance	1,390,729	1,390,729	-	1,390,729	-
Consumer goods	715,763	715,763	-	715,763	-
Services	512,815	512,815	-	512,815	-
Mutual funds					
Large cap	3,118,322	3,118,322	-	3,118,322	-
Mid cap	730,189	730,189	-	730,189	-
Small cap	292,796	292,796	-	292,796	-
International-developed	637,072	637,072	-	637,072	-
Emerging markets	321,825	321,825	-	321,825	-
Equity REITS	33,787	33,787	-	33,787	-
Money market funds	224,389	224,389	-	224,389	-
Total investments	\$ 9,288,286	\$ 8,719,314	\$ 568,972	\$ 9,288,286	\$ -
Beneficial interests in perpetual trusts	\$ 1,664,845	\$ -	\$ -	\$ -	\$ 1,664,845

Investments

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of investments with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such investments are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

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Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying consolidated statement of financial position using significant unobservable (Level 3) inputs:

Beginning balance	\$	1,657,216
Total gains (realized/unrealized) included in changes in net assets for the year ended June 30		7,629
Ending balance	\$	1,664,845
The amount of total gains for the period included in changes in net assets attributable to the change in unrealized gains relating to assets still held at the reporting date	\$	7,629

Total investment return is comprised of the following:

Interest and dividend income	\$	330,420
Realized gains		581,308
Unrealized losses		(111,703)
Investment expenses		(69,665)
Investment income	\$	730,360

Note 7: Beneficial Interest in Trust

Rising Ground is the beneficiary under a perpetual trust administered by an outside party. Under the terms of the trust, Rising Ground has the irrevocable right to receive income earned on the trust assets in perpetuity, but never receives the assets held in trust. The estimated value of the expected future cash flows is \$1,664,845, which represents the fair value of the trust assets at June 30, 2019. The income from this trust for June 30, 2019 was \$7,629.

Rising Ground, Inc. and Affiliates
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Note 8: Fixed Assets

Fixed assets consist of the following at June 30, 2019:

Land	\$	38,787
Building and building improvements		59,216,225
Leasehold improvements		7,267,789
Furniture, fixtures and equipment		10,668,665
Construction in progress		47,035
Total cost		77,238,501
Less accumulated depreciation and amortization		(46,059,835)
Fixed assets - net	\$	31,178,666

Equipment costing \$1,373,269 and associated accumulated amortization of \$363,525 are subject to capital lease agreements as described in *Note 10*.

Note 9: Line of Credit and Notes Payable

- | | |
|---|--------------|
| <p>A) On January 5, 2009, Rising Ground entered into a mortgage with Castle Combe Associates LLC for \$3,795,737 to purchase a building at 450 Castle Hill Avenue, Bronx, NY. The mortgage is secured by the aforementioned property. Payments of \$28,300 are due monthly through February 1, 2029. The interest rate is 6.50%.</p> | \$ 2,417,533 |
| <p>B) On May 14, 2015, Rising Ground obtained a \$5,625,807 term loan from TD Bank, N.A. (TD Bank). The loan matures on June 1, 2025 and is payable in monthly installments of \$57,146 including interest at 4.01%, beginning July 1, 2015. The loan is collateralized by assets held by BNY Mellon in the custodial investment accounts of Rising Ground.</p> | 3,645,205 |
| <p>C) EGSCF entered into a mortgage loan agreement with Citi Bank N.A. in the amount of \$1,033,806 maturing November 1, 2026. Principal payments of \$5,743 are due monthly plus interest calculated at 5.20% per annum. The loan is secured by mortgages on the land, building and fixtures of a property in Bronx, NY.</p> | 511,159 |
| <p>D) In July 2013, EGSCF entered into a 15-year mortgage for the purchase of a Queens, NY property for a new IRA program with Citi Bank N.A. The loan was in the amount of \$754,441 and matures July 2028. Principal payments of \$4,191 are due monthly, plus interest calculated at 4.10% per annum. The loan is secured by a mortgage on the land, building and fixtures of the Queens property.</p> | 456,857 |

Rising Ground, Inc. and Affiliates
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<p>E) In November 2014, EGSCF entered into a 15-year mortgage for the purchase of a Manhattan, NY property for a new IRA program with Citi Bank N.A. The loan was in the amount of \$1,181,621 and matures July 2029. Principal payments of \$6,565 are due monthly, plus interest calculated at 5.00% per annum. The loan is secured by a mortgage on the land, building and fixtures of the Manhattan property.</p>	820,570
<p>F) Effective October 15, 2019, Rising Ground renewed their revolving LAI in the amount of \$6,000,000. The line of credit matures on February 28, 2020 and bears interest rate of prime. The line of credit is secured by accounts receivable and is guaranteed by EGSCF.</p>	<hr style="width: 100%;"/> —
	<hr style="width: 100%;"/> \$ 7,851,324

Principal payments for the line of credit and all notes payable over the next five years are as follows:

2020	\$ 933,277
2021	968,908
2022	1,005,966
2023	1,044,903
2024	1,085,719
Thereafter	<u>2,812,551</u>
	7,851,324
Less unamortized debt issuance costs	<u>(36,308)</u>
Net	<u><u>\$ 7,815,016</u></u>

There are certain financial covenants associated with Rising Ground’s and EGSCF’s lines of credit and loans payable.

Interest expense was \$719,830 in 2019 and includes amortization of debt issuance cost of \$6,052.

Note 10: Capital Leases Payable

TD Equipment Finance, Inc.

Rising Ground has entered into a \$1,250,000 equipment financing agreement with TD Equipment Finance, Inc. to lease equipment, set to expire in March 2021.

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Rising Ground has made the following draws from the line to finance equipment:

A) \$120,568 in April 2016. Payments of \$2,207, including imputed interest at an estimated annual rate of 3.75% charged on the outstanding balance, are due monthly. The lease matures in March 2021.	\$ 43,493
B) \$224,401 in April 2018. Payments of \$4,241, including imputed interest at an estimated annual rate of 5.06% charged on the outstanding balance, are due monthly. The lease matures in March 2023.	176,497
C) \$46,441 in May 2018. Payments of \$1,390, including imputed interest at an estimated annual rate of 4.91% charged on the outstanding balance, are due monthly. The lease matures in April 2021.	29,187
D) \$754,421 in September 2018. Payments of \$22,597, including imputed interest at an estimated annual rate of 4.96% charged on the outstanding balance, are due monthly. The lease matures in August 2021.	<u>555,968</u>
	<u><u>\$ 805,145</u></u>

\$444,855 was available to finance future purchases at June 30, 2019.

Hewlett-Packard Financial Services

From May 2018 to May 2019, Rising Ground entered into various equipment financing agreements with Hewlett-Packard Financial Services Company to lease computer equipment, as follows:

A) \$58,689 in May 2018. Payments of \$1,156, including imputed interest at an estimated annual rate of 6.76% charged on the outstanding balance, are due monthly. The lease matures in June 2023.	\$ 47,172
B) \$3,422 in July 2018. Payments of \$76, including imputed interest at an estimated annual rate of 11.83% charged on the outstanding balance, are due monthly. The lease matures in July 2023.	2,940
C) \$22,173 in January 2019. Payments of \$22,597, including imputed interest at an estimated annual rate of 6.52% charged on the outstanding balance, are due monthly. The lease matures in June 2024.	22,173

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D) \$24,790 in May 2019. Payments of \$22,597, including imputed interest at an estimated annual rate of 6.50% charged on the outstanding balance, are due monthly. The lease matures in June 2024.	24,790
E) \$49,575 in June 2019. Payments of \$22,597, including imputed interest at an estimated annual rate of 6.07% charged on the outstanding balance, are due monthly. The lease matures in June 2024.	49,575
F) \$74,369 in June 2019. Payments of \$22,597, including imputed interest at an estimated annual rate of 5.94% charged on the outstanding balance, are due monthly. The lease matures in June 2024.	<u>74,369</u>
	<u><u>\$ 221,019</u></u>

The capital leases are secured by the underlying assets financed. Future lease payments are as follows:

2020	\$ 419,573
2021	410,172
2022	150,440
2023	94,230
2024	<u>40,219</u>
	1,114,634
Less amount representing interest	<u>(88,470)</u>
	1,026,164
Present value of net minimum lease payments	(374,375)
	<u><u>\$ 651,789</u></u>
Less current portion	
Long-term obligation under capital lease	<u><u>\$ 651,789</u></u>

Note 11: Bonds Payable

Series 2013B-1 and Series 2013B-2

On May 9, 2013, the Dormitory Authority of the State of New York (DASNY) issued Series 2013B-1 and Series 2013B-2 Bonds aggregating \$4,035,000 for the purpose of the financing and refinancing of costs incurred in connection with (a) 1035 E. 233rd Street, Bronx (233rd Street) for \$965,000; (b) 634 East 241st Street, Bronx (241st Street) for \$590,000; (c) 954 East 211th Street, Bronx (211th Street) for \$550,000; (d) 1623 Glover Street, Bronx (Glover Street) for \$715,000; (e) 4316 Van Cortland Parkway East, Bronx (Hurst House) for \$640,000; and (f) 450 Castle Hill Avenue, Bronx (Castle Hill) for \$575,000.

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One twelfth of the annual principal payment and one sixth of the semiannual interest payment are paid to the bond trustee monthly. The debt service schedule (term of loan) for each Facility coincides with its reimbursement commitment from OPWDD. The principal balance outstanding on the bonds at June 30, 2019, was \$2,595,000.

The bonds are secured by a second mortgage lien on each Facility and a subordinate lien on the Public Funds attributable to the Facilities secured by a Stand-by Intercept Agreement with OPWDD. At June 30, 2019, the amount held in the debt service reserve fund was \$190,106; in the debt service fund was \$339,133; in the construction fund was \$40,532. These amounts are reflected as investments limited as to use on the accompanying statement of financial position. The rate of interest on the bonds ranges from 2.00 percent to 3.25 percent.

Bond proceeds from the Series 2013B-1 and 2013B-2 were also used to pay the cost of issuance of the bonds totaling \$256,423 and the bond discount of \$47,860. At June 30, 2019, the unamortized bond issuance cost was \$148,345. At June 30, 2019, the unamortized bond discount was \$27,480.

Series 2014 Bonds

On June 27, 2014, \$21,173,000 aggregate principal amount of Special Obligation Revenue Bonds were issued pursuant to a certain Bond Purchase and Loan Agreement by and among the Yonkers Economic Development Corporation (the Issuer), Rising Ground, Inc. (the Company), and BankUnited, Inc., as purchaser of the Bonds (the Bank). The component features of the total bond financing are set forth in the table below:

Series	Original Principal Amount	Balance at June 30, 2019	Maturity	Interest Rate	Price
Series 2014A	\$ 16,670,000	\$ 12,075,000	June 1, 2029	3.330%	100%
Series 2014B	1,240,000	405,000	June 1, 2022	3.550%	100%
Series 2014C	3,125,000	2,010,000	June 1, 2026	4.380%	100%
Series 2014D	138,000	-	June 1, 2019	2.980%	100%
	<u>\$ 21,173,000</u>	<u>\$ 14,490,000</u>			

The Bonds were issued for the purpose of providing funds for certain projects for the Company consisting of (i) the refinancing and paying down of old debt and (ii) issuance cost of the Series 2014 Bonds totaling \$871,100. These costs will be amortized over the life of the bonds. At June 30, 2018, the unamortized bond issuance cost was \$466,866.

The 2014 Bonds loan agreement requires principal payments through June 1, 2029, and the maintenance of certain reserve funds. Principal payments are due annually. Interest payments are due semiannually. The principal balance outstanding on the Bonds was \$14,490,000 at June 30, 2019.

Rising Ground, Inc. and Affiliates
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The Bonds are special obligations of the Issuer and are payable solely from the revenues, receipts and other payments derived from the loan by the Bank from the Company. As security for the Bonds and the Company's obligations under the Loan Agreement, the Company has granted to the Issuer a first priority mortgage lien and security interest in the Facility pursuant to a certain Mortgage, Assignment of Rents, Security Agreement and Fixture Filing.

Annual debt service amounts payable during the next five years and thereafter are as follows:

2020	\$ 1,690,000
2021	1,760,000
2022	1,870,000
2023	1,760,000
2024	1,810,000
Thereafter	<u>8,195,000</u>
	17,085,000
Less net unamortized discount	(27,480)
Less unamortized debt issuance cost	<u>(615,211)</u>
Total	<u><u>\$ 16,442,309</u></u>

Interest expense was \$710,085 in 2019 and includes amortization of debt issuance cost of \$99,738.

Note 12: Commitments and Contingencies

- (a) Noncancelable leases principally relate to office space, residential housing, office equipment and automobiles. These leases expire between July 2019 and December 2029. Minimum payments for the next five years and thereafter are as follows:

2020	\$ 5,334,000
2021	3,443,000
2022	2,930,000
2023	2,209,000
2024	2,108,000
Thereafter	<u>4,212,000</u>
Total	<u><u>\$ 20,236,000</u></u>

- (b) Total rent expense, including office equipment and vehicle leases, amounted to \$6,610,272.
- (c) During the period from January 2000 to December 2005, workers' compensation coverage was provided by the Provider Agency Trust for Human Services (the Trust). In May 2015, Rising Ground agreed to a settlement of \$562,976, plus interest at 3.5 percent, resulting in 120 monthly payments of \$5,567 beginning July 2015. The balance as of June 30, 2019 was \$361,067, which is included in accrued payroll and employee benefits on the accompanying statement of financial position.

Rising Ground, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2019

Principal payments over the next five years and thereafter are as follows:

2020	\$ 55,044
2021	57,002
2022	59,029
2023	61,129
2024	63,303
Thereafter	<u>65,559</u>
Total	<u>\$ 361,066</u>

Interest expense was \$13,650 in 2019.

- (d) Rising Ground is involved with third parties in legal matters in which damages and other remedies are sought. Such suits and claims are either specifically covered by insurance or are not material. While the outcome of these suits cannot be determined at this time, management believes that any loss which may arise from these actions will not have a material adverse effect on the financial position or results of operations of Rising Ground.
- (e) Rising Ground is responsible for reporting to several third parties. These agencies, as well as all of Rising Ground's funding sources, have the right to audit its books and records.

The eventual liability to governmental agencies, if any, upon final settlement of the open years has not been finalized. However, Rising Ground has recorded estimated provisions of approximately \$5,229,029 for the eventual settlement of the open cost reporting periods and are included in accrued expenses and other liabilities.

- (f) Rising Ground has undergone audits and reviews from governmental agencies for which a combined liability of \$7,625,988 has been included in the consolidated financial statements. Rising Ground has agreed to settlement plans with some of the agencies for \$1,315,954 with terms ranging from 3 to 10 years. Approximately \$1,213,000 has been set aside in restricted cash as of June 30, 2019, for liabilities where, as of the date of the consolidated financial statements, no settlement plan has been agreed to.

Minimum payments for the next five years and thereafter are as follows:

2020	\$ 591,511
2021	486,201
2022	78,162
2023	30,000
2024	30,000
Thereafter	<u>100,080</u>
Total	<u>\$ 1,315,954</u>

Rising Ground, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2019

Note 13: Net Assets

Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2019, are available for the following purposes:

Subject to expenditure for specified purpose		
Parent child home program	\$	226,656
STEPS program		<u>324,076</u>
		<u>550,732</u>
Subject to the passage of time		
J. Douglas Richards fund		<u>25,000</u>
Held in perpetuity		
Endowment investments held in perpetuity, the income of which is to support:		
Maintenance and education of half orphan and dependent girls		703,305
Education and support of the children who are no longer at Rising Ground		100,472
Any activity of Rising Ground		1,557,319
Beneficial interest in two perpetual trusts		<u>1,664,845</u>
		<u>4,025,941</u>
	\$	<u><u>4,601,673</u></u>

Net Assets Released From Restrictions

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

Satisfaction of purpose restrictions		
Parent child home program	\$	227,358
STEPS program		<u>70,924</u>
		<u>\$ 298,282</u>

Rising Ground, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2019

Note 14: Endowment

General

Rising Ground's endowment consists of four individual donor-restricted endowment funds as follows:

- The **Orphan's Fund** contains the funds formerly held by the Orphans Home and Asylum. The income may be used from time to time as the Board of Directors may designate. Its "historic value" is \$1,557,319.
- The **Sevilla Fund** contains the funds formerly held by the Sevilla Home for Children. Its "historic value" is \$527,479. The income from this fund is for maintenance and education, including religious instruction of orphans, half-orphans and dependent girls.
- The **Hopewell Fund** stems from the Hopewell Society of Brooklyn and its "historic value" is \$175,826. In brief, the income from this fund is for maintenance and education, including religious instruction of orphans, half-orphans and dependent girls.
- The Andrew Peck Memorial Fund (**Peck Fund**) is an endowment created in 1927 with \$100,472. The income is to be spent furthering the education and support of the children who are no longer residing at Rising Ground.

As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of Rising Ground adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA). NYPMIFA permits charities to apply a spending policy to endowments based on certain specified standards of prudence. Rising Ground is governed by the NYPMIFA spending policy, which establishes a standard maximum prudent spending limit of 7 percent of the average of its previous five years' balance. As a result of this interpretation, Rising Ground classifies as donor restricted net assets (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds is classified as purpose restricted net assets until those amounts are appropriated for expenditure by Rising Ground in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Endowment Net Asset Composition by Type of Fund as of June 30, 2019

The endowment net asset composition of \$2,361,096 consists of permanently donor-restricted funds.

Rising Ground, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2019

Changes in Endowment Net Assets for the Year Ended June 30, 2019

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 2,361,096	\$ 2,361,096
Interest and dividends	25,821	-	25,821
Appropriation of endowment assets for expenditure	<u>(25,821)</u>	<u>-</u>	<u>(25,821)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 2,361,096</u>	<u>\$ 2,361,096</u>

The objective of Rising Ground endowment is to generate revenues to support programs, as defined above, while maintaining the principal endowment funds at the original amount designated by the donor. The investment policy to achieve this objective is to invest in low-risk securities. Investment income earned in relation to the endowment funds is recorded as donor restricted income and released from restrictions upon expenditure for the program for which the endowment fund was established. Donor restricted investment income earned and expended in the same fiscal year is reflected as revenue without donor restrictions.

There were no funds with deficiencies as of June 30, 2019.

Note 15: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019, comprise the following:

Total financial assets	<u>\$ 32,621,624</u>
Donor imposed restrictions:	
Restricted funds	575,732
Endowments	2,361,096
Beneficial interest in two perpetual trusts	<u>\$ 1,664,845</u>
Net financial assets with donor imposed restrictions	<u>\$ 4,601,673</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 28,019,951</u>

Rising Ground receives contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures.

Rising Ground, Inc. and Affiliates

Notes to Consolidated Financial Statements

June 30, 2019

Rising Ground manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

Note 16: Retirement Plan

Rising Ground has a defined contribution 401(k) profit-sharing plan (Plan) covering substantially all employees. Rising ground matched 75 percent of the first 3 percent of the employee's base salary contributed to the plan. Effective January 1, 2019, Rising Ground matches 100 percent of the first 4 percent of the employee's base salary that an employee contributes. Pension expense relating to this matching contribution was \$1,405,899 for the year ended June 30, 2019.

Additionally, the Plan provides for Rising Ground to provide a discretionary base contribution which is subject to vesting requirements as outlined in the Plan. The organization's base contributions to the plan are determined annually by the Board of Directors. Base contributions to the plan were \$2,013,221 for the year ended June 30, 2019.

EGSCF has a 403(b)-thrift plan and a 401(a) profit-sharing plan covering substantially all of its employees meeting certain eligibility requirements. Contributions to the plans are discretionary. There was no expense for the year ended June 30, 2019. This plan was frozen as of December 31, 2018.

Note 17: Significant Estimates and Concentrations

Rising Ground received approximately 60 percent of their operating revenues from the City of New York in 2019.

90 percent of Rising Ground's accounts receivable is from the City of New York, Westchester County, the State of New York and several municipalities within the State at June 30, 2019.

Investments

Rising Ground invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statement of financial position.

Rising Ground, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2019

Note 18: Future Accounting Changes

Accounting for Leases

FASB amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the balance sheet as both a right-of-use asset and a liability. The standard has two types of leases for income statement recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2019, and any interim periods within annual reporting periods that begin after December 15, 2020. The organization is evaluating the impact the standard will have on the financial statements; however, the standard is expected to have a material impact on the financial statements due to the recognition of additional assets and liabilities for operating leases.

Note 19: Subsequent Events

Subsequent events have been evaluated through December 25, 2019, which is the date the consolidated financial statements were available to be issued.

Supplementary Information

Rising Ground, Inc. and Affiliates
Consolidating Schedule of Financial Position
June 30, 2019

	Rising Ground and Affiliate	Edwin Gould and Affiliate	Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 1,940,686	\$ 124,929	\$ -	\$ 2,065,615
Investments	6,358,218	-	-	6,358,218
Investments - certificates of deposit	25,000	-	-	25,000
Accounts receivable (net of allowance of \$643,000)	13,852,984	5,612,527	-	19,465,511
Other receivable	582,254	60,412	-	642,666
Prepaid expenses	982,155	172,478	-	1,154,633
Accrued investment interest receivable	38,673	-	-	38,673
Due from Edwin Gould	1,399,181	-	(1,399,181)	-
	<u>25,179,151</u>	<u>5,970,346</u>	<u>(1,399,181)</u>	<u>29,750,316</u>
Total current assets				
Assets Limited as to Use				
Assets limited as to use - investments	569,771	-	-	569,771
Self-insurance deposits	3,097,221	-	-	3,097,221
Cash reserve for liabilities	1,660,000	-	-	1,660,000
	<u>5,326,992</u>	<u>-</u>	<u>-</u>	<u>5,326,992</u>
Total assets limited as to use				
Other Assets				
Investments	2,361,096	-	-	2,361,096
Contribution receivable	-	190,000	-	190,000
Security deposits	147,591	327,031	-	474,622
Investment in equity investee	(596,101)	-	596,101	-
Beneficial interest in perpetual trusts	1,664,845	-	-	1,664,845
Fixed assets - net	28,058,543	3,120,123	-	31,178,666
	<u>31,635,974</u>	<u>3,637,154</u>	<u>596,101</u>	<u>35,869,229</u>
Total other assets				
Total assets	<u>\$ 62,142,117</u>	<u>\$ 9,607,500</u>	<u>\$ (803,080)</u>	<u>\$ 70,946,537</u>

Rising Ground, Inc. and Affiliates
Consolidating Schedule of Financial Position (Continued)
June 30, 2019

	Rising Ground and Affiliate	Edwin Gould and Affiliate	Eliminations	Total
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 2,862,214	\$ 709,205	\$ -	\$ 3,571,419
Accrued payroll and employee benefits	9,522,148	1,714,363	-	11,236,511
Self insurance provision	-	-	-	-
Accrued expenses and other liabilities	6,697,566	903,867	-	7,601,433
Advances from government agencies	975,074	663,289	-	1,638,363
Due to government agencies	426,756	164,755	-	591,511
Accrued interest payable	34,044	-	-	34,044
Line of credit and notes payable	735,286	197,991	-	933,277
Capital leases payable	374,375	-	-	374,375
Bonds payable - net	1,690,000	-	-	1,690,000
Due to Rising Ground	-	1,399,181	(1,399,181)	-
	<u>23,317,463</u>	<u>5,752,651</u>	<u>(1,399,181)</u>	<u>27,670,933</u>
Total current liabilities				
	-	-	-	-
Long-Term Liabilities				
Accrued payroll and employee benefits	306,022	-	-	306,022
Line of credit and notes payable	5,291,144	1,590,595	-	6,881,739
Capital leases payable	651,789	-	-	651,789
Deferred rent	-	1,167,187	(1,167,187)	-
Due to government agencies	5,264,545	1,769,932	-	7,034,477
Bonds payable - net	14,752,309	-	-	14,752,309
	<u>26,265,809</u>	<u>4,527,714</u>	<u>(1,167,187)</u>	<u>29,626,336</u>
Total long-term liabilities				
	-	-	-	-
Total liabilities	<u>49,583,272</u>	<u>10,280,365</u>	<u>(2,566,368)</u>	<u>57,297,269</u>
	-	-	-	-
Net Assets				
Without donor restrictions	7,957,172	(996,941)	2,087,364	9,047,595
With donor restrictions	4,601,673	324,076	(324,076)	4,601,673
	<u>12,558,845</u>	<u>(672,865)</u>	<u>1,763,288</u>	<u>13,649,268</u>
Total net assets				
	-	-	-	-
Total liabilities and net assets	<u>\$ 62,142,117</u>	<u>\$ 9,607,500</u>	<u>\$ (803,080)</u>	<u>\$ 70,946,537</u>

Rising Ground, Inc. and Affiliates
Consolidating Schedule of Financial Position (Continued)
June 30, 2019

	Rising Ground, Inc.	The Emergency Shelter, Inc.	Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 1,528,149	\$ 412,537	\$ -	\$ 1,940,686
Investments	6,358,218	-	-	6,358,218
Investments - certificates of deposit	-	25,000	-	25,000
Accounts receivable (net of allowance of \$203,000)	13,852,984	500,267	(500,267)	13,852,984
Other receivable	582,254	-	-	582,254
Prepaid expenses	982,155	-	-	982,155
Accrued investment interest receivable	38,673	-	-	38,673
Due from Edwin Gould	1,399,181	-	-	1,399,181
	<u>24,741,614</u>	<u>937,804</u>	<u>(500,267)</u>	<u>25,179,151</u>
Total current assets				
Assets Limited as to Use				
Assets limited as to use - investments	569,771	-	-	569,771
Self-insurance deposits	3,097,221	-	-	3,097,221
Cash reserve for liabilities	1,660,000	-	-	1,660,000
	<u>5,326,992</u>	<u>-</u>	<u>-</u>	<u>5,326,992</u>
Total assets limited as to use				
Other Assets				
Investments	2,361,096	-	-	2,361,096
Contribution receivable	-	-	-	-
Security deposits	147,591	-	-	147,591
Investment in equity investee	(596,101)	-	-	(596,101)
Beneficial interest in perpetual trusts	-	1,664,845	-	1,664,845
Fixed assets - net	28,058,543	-	-	28,058,543
	<u>29,971,129</u>	<u>1,664,845</u>	<u>-</u>	<u>31,635,974</u>
Total other assets				
Total assets	<u>\$ 60,039,735</u>	<u>\$ 2,602,649</u>	<u>\$ (500,267)</u>	<u>\$ 62,142,117</u>

Rising Ground, Inc. and Affiliates
Consolidating Schedule of Financial Position (Continued)
June 30, 2019

	Rising Ground, Inc.	The Emergency Shelter, Inc.	Eliminations	Total
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 2,862,214	\$ -	\$ -	\$ 2,862,214
Accrued payroll and employee benefits	9,522,148	-	-	9,522,148
Self insurance provision	-	-	-	-
Accrued expenses and other liabilities	7,167,250	30,583	(500,267)	6,697,566
Advances from government agencies	975,074	-	-	975,074
Due to government agencies	426,756	-	-	426,756
Accrued interest payable	34,044	-	-	34,044
Line of credit and notes payable	735,286	-	-	735,286
Capital leases payable	374,375	-	-	374,375
Bonds payable - net	1,690,000	-	-	1,690,000
	<u>23,787,147</u>	<u>30,583</u>	<u>(500,267)</u>	<u>23,317,463</u>
Total current liabilities				
Long-Term Liabilities				
Accrued payroll and employee benefits	306,022	-	-	306,022
Line of credit and notes payable	5,291,144	-	-	5,291,144
Capital leases payable	651,789	-	-	651,789
Deferred rent	-	-	-	-
Due to government agencies	5,264,545	-	-	5,264,545
Bonds payable - net	14,752,309	-	-	14,752,309
	<u>26,265,809</u>	<u>-</u>	<u>-</u>	<u>26,265,809</u>
Total long-term liabilities				
Total liabilities	<u>50,052,956</u>	<u>30,583</u>	<u>(500,267)</u>	<u>49,583,272</u>
Net Assets				
Without donor restrictions	7,049,951	907,221	-	7,957,172
With donor restrictions	2,936,828	1,664,845	-	4,601,673
	<u>9,986,779</u>	<u>2,572,066</u>	<u>-</u>	<u>12,558,845</u>
Total net assets				
Total liabilities and net assets	<u>\$ 60,039,735</u>	<u>\$ 2,602,649</u>	<u>\$ (500,267)</u>	<u>\$ 62,142,117</u>

Edwin Gould Services for Children and Families and Affiliate
Consolidating Schedule of Financial Position (Continued)
June 30, 2019

	Edwin Gould	Kingsland Services Fund, Inc.	Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 80,870	\$ 44,059	\$ -	\$ 124,929
Investments	-	-	-	-
Investments - certificates of deposit	-	-	-	-
Accounts receivable (net of allowance of \$440,000)	5,612,527	-	-	5,612,527
Other receivable	60,412	-	-	60,412
Prepaid expenses	172,478	-	-	172,478
Accrued investment interest receivable	-	-	-	-
Due to Edwin Gould	-	614,690	(614,690)	-
	<u>5,926,287</u>	<u>658,749</u>	<u>(614,690)</u>	<u>5,970,346</u>
Total current assets				
Assets Limited as to Use				
Assets limited as to use - investments	-	-	-	-
Self-insurance deposits	-	-	-	-
Cash reserve for liabilities	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets limited as to use				
Other Assets				
Investments	-	-	-	-
Contribution receivable	190,000	-	-	190,000
Security deposits	327,031	-	-	327,031
Beneficial interest in perpetual trusts	-	-	-	-
Fixed assets - net	3,120,123	-	-	3,120,123
	<u>3,637,154</u>	<u>-</u>	<u>-</u>	<u>3,637,154</u>
Total other assets				
Total assets	<u>\$ 9,563,441</u>	<u>\$ 658,749</u>	<u>\$ (614,690)</u>	<u>\$ 9,607,500</u>

Edwin Gould Services for Children and Families and Affiliate
Consolidating Schedule of Financial Position (Continued)
June 30, 2019

	Edwin Gould	Kingsland Services Fund, Inc.	Eliminations	Total
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 709,205	\$ -	\$ -	\$ 709,205
Accrued payroll and employee benefits	1,714,363	-	-	1,714,363
Accrued expenses and other liabilities	903,867	-	-	903,867
Advances from government agencies	663,289	-	-	663,289
Due to government agencies	164,755	-	-	164,755
Line of credit and notes payable	197,991	-	-	197,991
Due to Rising Ground	2,013,871	-	(614,690)	1,399,181
	<u>6,367,341</u>	<u>-</u>	<u>(614,690)</u>	<u>5,752,651</u>
Long-Term Liabilities				
Accrued payroll and employee benefits	-	-	-	-
Line of credit and notes payable	1,590,595	-	-	1,590,595
Deferred rent	1,167,187	-	-	1,167,187
Due to government agencies	1,769,932	-	-	1,769,932
	<u>4,527,714</u>	<u>-</u>	<u>-</u>	<u>4,527,714</u>
Total liabilities	<u>10,895,055</u>	<u>-</u>	<u>(614,690)</u>	<u>10,280,365</u>
Net Assets				
Without donor restrictions	(1,655,690)	658,749	-	(996,941)
With donor restrictions	324,076	-	-	324,076
	<u>(1,331,614)</u>	<u>658,749</u>	<u>-</u>	<u>(672,865)</u>
Total liabilities and net assets	<u>\$ 9,563,441</u>	<u>\$ 658,749</u>	<u>\$ (614,690)</u>	<u>\$ 9,607,500</u>

Rising Ground, Inc. and Affiliates

Consolidating Schedule of Activities

Year Ended June 30, 2019

	Rising Ground and Affiliate		Edwin Gould and Affiliate		Eliminations		Total		Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	
Operating Revenues									
Program revenue	\$ 101,457,242	\$ -	\$ 30,404,234	\$ -	\$ -	\$ -	\$ 131,861,476	\$ -	\$ 131,861,476
In-kind contributions	97,306	-	-	-	-	-	97,306	-	97,306
Other income	975,517	-	-	-	-	-	975,517	-	975,517
Total operating revenues	102,530,065	-	30,404,234	-	-	-	132,934,299	-	132,934,299
Operating Expenses									
Program services	94,381,842	-	28,020,149	-	-	-	122,401,991	-	122,401,991
Supporting Services									
Management and general	11,581,799	-	2,540,037	-	57,114	-	14,178,950	-	14,178,950
Development	477,895	-	-	-	-	-	477,895	-	477,895
Total supporting services	12,059,694	-	2,540,037	-	57,114	-	14,656,845	-	14,656,845
Total operating expenses	106,441,536	-	30,560,186	-	57,114	-	137,058,836	-	137,058,836
Change in Net Assets from Operations	(3,911,471)	-	(155,952)	-	(57,114)	-	(4,124,537)	-	(4,124,537)
Nonoperating Revenues									
Investment income	729,977	-	383	-	-	-	730,360	-	730,360
Capital improvement grant	-	-	-	-	-	-	-	-	-
Contributions	1,168,315	226,656	46,075	-	-	-	1,214,390	226,656	1,441,046
Special events	615,037	-	-	-	-	-	615,037	-	615,037
Direct costs of special events	(122,456)	-	-	-	-	-	(122,456)	-	(122,456)
Change in value of beneficial interest in perpetual trusts	-	7,629	-	-	-	-	-	7,629	7,629
Miscellaneous income	-	-	-	-	-	-	-	-	-
Contribution from Edwin Gould									
Services for Children and Families	265,930	395,000	-	-	-	-	265,930	395,000	660,930
Change in net assets of Edwin Gould	(1,186,107)	(70,924)	-	-	1,186,107	70,924	-	-	-
Revenue recognition net asset adjustment	-	-	(824,693)	-	824,693	-	-	-	-
Net assets released from restrictions	227,358	(227,358)	70,924	(70,924)	-	-	298,282	(298,282)	-
Change in Net Assets	(2,213,417)	331,003	(863,263)	(70,924)	1,953,686	70,924	(1,122,994)	331,003	(791,991)
Net Assets, Beginning of Year, as Previously Reported	12,487,483	4,270,670	189,166	395,000	(189,166)	(395,000)	12,487,483	4,270,670	16,758,153
Change in Accounting Principle	(2,316,894)	-	(322,844)	-	322,844	-	(2,316,894)	-	(2,316,894)
Net Assets, Beginning of Year, as Adjusted	10,170,589	4,270,670	(133,678)	395,000	133,678	(395,000)	10,170,589	4,270,670	14,441,259
Net Assets, End of Year	\$ 7,957,172	\$ 4,601,673	\$ (996,941)	\$ 324,076	\$ 2,087,364	\$ (324,076)	\$ 9,047,595	\$ 4,601,673	\$ 13,649,268

Rising Ground, Inc. and Affiliates
Consolidating Schedule of Activities (Continued)
Year Ended June 30, 2019

	Rising Ground, Inc.		The Emergency Shelter, Inc.		Eliminations	Total		Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions		Without Donor Restrictions	With Donor Restrictions	
Operating Revenues								
Program revenue	\$ 101,457,242	\$ -	\$ -	\$ -	\$ -	\$ 101,457,242	\$ -	\$ 101,457,242
In-kind contributions	97,306	-	-	-	-	97,306	-	97,306
Other income	975,517	-	-	-	-	975,517	-	975,517
Total operating revenues	<u>102,530,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,530,065</u>	<u>-</u>	<u>102,530,065</u>
Operating Expenses								
Program services	94,381,842	-	75,000	-	(75,000)	94,381,842	-	94,381,842
Supporting Services								
Management and general	11,594,697	-	7,111	-	(20,009)	11,581,799	-	11,581,799
Development	477,895	-	-	-	-	477,895	-	477,895
Total supporting services	<u>12,072,592</u>	<u>-</u>	<u>7,111</u>	<u>-</u>	<u>(20,009)</u>	<u>12,059,694</u>	<u>-</u>	<u>12,059,694</u>
Total operating expenses	<u>106,454,434</u>	<u>-</u>	<u>82,111</u>	<u>-</u>	<u>(95,009)</u>	<u>106,441,536</u>	<u>-</u>	<u>106,441,536</u>
Change in Net Assets from Operations	(3,924,369)	-	(82,111)	-	95,009	(3,911,471)	-	(3,911,471)
Nonoperating Revenues								
Investment income	654,196	-	95,790	-	(20,009)	729,977	-	729,977
Capital improvement grant	-	-	-	-	-	-	-	-
Contributions	1,243,315	226,656	-	-	(75,000)	1,168,315	226,656	1,394,971
Special events	615,037	-	-	-	-	615,037	-	615,037
Direct costs of special events	(122,456)	-	-	-	-	(122,456)	-	(122,456)
Change in value of beneficial interest in perpetual trusts	-	-	-	7,629	-	-	7,629	7,629
Miscellaneous income	-	-	-	-	-	-	-	-
Contribution from Edwin Gould Services for Children and Families	265,930	395,000	-	-	-	265,930	395,000	660,930
Change in net assets of Edwin Gould	(1,186,107)	(70,924)	-	-	-	(1,186,107)	(70,924)	(1,257,031)
Net assets released from restrictions	227,358	(227,358)	-	-	-	227,358	(227,358)	-
Change in Net Assets	<u>(2,227,096)</u>	<u>323,374</u>	<u>13,679</u>	<u>7,629</u>	<u>-</u>	<u>(2,213,417)</u>	<u>331,003</u>	<u>(1,882,414)</u>
Net Assets, Beginning of Year, as Previously Reported	11,593,941	2,613,454	893,542	1,657,216	-	12,487,483	4,270,670	16,758,153
Change in Accounting Principle	<u>(2,316,894)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,316,894)</u>	<u>-</u>	<u>(2,316,894)</u>
Net Assets, Beginning of Year, as Adjusted	<u>9,277,047</u>	<u>2,613,454</u>	<u>893,542</u>	<u>1,657,216</u>	<u>-</u>	<u>10,170,589</u>	<u>4,270,670</u>	<u>14,441,259</u>
Net Assets, End of Year	<u>\$ 7,049,951</u>	<u>\$ 2,936,828</u>	<u>\$ 907,221</u>	<u>\$ 1,664,845</u>	<u>\$ -</u>	<u>\$ 7,957,172</u>	<u>\$ 4,601,673</u>	<u>\$ 12,558,845</u>

Edwin Gould Services for Children and Families and Affiliate
Consolidating Schedule of Activities (Continue)
Year Ended June 30, 2019

	Edwin Gould		Kingsland Services Fund, Inc.		Eliminations	Total		Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions		Without Donor Restrictions	With Donor Restrictions	
Operating Revenues								
Program revenue	\$ 30,404,234	\$ -	\$ -	\$ -	\$ -	\$ 30,404,234	\$ -	\$ 30,404,234
Total operating revenues	30,404,234	-	-	-	-	30,404,234	-	30,404,234
Operating Expenses								
Program services	28,020,149	-	-	-	-	28,020,149	-	28,020,149
Supporting Services								
Management and general	2,540,037	-	-	-	-	2,540,037	-	2,540,037
Development	-	-	-	-	-	-	-	-
Total supporting services	2,540,037	-	-	-	-	2,540,037	-	2,540,037
Total operating expenses	30,560,186	-	-	-	-	30,560,186	-	30,560,186
Change in Net Assets from Operations	(155,952)	-	-	-	-	(155,952)	-	(155,952)
Nonoperating Revenues								
Investment income	-	-	383	-	-	383	-	383
Capital improvement grant	-	-	-	-	-	-	-	-
Contributions	46,075	-	-	-	-	46,075	-	46,075
Special events	-	-	-	-	-	-	-	-
Direct costs of special events	-	-	-	-	-	-	-	-
Change in value of beneficial interest in perpetual trusts	-	-	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	-	-	-	-
Revenue recognition net asset adjustment	(824,693)	-	-	-	-	(824,693)	-	(824,693)
Net assets released from restrictions	70,924	(70,924)	-	-	-	70,924	(70,924)	-
Change in Net Assets	(863,646)	(70,924)	383	-	-	(863,263)	(70,924)	(934,187)
Net Assets, Beginning of Year, as Previously Reported	(469,200)	395,000	658,366	-	-	189,166	395,000	584,166
Change in Accounting Principle	(322,844)	-	-	-	-	(322,844)	-	(322,844)
Net Assets, Beginning of Year, as Adjusted	(792,044)	395,000	658,366	-	-	(133,678)	395,000	261,322
Net Assets, End of Year	<u>\$ (1,655,690)</u>	<u>\$ 324,076</u>	<u>\$ 658,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (996,941)</u>	<u>\$ 324,076</u>	<u>\$ (672,865)</u>

Rising Ground, Inc. and Affiliate

Consolidated Schedule of Functional Expenses

Year Ended June 30, 2019

	Program Services						Supporting Services					Total
	Child Welfare	Special Education	Developmental Disabilities	Juvenile Justice	Early Childhood	Other Preventative Services	Total	Management and General	Development	Direct Costs of Special Events	Total	
Employee Compensation and Benefits												
Salaries and wages	\$ 23,238,037	\$ 9,083,503	\$ 8,044,713	\$ 7,696,295	\$ 5,022,316	\$ -	\$ 53,084,864	\$ 5,333,661	\$ 310,407	\$ -	\$ 5,644,068	\$ 58,728,932
Fringe benefits	6,341,631	2,493,074	2,237,296	2,005,340	1,407,365	-	14,484,706	1,492,762	84,932	-	1,577,694	16,062,400
Total employee compensation and benefits	29,579,668	11,576,577	10,282,009	9,701,635	6,429,681	-	67,569,570	6,826,423	395,339	-	7,221,762	74,791,332
Specific Assistance to Individuals												
Payments to foster parents	2,287,135	-	-	-	-	-	2,287,135	-	-	-	-	2,287,135
Food	643,555	64,438	188,454	273,424	81,171	-	1,251,042	-	-	-	-	1,251,042
Children's allowances and activities	1,831,093	169,800	178,055	327,648	89,852	-	2,596,448	-	-	-	-	2,596,448
Consumer incidentals	31,127	58	1,929	4,339	-	-	37,453	-	-	-	-	37,453
Clothing	160,303	-	17,298	14,797	175	-	192,573	-	-	-	-	192,573
Total specific assistance to individuals	4,953,213	234,296	385,736	620,208	171,198	-	6,364,651	-	-	-	-	6,364,651
Occupancy												
Interest expense	157,085	235,350	255,492	-	87,051	-	734,978	375,792	-	-	375,792	1,110,770
Rent	989,359	724,676	379,878	362,915	744,670	-	3,201,498	20,000	13,562	-	33,562	3,235,060
Utilities	345,816	347,102	197,907	79,254	1,123,589	-	1,123,589	85,666	1,154	-	86,820	1,210,388
Maintenance and repairs	72,856	42,371	41,323	89,726	14,755	-	261,031	12,787	135	-	12,922	273,953
Security	93,955	70,986	37,818	4,731	81,698	-	289,188	202,014	410	-	202,424	491,612
Janitorial services	397,494	98,273	165,019	237,069	88,944	-	986,799	214,158	-	-	214,158	1,200,957
Total occupancy	2,086,565	1,518,758	1,077,437	773,695	1,170,607	-	6,597,062	910,417	15,261	-	925,678	7,522,740
Professional Fees												
Clinical services	348,380	-	35,732	44,490	1,106,286	-	1,534,888	-	-	-	-	1,534,888
Legal and audit	204,917	77,005	-	21,795	24,036	-	327,753	595,797	-	-	595,797	923,550
Other independent contractors	459,491	140,672	538,607	120,444	829,233	-	2,088,447	872,958	4,871	-	877,829	2,966,276
Total professional fees	1,012,788	217,677	574,339	186,729	1,959,555	-	3,951,088	1,468,755	4,871	-	1,473,626	5,424,714
Other												
Supplies	597,022	341,811	149,925	307,019	192,189	-	1,587,966	167,940	13,876	-	181,816	1,769,782
Transportation and other travel-related expenses	536,157	11,772	149,018	79,431	17,838	-	794,216	77,479	4,346	-	81,825	876,041
Insurance	334,828	164,989	242,836	110,448	91,644	-	944,745	239,890	1,071	-	240,961	1,185,706
Telephone	358,415	116,525	215,276	195,754	110,253	-	996,223	160,302	1,742	-	162,044	1,158,267
Vehicle rentals, repairs and replacement	223,819	27,657	327,253	57,431	-	-	636,160	30,392	-	-	30,392	666,552
Equipment/furniture rentals, repairs and replacement	272,405	120,149	100,643	80,051	51,504	-	624,752	129,084	5,938	-	135,022	759,774
Staff development	209,866	102,592	52,360	454,297	26,819	-	845,934	42,596	650	-	43,246	889,180
Staff recruitment	78,952	14,464	18,122	14,134	14,520	-	140,192	122,298	1,237	-	123,535	263,727
Printing, postage, subscriptions, publications	34,479	20,014	34	209	423	-	55,159	105,895	11,933	-	117,828	172,987
Dues, licenses, permits	49,726	28,014	568	-	3,511	-	81,819	116,595	11,215	-	127,810	209,629
Line of credit interest expense	-	-	-	-	-	-	-	290,544	-	-	290,544	290,544
Miscellaneous	8,845	2,858	10,391	22,101	19,085	-	63,280	336,438	10,416	122,456	469,310	532,590
Total other	2,704,514	950,845	1,266,426	1,320,875	527,786	-	6,770,446	1,819,453	62,424	122,456	2,004,333	8,774,779
Total expenses before depreciation and amortization	40,306,748	14,498,153	13,585,947	12,603,142	10,258,827	-	91,252,817	11,025,048	477,895	122,456	11,625,399	102,878,216
Depreciation and Amortization	793,554	580,223	590,181	1,017,847	147,220	-	3,129,025	556,751	-	-	556,751	3,685,776
Total expenses	41,100,302	15,078,376	14,176,128	13,620,989	10,406,047	-	94,381,842	11,581,799	477,895	122,456	12,182,150	106,563,992
Less Expenses Deducted Directly from on the Consolidated Statement of Activities												
Direct cost of special events	-	-	-	-	-	-	-	-	-	(122,456)	(122,456)	(122,456)
Total expenses reported by function on the consolidated statement of activities	\$ 41,100,302	\$ 15,078,376	\$ 14,176,128	\$ 13,620,989	\$ 10,406,047	\$ -	\$ 94,381,842	\$ 11,581,799	\$ 477,895	\$ -	\$ 12,059,694	\$ 106,441,536

Edwin Gould Services for Children and Families and Affiliate

Consolidated Schedule of Functional Expenses (Continued)

Year Ended June 30, 2019

	Program Services						Supporting Services				Total	
	Child Welfare	Special Education	Developmental Disabilities	Juvenile Justice	Early Childhood	Other Preventative Services	Management and General	Development	Direct Costs of Special Events	Total		
Employee Compensation and Benefits												
Salaries and wages	\$ 7,319,973	\$ -	\$ 4,606,761	\$ -	\$ -	\$ 3,071,367	\$ 14,998,101	\$ 1,317,161	\$ -	\$ -	\$ 1,317,161	\$ 16,315,262
Fringe benefits	1,629,513	-	975,372	-	-	668,369	3,273,254	265,226	-	-	265,226	3,538,480
Total employee compensation and benefits	8,949,486	-	5,582,133	-	-	3,739,736	18,271,355	1,582,387	-	-	1,582,387	19,853,742
Specific Assistance to Individuals												
Payments to foster parents	3,317,696	-	-	-	-	-	3,317,696	-	-	-	-	3,317,696
Food	23,703	-	141,624	-	-	48,379	213,706	-	-	-	-	213,706
Children's allowances and activities	270,309	-	35,358	-	-	128,785	434,452	-	-	-	-	434,452
Consumer incidentals	-	-	12,041	-	-	-	12,041	-	-	-	-	12,041
Clothing	38,153	-	21,324	-	-	-	59,477	-	-	-	-	59,477
Total specific assistance to individuals	3,649,861	-	210,347	-	-	177,164	4,037,372	-	-	-	-	4,037,372
Occupancy												
Interest expense	-	-	91,935	-	-	-	91,935	-	-	-	-	91,935
Rent	1,537,907	-	248,311	-	-	169,932	1,956,150	300,171	-	-	300,171	2,256,321
Utilities	89,881	-	68,836	-	-	17,964	176,681	17,085	-	-	17,085	193,766
Maintenance and repairs	117,227	-	39,024	-	-	-	156,251	1,973	-	-	1,973	158,224
Security	68,948	-	16,082	-	-	2,728	87,758	20,296	-	-	20,296	108,054
Janitorial services	35,135	-	46,997	-	-	-	82,132	9,950	-	-	9,950	92,082
Total occupancy	1,849,098	-	511,185	-	-	190,624	2,550,907	349,475	-	-	349,475	2,900,382
Professional Fees												
Clinical services	171,700	-	49,058	-	-	-	220,758	-	-	-	-	220,758
Legal and audit	246,255	-	39,619	-	-	11,977	297,851	104,405	-	-	104,405	402,256
Other independent contractors	73,200	-	427,701	-	-	133,368	634,269	126,520	-	-	126,520	760,789
Total professional fees	491,155	-	516,378	-	-	145,345	1,152,878	230,925	-	-	230,925	1,383,803
Other												
Supplies	159,591	-	69,501	-	-	36,277	265,369	59,059	-	-	59,059	324,428
Transportation and other travel-related expenses	130,493	-	55,899	-	-	18,885	205,277	21,400	-	-	21,400	226,677
Insurance	119,693	-	110,308	-	-	25,710	255,711	61,407	-	-	61,407	317,118
Telephone	183,837	-	156,432	-	-	57,564	397,833	41,817	-	-	41,817	439,650
Vehicle rentals, repairs and replacement	22,644	-	96,803	-	-	-	119,447	17,273	-	-	17,273	136,720
Equipment/furniture rentals, repairs and replacement	158,797	-	40,536	-	-	34,037	233,370	40,552	-	-	40,552	273,922
Staff development	22,934	-	6,361	-	-	65,216	94,511	9,145	-	-	9,145	103,656
Staff recruitment	1,319	-	794	-	-	1,411	3,524	245	-	-	245	3,769
Printing, postage, subscriptions, publications	35,695	-	2,705	-	-	1,214	39,614	1,098	-	-	1,098	40,712
Dues, licenses, permits	6,272	-	1,638	-	-	981	8,891	10,185	-	-	10,185	19,076
Line of credit interest expense	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	11,186	-	7,019	-	-	799	19,004	44,030	-	-	44,030	63,034
Total other	852,461	-	547,996	-	-	242,094	1,642,551	306,211	-	-	306,211	1,948,762
Total expenses before depreciation and amortization	15,792,061	-	7,368,039	-	-	4,494,963	27,655,063	2,468,998	-	-	2,468,998	30,124,061
Depreciation and Amortization												
Total expenses	215,995	-	127,360	-	-	21,731	365,086	71,039	-	-	71,039	436,125
Total expenses	16,008,056	-	7,495,399	-	-	4,516,694	28,020,149	2,540,037	-	-	2,540,037	30,560,186
Less Expenses Deducted Directly from Revenues on the Consolidated Statement of Activities												
Direct cost of special events	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses reported by function on the consolidated statement of activities	\$ 16,008,056	\$ -	\$ 7,495,399	\$ -	\$ -	\$ 4,516,694	\$ 28,020,149	\$ 2,540,037	\$ -	\$ -	\$ 2,540,037	\$ 30,560,186