

Rising Ground, Inc. and Affiliates

Consolidated Financial Statements and Supplementary Information Year Ended June 30, 2020

Rising Ground, Inc. and Affiliates

Consolidated Financial Statements and Supplementary Information
Year Ended June 30, 2020

Rising Ground, Inc. and Affiliates

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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, which comprise the consolidated statement of financial position as of June 30, 2020, 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 Consolidated 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 the entity'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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 Affiliates as of June 30, 2020, 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.

Other Matters

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental consolidating schedule of financial position, consolidating schedule of activities and consolidating schedule of functional expenses are presented for purposes of additional analysis and are 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 is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

BDO USA, LLP

February 1, 2021

Rising Ground, Inc. and Affiliates

Consolidated Statement of Financial Position

June 30, 2020

| Assets | |
|---|----------------------|
| Current Assets | |
| Cash and cash equivalents | \$ 1,136,921 |
| Investments | 11,564,002 |
| Investments - certificates of deposit | 605,015 |
| Accounts receivable | 19,777,992 |
| Other receivables | 232,185 |
| Prepaid expenses | 2,693,561 |
| Accrued investment interest receivable | 41,755 |
| Total Current Assets | 36,051,431 |
| Assets Limited as to Use | |
| Assets limited as to use - investments | 574,203 |
| Self-insurance deposits | 2,827,718 |
| Cash reserve for liabilities | 3,227,030 |
| Total Assets Limited as to Use | 6,628,951 |
| Other Assets | |
| Investments | 2,361,096 |
| Security deposits | 424,332 |
| Beneficial interest in perpetual trusts | 1,637,300 |
| Fixed assets, net | 28,662,264 |
| Total Other Assets | 33,084,992 |
| Total Assets | \$ 75,765,374 |
| Liabilities and Net Assets | |
| Current Liabilities | |
| Accounts payable | \$ 3,024,327 |
| Accrued payroll and employee benefits, current portion | 7,933,266 |
| Accrued expenses and other liabilities | 16,686,661 |
| Due to government agencies, current portion | 1,269,788 |
| Accrued interest payable | 31,044 |
| Line of credit and notes payable, current portion | 6,968,908 |
| Capital leases payable, current portion | 450,158 |
| Bonds payable, current portion | 1,760,000 |
| Total Current Liabilities | 38,124,152 |
| Accrued Payroll and Employee Benefits, Net of Current Portion | 249,020 |
| Line of Credit and Notes Payable, Net of Current Portion | 5,918,934 |
| Capital Leases Payable, Net of Current Portion | 508,818 |
| Due to Government Agencies, Net of Current Portion | 6,037,499 |
| Bonds Payable, Net of Current Portion, Unamortized Discount and Unamortized Debt Issuance Costs | 13,067,492 |
| Total Liabilities | 63,905,915 |
| Commitments and Contingencies | |
| Net Assets | |
| Without donor restrictions | 7,382,993 |
| With donor restrictions | 4,476,466 |
| Total Net Assets | 11,859,459 |
| Total Liabilities and Net Assets | \$ 75,765,374 |

See accompanying notes to consolidated financial statements.

Rising Ground, Inc. and Affiliates

Consolidated Statement of Activities

Year ended June 30, 2020

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|----------------------|
| Operating Revenues | | | |
| Program revenue | \$ 132,518,106 | \$ 200,000 | \$ 132,718,106 |
| In-kind contributions | 120,312 | - | 120,312 |
| Other income | 81,778 | - | 81,778 |
| Total Operating Revenues | 132,720,196 | 200,000 | 132,920,196 |
| Operating Expenses | | | |
| Program services: | | | |
| Child Welfare | 56,654,451 | - | 56,654,451 |
| Developmental Disabilities | 21,338,506 | - | 21,338,506 |
| Special Education | 14,914,949 | - | 14,914,949 |
| Juvenile Justice | 14,394,876 | - | 14,394,876 |
| Early Childhood | 10,446,224 | - | 10,446,224 |
| Preventative services | 5,190,306 | - | 5,190,306 |
| Total Program Services | 122,939,312 | - | 122,939,312 |
| Supporting services: | | | |
| Management and general | 14,516,698 | - | 14,516,698 |
| Development | 765,832 | - | 765,832 |
| Total Supporting Services | 15,282,530 | - | 15,282,530 |
| Total Operating Expenses | 138,221,842 | - | 138,221,842 |
| Change in Net Assets, before nonoperating revenues and expenses | (5,501,646) | 200,000 | (5,301,646) |
| Nonoperating Revenues and Expenses | | | |
| Investment income, net | 663,458 | - | 663,458 |
| Contributions | 1,456,941 | - | 1,456,941 |
| Special events | 380,919 | - | 380,919 |
| Direct costs of special events | (89,936) | - | (89,936) |
| Change in value of beneficial interest in perpetual trusts | - | (27,545) | (27,545) |
| Miscellaneous income | 1,128,000 | - | 1,128,000 |
| Net assets released from restrictions | 297,662 | (297,662) | - |
| Change in Net Assets from Nonoperating Revenues and Expenses | 3,837,044 | (325,207) | 3,511,837 |
| Change in Net Assets | (1,664,602) | (125,207) | (1,789,809) |
| Net Assets, beginning of year | 9,047,595 | 4,601,673 | 13,649,268 |
| Net Assets, end of year | \$ 7,382,993 | \$ 4,476,466 | \$ 11,859,459 |

See accompanying notes to consolidated financial statements.

Rising Ground, Inc. and Affiliates
Consolidated Statement of Functional Expenses

Year ended June 30, 2020

| | Program Services | | | | | | Supporting Services | | | | | |
|---|----------------------|----------------------------|----------------------|----------------------|----------------------|-----------------------|------------------------|------------------------|-------------------|--------------------------------|---------------------------|-----------------------|
| | Child Welfare | Developmental Disabilities | Special Education | Juvenile Justice | Early Childhood | Preventative Services | Total Program Services | Management and General | Development | Direct Costs of Special Events | Total Supporting Services | Total |
| Employee Compensation and Benefits | | | | | | | | | | | | |
| Salaries and wages | \$ 30,784,574 | \$ 12,747,539 | \$ 8,469,937 | \$ 8,016,556 | \$ 4,910,843 | \$ 3,344,336 | \$ 68,273,785 | \$ 6,865,744 | \$ 416,149 | \$ - | \$ 7,281,893 | \$ 75,555,678 |
| Fringe benefits | 8,432,874 | 3,526,620 | 2,359,852 | 2,133,367 | 1,412,410 | 915,155 | 18,770,278 | 1,900,983 | 114,348 | - | 2,015,331 | 20,785,609 |
| Total Employee Compensation and Benefits | 39,217,448 | 16,264,159 | 10,829,789 | 10,149,923 | 6,323,253 | 4,259,491 | 87,044,063 | 8,766,727 | 530,497 | - | 9,297,224 | 96,341,287 |
| Specific Assistance to Individuals | | | | | | | | | | | | |
| Payments to foster parents | 4,799,742 | - | - | - | - | - | 4,799,742 | - | - | - | - | 4,799,742 |
| Food | 543,572 | 355,895 | 61,166 | 280,278 | 66,628 | 33,375 | 1,340,914 | - | - | - | - | 1,340,914 |
| Children's allowances and activities | 1,522,855 | 102,197 | 477,769 | 277,581 | 170,892 | 263,845 | 2,815,139 | - | - | - | - | 2,815,139 |
| Consumer incidentals | 41,303 | 10,793 | - | 7,570 | - | - | 59,666 | - | - | - | - | 59,666 |
| Clothing | 165,752 | 31,593 | - | 36,952 | - | - | 234,519 | - | - | - | - | 234,519 |
| Total Specific Assistance to Individuals | 7,073,224 | 500,478 | 538,935 | 602,381 | 237,520 | 297,442 | 9,249,980 | - | - | - | - | 9,249,980 |
| Occupancy | | | | | | | | | | | | |
| Interest expense | 143,264 | 318,612 | 218,518 | - | 80,772 | - | 761,166 | 342,118 | - | - | 342,118 | 1,103,284 |
| Rent | 2,600,442 | 566,767 | 751,267 | 367,642 | 781,453 | 208,176 | 5,275,747 | 245,273 | 17,254 | - | 262,527 | 5,538,274 |
| Utilities | 523,664 | 237,831 | 298,267 | 99,399 | 177,085 | 12,927 | 1,349,173 | 94,041 | 1,071 | - | 95,112 | 1,444,285 |
| Maintenance and repairs | 499,077 | 208,013 | 152,850 | 562,448 | 124,328 | 882 | 1,547,598 | 147,324 | - | - | 147,324 | 1,694,922 |
| Security | 193,109 | 79,982 | 50,903 | 71,316 | 15,396 | 113 | 410,819 | 14,140 | 213 | - | 14,353 | 425,172 |
| Janitorial services | 203,671 | 39,256 | 113,063 | 5,362 | 91,269 | 7,024 | 459,645 | 237,686 | 1,469 | - | 239,155 | 698,800 |
| Total Occupancy | 4,163,227 | 1,450,461 | 1,584,868 | 1,106,167 | 1,270,303 | 229,122 | 9,804,148 | 1,080,582 | 20,007 | - | 1,100,589 | 10,904,737 |
| Professional Fees | | | | | | | | | | | | |
| Clinical services | 456,156 | 77,701 | - | 25,877 | 1,017,757 | - | 1,577,491 | - | - | - | - | 1,577,491 |
| Legal and audit | 220,218 | 85,132 | 58,494 | - | 11,643 | 1,180 | 376,667 | 78,636 | - | - | 78,636 | 455,303 |
| Other independent contractors | 353,710 | 593,129 | 114,852 | 318,619 | 753,860 | 187,207 | 2,321,377 | 1,050,775 | 35,883 | - | 1,086,658 | 3,408,035 |
| Total Professional Fees | 1,030,084 | 755,962 | 173,346 | 344,496 | 1,783,260 | 188,387 | 4,275,535 | 1,129,411 | 35,883 | - | 1,165,294 | 5,440,829 |
| Other | | | | | | | | | | | | |
| Supplies | 824,105 | 247,458 | 400,983 | 338,054 | 221,295 | 30,076 | 2,061,971 | 389,723 | 44,727 | - | 434,450 | 2,496,421 |
| Transportation and other travel-related expenses | 589,943 | 149,120 | 30,747 | 74,429 | 17,090 | 10,579 | 871,908 | 60,484 | 927 | - | 61,411 | 933,319 |
| Insurance | 529,196 | 315,552 | 161,372 | 161,664 | 89,757 | 29,194 | 1,286,735 | 595,171 | 4,836 | - | 600,007 | 1,886,742 |
| Telephone | 687,938 | 369,014 | 166,617 | 293,742 | 228,429 | 60,232 | 1,805,972 | 425,423 | 4,863 | - | 430,286 | 2,236,258 |
| Vehicle rentals, repairs and replacement | 246,068 | 364,910 | 26,327 | 47,238 | 520 | - | 685,063 | 43,665 | - | - | 43,665 | 728,728 |
| Equipment/furniture rentals, repairs and replacement | 671,962 | 151,469 | 99,294 | 106,114 | 50,429 | 31,030 | 1,110,298 | 250,035 | 4,784 | - | 254,819 | 1,365,117 |
| Staff development | 268,036 | 31,494 | 144,859 | 130,055 | 27,896 | 28,353 | 630,693 | 34,078 | 59 | - | 34,137 | 664,830 |
| Staff recruitment | 72,335 | 16,437 | 19,334 | 9,272 | 13,153 | 250 | 130,781 | 65,794 | 6,566 | - | 72,360 | 203,141 |
| Printing, postage, subscriptions, publications | 22,175 | 80 | 17,778 | 91 | 604 | 1,619 | 42,347 | 98,603 | 102,638 | - | 201,241 | 243,588 |
| Dues, licenses, permits | 76,858 | 991 | 27,698 | - | 8,692 | 1,327 | 115,566 | 142,727 | 2,545 | - | 145,272 | 260,838 |
| Line of credit interest expense | - | - | - | - | - | - | - | 249,770 | - | - | 249,770 | 249,770 |
| Miscellaneous | 220,818 | 11,655 | 91,884 | 44,651 | 26,823 | - | 395,831 | 489,201 | 7,500 | 89,936 | 586,637 | 982,468 |
| Total Other | 4,209,434 | 1,658,180 | 1,186,893 | 1,205,310 | 684,688 | 192,660 | 9,137 | 2,844,674 | 179,445 | 89,936 | 3,114,055 | 12,251,220 |
| Total Expenses, before depreciation and amortization | 55,693,417 | 20,629,240 | 14,313,831 | 13,408,277 | 10,299,024 | 5,167,102 | 119,510,891 | 13,821,394 | 765,832 | 89,936 | 14,677,162 | 134,188,053 |
| Depreciation and Amortization | 961,034 | 709,266 | 6601,118 | 986,599 | 147,200 | 23,204 | 3,428,421 | 695,304 | - | - | 695,304 | 4,123,725 |
| Total Expenses | 56,654,451 | 21,338,506 | 14,914,949 | 14,394,876 | 10,446,224 | 5,190,306 | 122,939,312 | 14,516,698 | 765,832 | 89,936 | 15,372,466 | 138,311,778 |
| Less: Expenses Deducted Directly from Revenues | | | | | | | | | | | | |
| Direct cost of special events | - | - | - | - | - | - | - | - | - | (89,936) | (89,936) | (89,936) |
| Total Expenses Reported by Function | \$ 56,654,451 | \$ 21,338,506 | \$ 14,914,949 | \$ 14,394,876 | \$ 10,446,224 | \$ 5,190,306 | \$ 122,939,312 | \$ 14,516,698 | \$ 765,832 | \$ - | \$ 15,282,530 | \$ 138,221,842 |

See accompanying notes to consolidated financial statements.

Rising Ground, Inc. and Affiliates

Consolidated Statement of Cash Flows

Year ended June 30, 2020

| | |
|--|---------------------|
| Cash Flows from Operating Activities | |
| Change in net assets | \$ (1,789,809) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation and amortization | 4,123,725 |
| Interest expense related to amortization of deferred issuance costs | 71,684 |
| Interest expense related to amortization of bond discount | 3,500 |
| Realized gains on investments | (228,157) |
| Unrealized gains on investments | (160,756) |
| Change in value of beneficial interest in perpetual trusts | 27,545 |
| Donated securities | (4,137) |
| Changes in: | |
| Accounts receivable | (312,481) |
| Other receivables | 410,481 |
| Prepaid expenses | (1,538,928) |
| Accrued investment interest receivable | (3,082) |
| Contribution receivable | 190,000 |
| Security deposits | 50,290 |
| Accounts payable | (547,092) |
| Accrued payroll and employee benefits | (3,360,247) |
| Accrued expenses and other liabilities | 8,110,154 |
| Due to government agencies | (981,990) |
| Accrued interest payable | (3,000) |
| Net Cash Provided by Operating Activities | 4,057,700 |
| Cash Flows from Investing Activities | |
| Purchases of investments | (8,961,512) |
| Proceeds from sales of investments | 3,568,763 |
| Change in assets limited as to use | (4,432) |
| Purchases of fixed assets | (1,255,246) |
| Net Cash Used in Investing Activities | (6,652,427) |
| Cash Flows from Financing Activities | |
| Principal payments on line of credit and notes payable | (927,174) |
| Proceeds from line of credit and notes payable | 6,000,000 |
| Principal payments on bonds payable | (1,690,000) |
| Principal payments on capital lease | (419,266) |
| Net Cash Provided by Financing Activities | 2,963,560 |
| Net Increase in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents | 368,833 |
| Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, beginning of year | 6,822,836 |
| Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, end of year | \$ 7,191,669 |
| Supplemental Disclosure of Cash Flow Information | |
| Cash paid during the year for interest | \$ 1,258,276 |
| Equipment acquired through capital lease | 352,078 |

See accompanying notes to consolidated financial statements.

Rising Ground, Inc. and Affiliates

Notes to Consolidated Financial Statements

1. Nature of Organization

Rising Ground, Inc. (RG, 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. (the Shelter) 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. RG, Inc. is related to The Emergency Shelter, Inc. through common board control. RG, Inc. received \$75,000 from The Emergency Shelter, Inc. for certain services that RG, Inc. has provided which is eliminated in the consolidation. The Emergency Shelter, Inc. is consolidated in these consolidated financial statements.

On June 23, 2020, the Rising Ground Employee Benefits Program Trust (the Trust) was established to pay the costs of two welfare benefits plans, Leake and Watts Services Group Insurance Plan and Leake and Watts Services Health Plan.

On August 3, 2018, RG, Inc. closed on a Membership Agreement with Edwin Gould Services for Children and Families (EGSCF). By the Membership Agreement, RG, Inc. became the sole member of EGSCF. RG, 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. RG, Inc. assumed no liabilities of EGSCF.

EGSCF has full voting interest in Kingsland Services Fund, Inc. (Kingsland), a not-for-profit corporation. On December 14, 2020 the Board of Directors of Kingsland voted to dissolve the corporation. As part of the dissolution, it is forgiving the loan from EGSCF and transferring all of its assets to EGSCF.

Our program services consist of the following:

Child Welfare Programs and Services

Residential Treatment Center

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.

Family 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

Rising Ground, Inc. and Affiliates

Notes to Consolidated Financial Statements

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.

Multidimensional Treatment Foster Care

Our evidence-based Multidimensional Treatment Foster Care serves teens in foster care with emotional and behavioral challenges with more intensive support.

Mother/Child Home

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

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.

Passage of Hope

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.

Transitional Independent Living

The Transitional Independent Living program houses and assists runaway and homeless youth ages 16-21 while they transition into independent living.

Health Service

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

Special education services are provided 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 nonpublic 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.

Rising Ground, Inc. and Affiliates

Notes to Consolidated Financial Statements

Developmental Disabilities Services

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

Community School Services, in collaboration with the NYC Department of Education, work with two middle schools in the Bronx. Educators, RG, Inc. 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.

Early Childhood Centers

Early Childhood Centers are for children ages 18 months to five 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.

Early Head Start, Head Start and Seabury Day Care Center

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.

Brownell Preschool and Ames Early Childhood Center

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.

Children's Learning Center

The Children's Learning Center provides preschool special education to children with intensive needs in small classes.

Family Resource Center

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.

Rising Ground, Inc. and Affiliates

Notes to Consolidated Financial Statements

Parent-Child Home Program

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

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.

Limited Secure Placement

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.

Non-Secure Placement

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 ten to 12 with whom they live, attend school, participate in recreational activities and receive counseling.

Family Respite

The Family Respite program serves youth ages seven 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.

Juvenile Justice Initiative and Aftercare

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.

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Notes to Consolidated Financial Statements

Article 31 Clinic

The Article 31 Clinic provides outpatient mental health treatment to children and adolescents ages five to 21 years and their family members who meet criteria for a mental health diagnosis under DSM5. This program was closed in February 2020.

Care Coordination

Care Coordination enables RG, Inc. to serve as a downstream Care Management Agency (CMA) providing comprehensive care management services to children and adults who meet necessary criteria.

2. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of RG, Inc., the Shelter, the Trust and EGSCF (collectively, Rising Ground). All material intercompany transactions have been eliminated in the consolidated financial statements.

3. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of Rising Ground have been prepared on the accrual basis of accounting. In the consolidated statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets—with and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Without Donor Restrictions - This class consists of net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of Rising Ground.

With Donor Restrictions - This class consists of net assets whose use is limited by donor-imposed, time and/or purpose restrictions. Rising Ground reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires - that is, when a stipulated time restriction ends, or purpose restriction is accomplished - the net assets are reclassified as net assets without donor restriction and reported in the consolidated statement of activities as net assets released from restrictions.

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Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature), while permitting Rising Ground to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations. At June 30, 2020, Rising Ground did not have any net assets with donor restrictions held in perpetuity.

Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash" (ASU 2016-18). ASU 2016-18 requires entities to show the changes in the total cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the consolidated statement of cash flows. The standard is effective for fiscal years beginning after December 15, 2018. Rising Ground has adopted this ASU for the year ended June 30, 2020.

For purposes of the consolidated statement of cash flows, Rising Ground considers all liquid investments with original maturities of three months or less, at the date of purchase, to be cash equivalents.

Cash, cash equivalents, restricted cash and restricted cash equivalents consist of the following:

| <i>June 30, 2020</i> | |
|------------------------------|---------------------|
| Cash and cash equivalents | \$ 1,136,921 |
| Self-insurance deposits | 2,827,718 |
| Cash reserve for liabilities | 3,227,030 |
| Total | \$ 7,191,669 |

Fair Value Measurements

U.S. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are those that market participants operating within the same marketplace as Rising Ground would use in pricing Rising Ground's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of Rising Ground are traded. Rising Ground estimates the price of any asset or liability for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets or liabilities would use as determined by the money managers for each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

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Level 2 - Valuations are based on: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Valuations are based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

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 and do not bear interest. In evaluating the collectability of accounts receivable, Rising Ground analyzes its past history and identifies trends for each of its major payor sources to estimate the appropriate transaction price, allowance for credit losses and provision for bad debts. Management regularly reviews data about these major payor sources in evaluating the sufficiency of the allowance for credit losses. Actual results could differ from those estimates.

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 Individualized Residential Alternative (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 Shelter has beneficial interests in various perpetual trusts. The Shelter'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.

Fixed Assets, Net

Fixed assets, net, are stated at cost, or fair market value if donated, less accumulated depreciation and amortization. Rising Ground capitalizes fixed assets that have a useful life of greater than one year and costing \$5,000 or more. 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.

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The current estimated useful lives are as follows:

| | Years |
|------------------------------------|-------|
| Building and building improvements | 10-40 |
| Furniture, fixtures and equipment | 3-10 |
| Leasehold improvements | 3-20 |

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 fully 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, 2020.

Contract Liability

A contract liability represents revenue that has been deferred for the funds advanced by various government agencies for Rising Ground's contracts related to services that have not yet been provided to customers. Contract liabilities consist of payments made by funding sources for Rising Grounds' 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 in the consolidated statement of financial position at June 30, 2020.

Due to Government Agencies

The consideration Rising Ground 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 in the consolidated statement of financial position at June 30, 2020.

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.

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.

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Notes to Consolidated Financial Statements

Contributions

Contributions and promises to give are recorded as revenue at the time they are made or pledged unconditionally and supported by a written commitment. Contributions are classified as either with or without donor restrictions. Contributions are nonexchange transactions in which no commensurate value is exchanged. Therefore, contributions fall under the purview of FASB Accounting Standards Codification (ASC) Topic 958 “Not-for-Profit Entities.”

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met.

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 \$120,312 of contributed costs.

Investment Income

Investment income is recognized when earned and consists of interest, dividends, and realized and unrealized gains and losses, less direct external investment expenses. Dividends are recorded at the ex-dividend date. Purchases and sales are recorded on a trade-date basis.

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 as determined by management.

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 net, 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.

Interpretation of Relevant Endowment Law

Rising Ground follows the provisions of U.S. GAAP related to enhanced disclosures for all endowment funds. Rising Ground has also adopted the provisions of the New York Prudent Management of Institutional Funds Act (NYPMIFA), which was enacted by the State of New York on September 17, 2010. Specifically, Rising Ground classifies the portion of endowment funds that is not classified as with donor restrictions (time-restricted) until appropriated for expenditure by Rising Ground. If the endowment fund is also subject to a purpose restriction, the reclassification of the appropriated amount to without donor restrictions does not occur until the purpose restriction has been met.

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Risks and Uncertainties - Investments

Rising Ground's investments consist of a variety of investment securities. Such securities are subject to various risks that determine the value of the funds, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain securities and the level of uncertainty related to changes in the value of these securities, it is reasonably possible that changes in market conditions in the near term could materially affect the value of Rising Ground's investments reported in the accompanying consolidated financial statements.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject Rising Ground to concentrations of credit risk consist primarily of cash and cash equivalents. At times, Rising Ground has deposits at financial institutions that exceed the Federal Deposit Insurance Corporation insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

Rising Ground received approximately 60% of their operating revenues from the City of New York in 2020.

96% 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 of New York at June 30, 2020.

Income Taxes

Rising Ground is a charitable organization that is exempt from federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and, therefore, has made no provision for income taxes in the accompanying financial statements. In addition, Rising Ground has been determined by the Internal Revenue Service (IRS) not to be a "private foundation" within the meaning of Section 509(a) of the Code. There was no unrelated business income for 2020.

Rising Ground has not taken an unsubstantiated tax position that would require provision of a liability under U.S. GAAP. Under U.S. GAAP, an organization must recognize the tax liabilities associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination. Rising Ground does not believe there are any material uncertain tax positions and, accordingly, has not recognized any liability for unrecognized tax benefits as of June 30, 2020. Rising Ground has filed IRS Form 990 tax returns, as required, and all other applicable returns in jurisdictions where it is required. For the year ended June 30, 2020, there were no interest or penalties recorded or included in the accompanying financial statements. Rising Ground is subject to routine audits by taxing authorities. As of June 30, 2020, Rising Ground was not subject to any examination by a taxing authority.

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The Tax Cuts and Jobs Act (TCJA), which was signed into law in December 2017, contains various provisions affecting not-for-profit organizations. Tax-exempt organizations are impacted in part by the inclusion of a new excise tax on excess compensation for covered employees and changes to unrelated business income. The TCJA's provisions may also impact donor incentives for charitable giving. The TCJA did not have a significant impact on the financial statements for the year ended June 30, 2020.

Accounting Pronouncements Issued but Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Accounting for Leases*, which applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize an ROU asset or lease liability. At inception, lessees must classify all leases as either finance or operating based on five criteria. Balance sheet recognition of finance and operating leases is similar, but the pattern of expense recognition in the income statement, as well as the effect on the statement of cash flows, differs depending on the lease classification. In addition, lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The FASB issued ASU 2020-05, which deferred the effective date for Rising Ground until annual periods beginning after December 15, 2021. Management is currently evaluating the impact of this ASU on its financial statements.

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.

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.

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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 (NYCACS), and the State Department of Health, are finalized after the reported costs and days of care are audited. Revenue for support payments from NYCACS 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, 2020, Rising Ground recognized revenue of \$132,920,196 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.

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

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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, 2020, Rising Ground has a liability of refunds to funding sources recorded of \$7,307,287. These amounts are recorded as amounts due to government agencies on the consolidated 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 is as follows:

Year ended June 30, 2020

| | |
|---|-----------------------|
| Contracts/Grants - New York City Government Agencies | \$ 41,449,675 |
| Medicaid | 25,878,564 |
| New York City - Government Agencies | 23,848,304 |
| New York State - Government Agencies | 22,136,064 |
| Contracts/Grants - Federal | 17,216,303 |
| Managed Care | 1,042,574 |
| Contracts/Grants - Other | 575,800 |
| Contracts/Grants - New York State Government Agencies | 570,823 |
| In-Kind Contributions | 120,312 |
| Other | 81,777 |
| Total | \$ 132,920,196 |

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, 2020.

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.

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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.

5. Investments, at Fair Value

Rising Ground's investments recorded at fair value have been categorized based upon a fair value hierarchy, in accordance with U.S. GAAP. See Note 3 for a discussion of Rising Ground's policies regarding this hierarchy.

The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Rising Ground's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels. A description of the valuation techniques applied to the Rising Ground's investments measured at fair value are as follows:

U.S. Treasury Obligations, Equities and Mutual Funds - These investments are carried at their aggregate market value as determined by quoted market prices. These investments are classified as Level 1.

Corporate Bonds, Municipal Bonds and Mortgage Backed Securities - These investments are priced by the investment managers using nationally recognized pricing services. These investments are classified as Level 2.

Beneficial Interests in Perpetual Trusts - 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. These investments are classified as Level 3.

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

Investments, at fair value, of Rising Ground are as follows:

June 30, 2020

| | Level 1 | | Total Level 1 | Level 2 | Level 3 | Total |
|--|----------------------|--------------------------------|----------------------|---------------------|--------------|----------------------|
| | Investments | Assets Limited as to Use | | | | |
| Investments, at fair value: | | | | | | |
| U.S. Treasury obligations | \$ 833,685 | \$ 574,203 | \$ 1,407,888 | \$ - | \$ - | \$ 1,407,888 |
| Equities | 7,555,729 | - | 7,555,729 | - | - | 7,555,729 |
| Mutual funds | 1,285,456 | - | 1,285,456 | - | - | 1,285,456 |
| Corporate bonds | - | - | - | 4,339,798 | - | 4,339,798 |
| Alternative investments | 386,191 | - | 386,191 | - | - | 386,191 |
| Municipal bonds | - | - | - | 127,578 | - | 127,578 |
| Mortgage backed security | - | - | - | 1,676 | - | 1,676 |
| Total Investments | \$ 10,061,061 | \$ 574,203 | \$ 10,635,264 | \$ 4,469,052 | \$ - | \$ 15,104,316 |
| Beneficial interests in perpetual trusts | \$ - | \$ - | \$ - | \$ - | \$ 1,637,300 | \$ 1,637,300 |

There have been no changes in the methodologies used at June 30, 2020. There were no transfers between levels during the year ended June 30, 2020.

The table below sets forth a summary of changes in fair value of the Level 3 assets:

Year ended June 30, 2020

| | |
|--|--------------|
| Balance , beginning of year | \$ 1,664,845 |
| Total losses (realized/unrealized) included in changes in net assets | (27,545) |
| Balance , end of year | \$ 1,637,300 |
| Amount of total losses 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 | \$ (27,545) |

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

6. Accounts Receivable

Accounts receivable consists of the following:

| <i>June 30, 2020</i> | |
|--------------------------------------|----------------------|
| New York City - government agencies | \$ 12,889,378 |
| New York State - government agencies | 4,456,771 |
| Westchester County | 1,032,768 |
| Federal contracts | 663,037 |
| Managed care | 305,897 |
| Other | 430,141 |
| Total Accounts Receivable | \$ 19,777,992 |

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 \$1,637,300, which represents the fair value of Rising Ground's future investment return income on trust assets at June 30, 2020. The loss from this trust for June 30, 2020 was \$27,545.

8. Fixed Assets, Net

Fixed assets, net, consist of the following:

| <i>June 30, 2020</i> | |
|---|----------------------|
| Land | \$ 38,787 |
| Building and building improvements | 59,749,801 |
| Leasehold improvements | 8,098,859 |
| Furniture, fixtures and equipment | 12,398,226 |
| Construction in progress | 1,283,802 |
| Total Fixed Assets | 81,569,475 |
| Less: accumulated depreciation and amortization | (52,907,211) |
| Fixed Assets, Net | \$ 28,662,264 |

Depreciation and amortization expense for the year ended June 30, 2020 totaled \$4,123,725. Equipment costing \$1,725,348 and associated accumulated amortization of \$769,161 are subject to capital lease agreements as described in Note 10.

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Notes to Consolidated Financial Statements

9. Line of Credit and Notes Payable

| | |
|---|---------------|
| (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%. | \$ 2,229,537 |
| (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. | 3,097,966 |
| (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. | 442,239 |
| (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. | 406,561 |
| (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. | 741,795 |
| (F) Effective October 15, 2019, Rising Ground renewed their revolving line of credit 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. | 6,000,000 |
| | \$ 12,918,098 |

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Rising Ground, Inc. and Affiliates

Notes to Consolidated Financial Statements

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

Year ending June 30,

| | | |
|---------------------------------------|-----------|-------------------|
| 2021 | \$ | 6,968,908 |
| 2022 | | 1,005,966 |
| 2023 | | 1,044,903 |
| 2024 | | 1,085,719 |
| 2025 | | 1,128,992 |
| Thereafter | | 1,683,610 |
| | | <hr/> |
| | | 12,918,098 |
| Less: unamortized debt issuance costs | | (30,256) |
| | | <hr/> |
| Net | \$ | 12,887,842 |

There are certain financial covenants associated with RG, Inc.'s and EGSCF's lines of credit and loans payable for the year ended June 30, 2020. RG, Inc. and EGSCF have obtained waivers from their lenders for the June 30, 2020 covenant requirements as they were not in compliance.

Interest expense related to the line of credit and notes payable was \$606,399 in 2020. Interest is included as a component of interest expense and line of credit interest expense on the accompanying consolidated statement of functional expenses.

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.

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. | \$ | 19,556 |
| (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. | | 130,395 |
| (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. | | 13,592 |
| (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. | | 306,264 |
| | <hr/> | <hr/> |
| | \$ | 469,807 |

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Notes to Consolidated Financial Statements

Hewlett-Packard Financial Services

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. | \$ | 37,556 |
| (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. | | 2,341 |
| (C) \$22,173 in January 2019. Payments of \$432, 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. | | 18,277 |
| (D) \$24,790 in May 2019. Payments of \$482, 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. | | 20,432 |
| (E) \$49,575 in June 2019. Payments of \$955, 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. | | 40,783 |
| (F) \$74,369 in June 2019. Payments of \$1,429, including imputed interest at an estimated annual rate of 5.94% charged on the outstanding balance, are due monthly. The lease matures in July 2024. | | 62,275 |
| (G) \$25,518 in August 2019. Payments of \$473, including imputed interest at an estimated annual rate of 4.26% charged on the outstanding balance, are due monthly. The lease matures in July 2024. | | 21,237 |
| (H) \$192,672 in September 2019. Payments of \$3,686, including imputed interest at an estimated annual rate of 5.56% charged on the outstanding balance, are due monthly. The lease matures in August 2024. | | 164,155 |
| (I) \$49,608 in November 2019. Payments of \$943, including imputed interest at an estimated annual rate of 5.28% charged on the outstanding balance, are due monthly. The lease matures in October 2024. | | 43,724 |
| (J) \$11,680 in October 2019. Payments of \$221, including imputed interest at an estimated annual rate of 5.15% charged on the outstanding balance, are due monthly. The lease matures in September 2024. | | 10,114 |
| (K) \$24,982 in April 2020. Payments of \$477, including imputed interest at an estimated annual rate of 5.45% charged on the outstanding balance, are due monthly. The lease matures in March 2025. | | 23,888 |
| (L) \$23,881 in May 2020. Payments of \$453, including imputed interest at an estimated annual rate of 5.24% charged on the outstanding balance, are due monthly. The lease matures in April 2025. | | 23,182 |
| (M) \$23,737 in May 2020. Payments of \$451, including imputed interest at an estimated annual rate of 5.30% charged on the outstanding balance, are due monthly. The lease matures in April 2025. | | 21,205 |
| | \$ | 489,169 |

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

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

Year ending June 30,

| | | |
|---|-----------|----------------|
| 2021 | \$ | 490,616 |
| 2022 | | 230,884 |
| 2023 | | 172,467 |
| 2024 | | 120,097 |
| 2025 | | 25,205 |
| | | 1,039,269 |
| Less: interest | | (80,293) |
| Total | | 958,976 |
| Less: current portion | | (450,158) |
| Long-Term Obligation Under Capital Lease | \$ | 508,818 |

Interest expense related to capital leases was \$56,588 in 2020 and is included as a component of interest expense on the accompanying consolidated statement of functional expenses

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.

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, 2020, was \$2,295,000.

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, 2020, the amount held in the debt service reserve fund was \$193,860; in the debt service fund was \$380,343. These amounts are reflected as investments limited as to use on the accompanying consolidated statement of financial position. The rate of interest on the bonds ranges from 2.00% to 3.25%.

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, 2020, the unamortized debt issuance cost was \$129,454. At June 30, 2020, the unamortized bond discount was \$23,981.

Rising Ground, Inc. and Affiliates

Notes to Consolidated Financial Statements

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, 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, June 30, 2020 | Maturity | Interest Rate (%) | Price (%) |
|--------------|---------------------------------|------------------------------|--------------|----------------------|-----------|
| Series 2014A | \$ 16,670,000 | \$ 11,045,000 | June 1, 2029 | 3.330% | 100% |
| Series 2014B | 1,240,000 | 285,000 | June 1, 2022 | 3.550% | 100% |
| Series 2014C | 3,125,000 | 1,770,000 | June 1, 2026 | 4.380% | 100% |
| | \$ 21,035,000 | \$ 13,100,000 | | | |

The Series 2014 Bonds were issued for the purpose of providing funds for certain projects for Rising Ground 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, 2020, the unamortized debt issuance cost was \$414,073.

The Series 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 Series 2014 Bonds was \$13,100,000 at June 30, 2020.

The Series 2014 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 Rising Ground. As security for the Bonds and Rising Ground's obligations under the Loan Agreement, Rising Ground 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:

Year ending June 30,

| | |
|---------------------------------------|----------------------|
| 2021 | \$ 1,760,000 |
| 2022 | 1,870,000 |
| 2023 | 1,760,000 |
| 2024 | 1,810,000 |
| 2025 | 1,850,000 |
| Thereafter | 6,345,000 |
| | 15,395,000 |
| Less: net unamortized discount | (23,981) |
| Less: unamortized debt issuance costs | (543,527) |
| Total | \$ 14,827,492 |

Rising Ground, Inc. and Affiliates

Notes to Consolidated Financial Statements

Interest expense related to bonds payable was \$627,437 in 2020 and includes amortization of debt issuance cost of \$71,684. Interest has been included as a component of interest expenses on the accompanying consolidated statement of functional expenses.

12. Commitments and Contingencies

Operating Leases

Rising Ground is a party to various operating leases. Noncancelable leases principally relate to office space, residential housing, office equipment and automobiles, with expiration dates through December 2029.

The aggregate minimum payments for these leases are as follows:

Year ending June 30,

| | | |
|--------------|-----------|-------------------|
| 2021 | \$ | 4,022,000 |
| 2022 | | 3,240,000 |
| 2023 | | 2,385,000 |
| 2024 | | 2,244,000 |
| 2025 | | 3,051,000 |
| Thereafter | | 1,283,000 |
| Total | \$ | 16,225,000 |

Total rent expense, including office equipment and vehicle leases, amounted to \$6,610,272 and is included as a component of rent, vehicle rentals, repairs and replacement and equipment/furniture rentals, repairs and replacement on the accompanying consolidated statement of functional expenses.

Workers' Compensation Liability

During the period from January 2000 to December 2005, workers' compensation coverage was provided by the Provider Agency Trust for Human Services (the Provider Agency Trust). In May 2015, Rising Ground agreed to a settlement of \$562,976, plus interest at 3.5%, resulting in 120 monthly payments of \$5,567 beginning July 2015. The balance as of June 30, 2020 was \$251,055, which is included in accrued payroll and employee benefits on the accompanying consolidated statement of financial position.

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

Year ending June 30,

| | | |
|--------------|-----------|----------------|
| 2021 | \$ | 57,002 |
| 2022 | | 59,029 |
| 2023 | | 61,129 |
| 2024 | | 63,303 |
| 2025 | | 10,592 |
| Total | \$ | 251,055 |

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

Interest expense related to the workers' compensation liability was \$11,760 in 2020, and is included as a component of interest expense on the accompanying consolidated statement of functional expenses.

Litigation

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.

Funding Source Audits

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 \$8,265,472 for the eventual settlement of the open cost reporting periods and are included in accrued expenses and other liabilities on the accompanying consolidated statement of financial position.

Rising Ground has undergone audits and reviews from governmental agencies for which a combined liability of \$7,307,287 has been included in the consolidated financial statements. Rising Ground has agreed to settlement plans with some of the agencies for \$3,143,977 with terms ranging from three to ten years. Approximately \$1,213,000 has been set aside in restricted cash as of June 30, 2020, as a component of cash reserve for liabilities in the accompanying consolidated statement of financial position, 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:

Year ending June 30,

| | | |
|--------------|-----------|------------------|
| 2021 | \$ | 1,269,788 |
| 2022 | | 582,555 |
| 2023 | | 104,952 |
| 2024 | | 104,952 |
| 2025 | | 104,952 |
| Thereafter | | 976,778 |
| Total | \$ | 3,143,977 |

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

13. Net Assets

Net assets with donor restrictions, are available for the following purposes:

June 30, 2020

| | |
|--|---------------------|
| Net Assets with Purpose Restrictions | |
| Parent child home program | \$ 204,849 |
| STEPS program | 273,221 |
| Total Net Assets with Purpose Restrictions | 478,070 |
| Net Assets Restricted 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 |
| Total of all endowment investments held in perpetuity | 2,361,096 |
| Beneficial interest in two perpetual trusts | 1,637,300 |
| Total Net Assets Restricted in Perpetuity | 3,998,396 |
| Total | \$ 4,476,466 |

Net assets were released from donor restrictions for the following purposes:

June 30, 2020

| | |
|---------------------------|-------------------|
| Parent child home program | \$ 21,807 |
| J. Douglas Richards fund | 25,000 |
| STEPS program | 250,855 |
| | \$ 297,662 |

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.

Rising Ground, Inc. and Affiliates

Notes to Consolidated Financial Statements

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

In accordance with the requirements under U.S. GAAP, the following applies to the donor-restricted endowment funds:

Interpretation of Relevant Law - The spending of endowment funds by a not-for-profit corporation in the State of New York was governed by the Uniform Management of Institutional Funds Act (UMIFA), as enacted in 1978, until September 17, 2010, when the State of New York enacted the NYPMIFA. Rising Ground has interpreted NYPMIFA as requiring the preservation of the original value of a gift for gifts received prior to September 17, 2010, absent donor stipulations to the contrary, and for post September 17, 2010 gifts, as allowing Rising Ground to appropriate for expenditure or accumulate earnings as Rising Ground determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. As a result of this interpretation, Rising Ground has classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Rising Ground.

Investment and Spending Policies - Rising Ground has adopted investment and spending policies for endowment assets that attempt to provide a stream of returns that would be utilized to fund various branches while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that Rising Ground must hold in perpetuity.

In accordance with NYPMIFA, Rising Ground considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the funds.
- The purposes of Rising Ground and the donor-restricted endowment funds.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation/depreciation of investments.
- Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment funds, giving due consideration to the effect that such alternatives may have on Rising Ground.
- The investment policy of Rising Ground.
- Other resources of Rising Ground.

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

Changes in Endowment Net Assets

Year ended June 30, 2020

| | With donor restricted - Purpose Restricted | With donor restricted - Restricted in Perpetuity | Total |
|--|--|---|--------------|
| Endowment Net Assets , beginning of year | \$ - | \$ 2,361,096 | \$ 2,361,096 |
| Interest and dividends | 47,000 | | 47,000 |
| Appropriation of endowment assets for expenditure | (47,000) | - | (47,000) |
| Endowment Net Assets , end of year | \$ - | \$ 2,361,096 | \$ 2,361,096 |

There were no endowments under water as of June 30, 2020.

15. Liquidity and Availability

Rising Ground's resources and financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

June 30, 2020

| | |
|---|----------------------|
| Cash and cash equivalents | \$ 1,136,921 |
| Investments | 11,564,002 |
| Investments - certificates of deposit | 605,015 |
| Accounts receivable | 19,777,992 |
| Other receivables | 232,185 |
| Accrued investment interest receivable | 41,755 |
| Total Financial Assets Available to Management for General Expenditure Within One Year | 33,357,870 |
| Amounts unavailable to management for general expenditures within one year, due to: | |
| Net assets with donor restrictions | (4,476,466) |
| Total Financial Assets Available to Management for General Expenditures Within One Year Without Restrictions | \$ 28,881,404 |

As part of the Rising Ground's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Rising Ground's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. Rising Ground regularly monitors their cash balance to ensure sufficient liquidity exists to meet its operating needs, as well as other commitments and obligations over the next 12 months.

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

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.

16. Retirement Plan

Rising Ground has a defined contribution 401(k) profit-sharing plan (Plan) covering substantially all employees. Rising Ground matches 100% of the first 4% of the employee's base salary that an employee contributes. Pension expense relating to this matching contribution was \$1,796,995 for the year ended June 30, 2020.

Additionally, the Plan provides for Rising Ground to provide a discretionary base contribution which is subject to vesting requirements as outlined in the Plan. Rising Ground'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, 2020.

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, 2020. This plan was frozen as of December 31, 2018.

17. Risks and Uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. While the full impact of the COVID-19 outbreak continues to evolve as of the date of this report, its future impact may have a continuing material adverse impact on economic and market conditions, thus, triggering a period of global economic slowdown. This has the potential to, but not certainty of, impacting the Rising Ground's operations, which are heavily dependent on contributions and government contracts. As Rising Ground's operations have been deemed essential, losses in revenue are not anticipated, however slower collections of receivables may be expected. This could also potentially impact Rising Ground in the form of increases in expenses related to personal protective equipment, the sanitizing of locations, and hazard pay and overtime costs for employees. To date Rising Ground has not experienced collection issues or significant cost increases related to COVID.

On March 27, 2020, the President signed into law the Coronavirus Aid, Relief and Economic Security Act (the CARES Act). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property.

Rising Ground, Inc. and Affiliates

Notes to Consolidated Financial Statements

The CARES Act also appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. Rising Ground has opted not to apply for a loan through the Paycheck Protection Program or any other CARES Act programs.

Given the great uncertainty as to the full magnitude that the pandemic may have on future economic and market conditions, we are not able, at this moment, to estimate the effects of the COVID-19 outbreak on our fiscal year 2021 results of operations, financial condition, or liquidity.

18. Subsequent Events

Rising Ground has evaluated subsequent events through February 1, 2021, which is the date the consolidated financial statements were available to be issued. There were no subsequent events requiring adjustments to the consolidated financial statements or disclosures as stated herein, except:

On December 27, 2020, The President signed the Consolidated Appropriations Act, 2021 (the Act), which includes \$900 billion in stimulus relief as a result of COVID-19. Rising Ground is currently evaluating the impact of the Act.

Supplementary Information

Rising Ground, Inc. and Affiliates

Consolidating Schedule of Financial Position

June 30, 2020

| | Rising Ground and Affiliate | Edwin Gould and Affiliate | Eliminations | Total |
|---|--------------------------------|------------------------------|-----------------------|----------------------|
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 592,469 | \$ 544,452 | \$ - | \$ 1,136,921 |
| Investments | 11,564,002 | - | - | 11,564,002 |
| Investments - certificates of deposit | 605,015 | - | - | 605,015 |
| Accounts receivable | 17,162,927 | 2,615,065 | - | 19,777,992 |
| Other receivables | 206,352 | 25,833 | - | 232,185 |
| Prepaid expenses | 2,475,203 | 218,358 | - | 2,693,561 |
| Accrued investment interest receivable | 41,755 | - | - | 41,755 |
| Due from Rising Ground | - | 2,513,773 | (2,513,733) | - |
| Total Current Assets | 32,647,723 | 5,917,481 | (2,513,773) | 36,051,431 |
| Assets Limited as to Use | | | | |
| Assets limited as to use - investments | 574,203 | - | - | 574,203 |
| Self-insurance deposits | 2,827,718 | - | - | 2,827,718 |
| Cash reserve for liabilities | 3,227,030 | - | - | 3,227,030 |
| Total Assets Limited as to Use | 6,628,951 | - | - | 6,628,951 |
| Other Assets | | | | |
| Investments | 2,361,096 | - | - | 2,361,096 |
| Security deposits | 137,191 | 287,141 | - | 424,332 |
| Investment in equity investee | 1,236,619 | - | (1,236,619) | - |
| Beneficial interest in perpetual trusts | 1,637,300 | - | - | 1,637,300 |
| Fixed assets, net | 25,931,523 | 2,730,741 | - | 28,662,264 |
| Total Other Assets | 31,303,729 | 3,017,882 | (1,236,619) | 33,084,992 |
| Total Assets | \$ 70,580,403 | \$ 8,935,363 | \$ (3,750,392) | \$ 75,765,374 |
| Liabilities and Net Assets | | | | |
| Current Liabilities | | | | |
| Accounts payable | \$ 2,726,336 | \$ 297,991 | \$ - | \$ 3,024,327 |
| Accrued payroll and employee benefits, current portion | 6,477,203 | 1,456,063 | - | 7,933,266 |
| Accrued expenses and other liabilities | 15,751,893 | 934,768 | - | 16,686,661 |
| Due to government agencies, current portion | 1,063,749 | 206,039 | - | 1,269,788 |
| Accrued interest payable | 31,044 | - | - | 31,044 |
| Line of credit and notes payable, current portion | 6,770,917 | 197,991 | - | 6,968,908 |
| Capital leases payable, current portion | 450,158 | - | - | 450,158 |
| Bonds payable, current portion | 1,760,000 | - | - | 1,760,000 |
| Due to Edwin Gould | 2,513,773 | - | (2,513,773) | - |
| Total Current Liabilities | 37,545,073 | 3,092,852 | (2,513,773) | 38,124,152 |
| Long-Term Liabilities | | | | |
| Accrued Payroll and Employee Benefits, Net of Current Portion | 249,020 | - | - | 249,020 |
| Line of Credit and Notes Payable, Net of Current Portion | 4,526,330 | 1,392,604 | - | 5,918,934 |
| Capital Leases Payable, Net of Current Portion | 508,818 | - | - | 508,818 |
| Deferred Rent | - | 1,030,046 | (1,030,046) | - |
| Due to Government Agencies, Net of Current Portion | 3,779,104 | 2,258,395 | - | 6,037,499 |
| Bonds Payable, Net of Current Portion, Unamortized Discount and Unamortized Debt Issuance Costs | 13,067,492 | - | - | 13,067,492 |
| Total Liabilities | 59,675,837 | 7,773,897 | (3,543,819) | 63,905,915 |
| Commitments and Contingencies | | | | |
| Net Assets | | | | |
| Without donor restrictions | 6,428,100 | 888,245 | 66,648 | 7,382,993 |
| With donor restrictions | 4,476,466 | 273,221 | (273,221) | 4,476,466 |
| Total Net Assets | 10,904,566 | 1,161,466 | (206,573) | 11,859,459 |
| Total Liabilities and Net Assets | \$ 70,580,403 | \$ 8,935,363 | \$ (3,750,392) | \$ 75,765,374 |

Rising Ground, Inc. and Affiliates

Consolidating Schedule of Financial Position

June 30, 2020

| | Rising Ground, Inc. | The Emergency Shelter, Inc. | Employee Benefits Program Revocable Trust | Eliminations | Total |
|---|----------------------|-----------------------------|---|-----------------------|----------------------|
| Assets | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | \$ 478,207 | \$ 114,262 | \$ - | \$ - | \$ 592,469 |
| Investments | 11,564,002 | - | - | - | 11,564,002 |
| Investments - certificates of deposit | - | 605,015 | - | - | 605,015 |
| Accounts receivable | 17,162,927 | 226,816 | 2,400,000 | (2,626,816) | 17,162,927 |
| Other receivables | 206,352 | - | - | - | 206,352 |
| Prepaid expenses | 2,475,203 | - | - | - | 2,475,203 |
| Accrued investment interest receivable | 41,755 | - | - | - | 41,755 |
| Total Current Assets | 31,928,446 | 946,093 | 2,400,000 | (2,626,816) | 32,647,723 |
| Assets Limited as to Use | | | | | |
| Assets limited as to use - investments | 574,203 | - | - | - | 574,203 |
| Self-insurance deposits | - | - | 2,827,718 | - | 2,827,718 |
| Cash reserve for liabilities | 3,227,030 | - | - | - | 3,227,030 |
| Total Assets Limited as to Use | 3,801,233 | - | 2,827,718 | - | 6,628,951 |
| Other Assets | | | | | |
| Investments | 2,361,096 | - | - | - | 2,361,096 |
| Security deposits | 137,191 | - | - | - | 137,191 |
| Investment in equity investee | 1,236,619 | - | - | - | 1,236,619 |
| Beneficial interest in perpetual trusts | - | 1,637,300 | - | - | 1,637,300 |
| Fixed assets, net | 25,931,523 | - | - | - | 25,931,523 |
| Total Other Assets | 29,666,429 | 1,637,300 | - | - | 31,303,729 |
| Total Assets | \$ 65,396,108 | \$ 2,583,393 | 5,227,718 | \$ (2,626,816) | \$ 70,580,403 |
| Liabilities and Net Assets | | | | | |
| Current Liabilities | | | | | |
| Accounts payable | \$ 2,726,336 | \$ - | \$ - | \$ - | \$ 2,726,336 |
| Accrued payroll and employee benefits, current portion | 6,477,203 | - | - | - | 6,477,203 |
| Accrued expenses and other liabilities | 11,849,991 | 29,000 | 4,099,718 | (226,816) | 15,751,893 |
| Due to government agencies, current portion | 1,063,749 | - | - | - | 1,063,749 |
| Accrued interest payable | 31,044 | - | - | - | 31,044 |
| Line of credit and notes payable, current portion | 6,770,917 | - | - | - | 6,770,917 |
| Capital leases payable, current portion | 450,158 | - | - | - | 450,158 |
| Bonds payable, net, current portion | 1,760,000 | - | - | - | 1,760,000 |
| Due to employee benefit trust | 2,400,000 | - | - | (2,400,000) | - |
| Due to Edwin Gould | 2,513,773 | - | - | - | 2,513,773 |
| Total Current Liabilities | 36,043,171 | 29,000 | 4,099,718 | (2,626,816) | 37,545,073 |
| Long-Term Liabilities | | | | | |
| Accrued Payroll and Employee Benefits, Net of Current Portion | 249,020 | - | - | - | 249,020 |
| Line of Credit and Notes Payable, Net of Current Portion | 4,526,330 | - | - | - | 4,526,330 |
| Capital Leases Payable, Net of Current Portion | 508,818 | - | - | - | 508,818 |
| Due to Government Agencies, Net of Current Portion | 3,779,104 | - | - | - | 3,779,104 |
| Bonds Payable, Net of Current Portion, Unamortized Discount and Unamortized Debt Issuance Costs | 13,067,492 | - | - | - | 13,067,492 |
| Total Liabilities | 58,173,935 | 29,000 | 4,099,718 | (2,626,816) | 59,675,837 |
| Commitments and Contingencies | | | | | |
| Net Assets | | | | | |
| Without donor restrictions | 4,383,007 | 917,093 | 1,128,000 | - | 6,428,100 |
| With donor restrictions | 2,839,166 | 1,637,300 | - | - | 4,476,466 |
| Total Net Assets | 7,222,173 | 2,554,393 | 1,128,000 | - | 10,904,566 |
| Total Liabilities and Net Assets | \$ 65,396,108 | \$ 2,583,393 | \$ 5,227,718 | \$ (2,626,816) | \$70,580,403 |

Edwin Gould Services for Children and Families and Affiliate

Consolidating Schedule of Financial Position

June 30, 2020

| | Edwin Gould | Kingsland Services Fund, Inc. | Eliminations | Total |
|--|---------------------|----------------------------------|---------------------|---------------------|
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 498,782 | \$ 45,670 | \$ - | \$ 544,452 |
| Accounts receivable | 2,615,065 | - | - | 2,615,065 |
| Other receivables | 25,833 | - | - | 25,833 |
| Prepaid expenses | 218,358 | - | - | 218,358 |
| Due from Rising Ground | 2,513,773 | - | - | 2,513,773 |
| Due from Edwin Gould | - | 614,690 | (614,690) | - |
| Total Current Assets | 5,871,811 | 660,360 | (614,690) | 5,917,481 |
| Other Assets | | | | |
| Security deposits | 287,141 | - | - | 287,141 |
| Fixed assets, net | 2,730,741 | - | - | 2,730,741 |
| Total Other Assets | 3,017,882 | - | - | 3,017,882 |
| Total Assets | \$ 8,889,693 | \$ 660,360 | \$ (614,690) | \$ 8,935,363 |
| Liabilities and Net Assets | | | | |
| Current Liabilities | | | | |
| Accounts payable | \$ 297,991 | \$ - | \$ - | \$ 297,991 |
| Accrued payroll and employee benefits, current portion | 1,456,063 | - | - | 1,456,063 |
| Accrued expenses and other liabilities | 934,768 | - | - | 934,768 |
| Due to government agencies, current portion | 206,039 | - | - | 206,039 |
| Line of credit and notes payable, current portion | 197,991 | - | - | 197,991 |
| Due to Kingsland Services | 614,690 | - | (614,690) | - |
| Total Current Liabilities | 3,707,542 | - | (614,690) | 3,092,852 |
| Long-Term Liabilities | | | | |
| Line of Credit and Notes Payable, Net of Current Portion | 1,392,604 | - | - | 1,392,604 |
| Deferred rent | 1,030,046 | - | - | 1,030,046 |
| Due to Government Agencies, Net of Current Portion | 2,258,395 | - | - | 2,258,395 |
| Total Long-Term Liabilities | 4,681,045 | - | - | 4,681,045 |
| Total Liabilities | 8,388,587 | - | (614,690) | 7,773,897 |
| Commitments and Contingencies | | | | |
| Net Assets | | | | |
| Without donor restrictions | 227,885 | 660,360 | - | 888,245 |
| With donor restrictions | 273,221 | - | - | 273,221 |
| Total Net Assets | 501,106 | 660,360 | - | 1,161,466 |
| Total Liabilities and Net Assets | \$ 8,889,693 | \$ 660,360 | \$ (614,690) | \$ 8,935,363 |

Rising Ground, Inc. and Affiliates

Consolidating Schedule of Activities

Year ended June 30, 2020

| | 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 | \$ 115,591,452 | \$ - | \$ 16,926,654 | \$ 200,000 | \$ - | \$ - | \$ 132,518,106 | \$ 200,000 | \$ 132,718,106 |
| In-kind contributions | 120,312 | - | - | - | - | - | 120,312 | - | 120,312 |
| Other income | 81,778 | - | - | - | - | - | 81,778 | - | 81,778 |
| Total Operating Revenues | 115,793,542 | - | 16,926,654 | 200,000 | - | - | 132,720,196 | 200,000 | 132,920,196 |
| Operating Expenses | | | | | | | | | |
| Total Program services | 107,645,378 | - | 15,293,934 | - | - | - | 122,939,312 | - | 122,939,312 |
| Supporting services: | | | | | | | | | |
| Management and general | 14,379,557 | - | - | - | 137,141 | - | 14,516,698 | - | 14,516,698 |
| Development | 765,832 | - | - | - | - | - | 765,832 | - | 765,832 |
| Total Supporting Services | 15,145,389 | - | - | - | 137,141 | - | 15,282,530 | - | 15,282,530 |
| Total Operating Expenses | 122,790,767 | - | 15,293,934 | - | 137,141 | - | 138,221,842 | - | 138,221,842 |
| Change in Net Assets, before nonoperating revenues and expenses | (6,997,225) | - | 1,632,720 | 200,000 | (137,141) | - | (5,501,646) | 200,000 | (5,301,646) |
| Nonoperating Revenues and Expenses | | | | | | | | | |
| Investment income, net | 661,847 | - | 1,611 | - | - | - | 663,458 | - | 663,458 |
| Contributions | 1,456,941 | - | - | - | - | - | 1,456,941 | - | 1,456,941 |
| Special events | 380,919 | - | - | - | - | - | 380,919 | - | 380,919 |
| Direct costs of special events | (89,936) | - | - | - | - | - | (89,936) | - | (89,936) |
| Change in value of beneficial interest in perpetual trusts | - | (27,545) | - | - | - | - | - | (27,545) | (27,545) |
| Contribution from Edwin Gould Services for Children and Families | 1,883,575 | (50,855) | - | - | (1,883,575) | 50,855 | - | - | - |
| Miscellaneous income | 1,128,000 | - | - | - | - | - | 1,128,000 | - | 1,128,000 |
| Net assets released from restrictions | 46,807 | (46,807) | 250,855 | (250,855) | - | - | 297,662 | (297,662) | - |
| Change in Net Assets from Nonoperating Revenues and Expenses | 5,468,153 | (125,207) | 252,466 | (250,855) | (1,883,575) | 50,855 | 3,837,044 | (325,207) | 3,511,837 |
| Change in Net Assets | (1,529,072) | (125,207) | 1,885,186 | (50,855) | (2,020,716) | 50,855 | (1,664,602) | (125,207) | (1,789,809) |
| Net Assets, beginning 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 |
| Net Assets, end of year | \$ 6,428,100 | \$ 4,476,466 | \$ 888,245 | \$ 273,221 | \$ 66,648 | \$ (273,221) | \$ 7,382,993 | \$ 4,476,466 | \$ 11,859,459 |

Rising Ground, Inc. and Affiliates

Consolidating Schedule of Activities

Year ended June 30, 2020

| | Rising Ground, Inc. | | The Emergency Shelter, Inc. | | Employee Benefits Program Revocable Trust | Eliminations | Total | | Total |
|--|-------------------------------|----------------------------|-------------------------------|----------------------------|---|--------------------|-------------------------------|----------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Without Donor Restrictions | With Donor Restrictions | Without Donor Restrictions | | Without Donor Restrictions | With Donor Restrictions | |
| Operating Revenues | | | | | | | | | |
| Program revenue | \$ 115,591,452 | \$ - | \$ - | \$ - | \$ 9,072,000 | \$ (9,072,000) | \$ 115,591,452 | \$ - | \$ 115,591,452 |
| In-kind contributions | 120,312 | - | - | - | - | - | 120,312 | - | 120,312 |
| Other income | 81,778 | - | - | - | - | - | 81,778 | - | 81,778 |
| Total Operating Revenues | 115,793,542 | - | - | - | 9,072,000 | (9,072,000) | 115,793,542 | - | 115,793,542 |
| Operating Expenses | | | | | | | | | |
| Total Program services | 107,645,378 | - | 75,000 | - | - | (75,000) | 107,645,378 | - | 107,645,378 |
| Supporting services: | | | | | | | | | |
| Management and general | 14,387,598 | - | 5,250 | - | 9,072,000 | (9,085,291) | 14,379,557 | - | 14,379,557 |
| Development | 765,832 | - | - | - | - | - | 765,832 | - | 765,832 |
| Total Supporting Services | 15,153,430 | - | 5,250 | - | 9,072,000 | (9,085,291) | 15,145,389 | - | 15,145,389 |
| Total Operating Expenses | 122,798,808 | - | 80,250 | - | 9,072,000 | (9,160,291) | 122,790,767 | - | 122,790,767 |
| Change in Net Assets, before nonoperating revenues and expenses | (7,005,266) | - | (80,250) | - | - | 88,291 | (6,997,225) | - | (6,997,225) |
| Nonoperating Revenues and Expenses | | | | | | | | | |
| Investment income, net | 585,016 | - | 90,122 | - | - | (13,291) | 661,847 | - | 661,847 |
| Contributions | 1,531,941 | - | - | - | - | (75,000) | 1,456,941 | - | 1,456,941 |
| Special events | 380,919 | - | - | - | - | - | 380,919 | - | 380,919 |
| Direct costs of special events | (89,936) | - | - | - | - | - | (89,936) | - | (89,936) |
| Change in value of beneficial interest in perpetual trusts | - | - | - | (27,545) | - | - | - | (27,545) | (27,545) |
| Contribution from Edwin Gould Services for Children and Families | 1,883,575 | (50,855) | - | - | - | - | 1,883,575 | (50,855) | 1,832,720 |
| Miscellaneous income | - | - | - | - | 1,128,000 | - | 1,128,000 | - | 1,128,000 |
| Net assets released from restrictions | 46,807 | (46,807) | - | - | - | - | 46,807 | (46,807) | - |
| Change in Net Assets from Nonoperating Revenues and Expenses | 4,338,322 | (97,662) | 90,122 | (27,545) | 1,128,000 | (88,291) | 5,468,153 | (125,207) | 5,342,946 |
| Change in Net Assets | (2,666,944) | (97,662) | 9,872 | (27,545) | 1,128,000 | - | (1,529,072) | (125,207) | (1,654,279) |
| Net Assets, beginning of year | 7,049,951 | 2,936,828 | 907,221 | 1,664,845 | - | - | 7,957,172 | 4,601,673 | 12,558,845 |
| Net Assets, end of year | \$ 4,383,007 | \$ 2,839,166 | \$ 917,093 | \$ 1,637,300 | \$ 1,128,000 | \$ - | \$ 6,428,100 | \$ 4,476,466 | \$ 10,904,566 |

Edwin Gould Services for Children and Families and Affiliate

Consolidating Schedule of Activities

Year ended June 30, 2020

| | 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 | \$ 16,926,654 | \$ 200,000 | \$ - | \$ - | \$ - | \$ 16,926,654 | \$ 200,000 | \$ 17,126,654 |
| Total Operating Revenues | 16,926,654 | 200,000 | - | - | - | 16,926,654 | 200,000 | 17,126,654 |
| Operating Expenses | | | | | | | | |
| Total Program services | 15,293,934 | - | - | - | - | 15,293,934 | - | 15,293,934 |
| Total Operating Expenses | 15,293,934 | - | - | - | - | 15,293,934 | - | 15,293,934 |
| Change in Net Assets, before nonoperating revenues and expenses | 1,632,720 | 200,000 | - | - | - | 1,632,720 | 200,000 | 1,832,720 |
| Nonoperating Revenues and Expenses | | | | | | | | |
| Investment income | - | - | 1,611 | - | - | 1,611 | - | 1,611 |
| Net assets released from restrictions | 250,855 | (250,855) | - | - | - | 250,855 | (250,855) | - |
| Change in Net Assets from Nonoperating Revenues and Expenses | 250,855 | (250,855) | 1,611 | - | - | 252,466 | (250,855) | 1,611 |
| Change in Net Assets | 1,883,575 | (50,855) | 1,611 | - | - | 1,885,186 | (50,855) | 1,834,331 |
| Net Assets, beginning of year | (1,655,690) | 324,076 | 658,749 | - | - | (996,941) | 324,076 | (672,865) |
| Net Assets, end of year | \$ 227,885 | \$ 273,221 | \$ 660,360 | \$ - | \$ - | \$ 888,245 | \$ 273,221 | \$ 1,161,466 |

Rising Ground, Inc. and Affiliate

Consolidated Schedule of Functional Expenses for Rising Ground, Inc., The Emergency Shelter, Inc. and the Employee Benefits Program Revocable Trust

Year ended June 30, 2020

| | Program Services | | | | | | Supporting Services | | | | | |
|---|----------------------|----------------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|------------------------|-------------------|--------------------------------|----------------------|-----------------------|
| | Child Welfare | Developmental Disabilities | Special Education | Juvenile Justice | Early Childhood | Preventative Services | Total | Management and General | Development | Direct Costs of Special Events | Total | Total |
| Employee Compensation and Benefits | | | | | | | | | | | | |
| Salaries and wages | \$ 27,391,085 | \$ 9,475,132 | \$ 8,469,937 | \$ 8,016,556 | \$ 4,910,843 | \$ 537,496 | \$ 58,801,052 | \$ 6,865,744 | \$ 416,149 | \$ - | \$ 7,281,893 | \$ 66,082,945 |
| Fringe benefits | 7,483,577 | 2,605,835 | 2,359,852 | 2,133,367 | 1,412,410 | 144,303 | 16,139,344 | 1,900,983 | 114,348 | - | 2,015,331 | 18,154,675 |
| Total Employee Compensation and Benefits | 34,874,662 | 12,060,970 | 10,829,789 | 10,149,923 | 6,323,253 | 681,799 | 74,139,396 | 8,766,727 | 530,497 | - | 9,297,224 | 84,237,620 |
| Specific Assistance to Individuals | | | | | | | | | | | | |
| Payments to foster parents | 4,799,742 | - | - | - | - | - | 4,799,742 | - | - | - | - | 4,799,742 |
| Food | 541,172 | 233,220 | 61,166 | 280,278 | 66,628 | 2,759 | 1,185,223 | - | - | - | - | 1,185,223 |
| Children's allowances and activities | 1,418,727 | 95,768 | 477,769 | 277,581 | 170,892 | 15,889 | 2,456,626 | - | - | - | - | 2,456,626 |
| Consumer incidentals | 41,303 | 3,268 | - | 7,570 | - | - | 52,141 | - | - | - | - | 52,141 |
| Clothing | 165,752 | 21,709 | - | 36,952 | - | - | 224,413 | - | - | - | - | 224,413 |
| Total Specific Assistance to Individuals | 6,966,696 | 252,965 | 538,935 | 602,381 | 237,520 | 18,648 | 8,718,145 | - | - | - | - | 8,718,145 |
| Occupancy | | | | | | | | | | | | |
| Interest expense | 143,264 | 297,229 | 218,518 | - | 80,772 | - | 739,783 | 342,118 | - | - | 342,118 | 1,081,901 |
| Rent | 1,909,237 | 372,528 | 751,267 | 367,642 | 781,453 | 47,114 | 4,229,241 | 245,273 | 17,254 | - | 262,527 | 4,491,768 |
| Utilities | 488,749 | 206,106 | 298,267 | 99,399 | 177,085 | 3,904 | 1,273,510 | 94,041 | 1,071 | - | 95,112 | 1,368,622 |
| Maintenance and repairs | 492,201 | 201,437 | 152,850 | 562,448 | 124,328 | 127 | 1,533,391 | 147,324 | - | - | 147,324 | 1,680,715 |
| Security | 148,321 | 46,869 | 50,903 | 71,316 | 15,396 | 52 | 332,857 | 14,140 | 213 | - | 14,353 | 347,210 |
| Janitorial services | 179,550 | 28,515 | 113,063 | 5,362 | 91,269 | 2,653 | 420,412 | 237,686 | 1,469 | - | 239,155 | 659,567 |
| Total Occupancy | 3,361,322 | 1,152,684 | 1,584,868 | 1,106,167 | 1,270,303 | 53,850 | 8,529,194 | 1,080,582 | 20,007 | - | 1,100,589 | 9,629,783 |
| Professional Fees | | | | | | | | | | | | |
| Clinical services | 456,156 | 42,596 | - | 25,877 | 1,017,757 | - | 1,542,386 | - | - | - | - | 1,542,386 |
| Legal and audit | 219,499 | 85,132 | 58,494 | - | 11,643 | - | 374,768 | 78,636 | - | - | 78,636 | 453,404 |
| Other independent contractors | 331,647 | 343,941 | 114,852 | 318,619 | 753,860 | 65,000 | 1,927,919 | 1,050,775 | 35,883 | - | 1,086,658 | 3,014,577 |
| Total Professional Fees | 1,007,302 | 471,669 | 173,346 | 344,496 | 1,783,260 | 65,000 | 3,845,073 | 1,129,411 | 35,883 | - | 1,165,294 | 5,010,367 |
| Other | | | | | | | | | | | | |
| Supplies | 801,469 | 180,790 | 400,983 | 338,054 | 221,295 | 8,427 | 1,951,018 | 389,723 | 44,727 | - | 434,450 | 2,385,468 |
| Transportation and other travel-related expenses | 573,126 | 136,679 | 30,747 | 74,429 | 17,090 | 1,367 | 833,438 | 60,484 | 927 | - | 61,411 | 894,849 |
| Insurance | 471,457 | 260,927 | 161,372 | 161,664 | 89,757 | 2,099 | 1,147,276 | 595,171 | 4,836 | - | 600,007 | 1,747,283 |
| Telephone | 588,122 | 284,895 | 166,617 | 293,742 | 228,429 | 15,407 | 1,577,212 | 425,423 | 4,863 | - | 430,286 | 2,007,498 |
| Vehicle rentals, repairs and replacement | 245,994 | 313,806 | 26,327 | 47,238 | 520 | - | 633,885 | 43,665 | - | - | 43,665 | 677,550 |
| Equipment/furniture rentals, repairs and replacement | 550,727 | 124,805 | 99,294 | 106,114 | 50,429 | 7,284 | 938,653 | 250,035 | 4,784 | - | 254,819 | 1,193,472 |
| Staff development | 196,209 | 31,494 | 144,859 | 130,055 | 27,896 | 5,730 | 536,243 | 34,078 | 59 | - | 34,137 | 570,380 |
| Staff recruitment | 63,592 | 16,437 | 19,334 | 9,272 | 13,153 | - | 121,788 | 65,794 | 6,566 | - | 72,360 | 194,148 |
| Printing, postage, subscriptions, publications | 19,604 | 66 | 17,778 | 91 | 604 | 186 | 38,329 | 98,603 | 102,638 | - | 201,241 | 239,570 |
| Dues, licenses, permits | 76,770 | 724 | 27,698 | - | 8,692 | 100 | 113,984 | 142,727 | 2,545 | - | 145,272 | 259,256 |
| Line of credit interest expense | - | - | - | - | - | - | - | 249,770 | - | - | 249,770 | 249,770 |
| Miscellaneous | 220,818 | 11,251 | 91,884 | 44,651 | 26,823 | - | 395,427 | 352,060 | 7,500 | 89,936 | 449,496 | 844,923 |
| Total Other | 3,807,888 | 1,361,874 | 1,186,693 | 1,205,310 | 684,688 | 40,600 | 8,287,253 | 2,707,533 | 179,445 | 89,936 | 2,976,914 | 11,264,167 |
| Total Expenses, before depreciation and amortization | 50,017,870 | 15,421,162 | 14,313,831 | 13,408,277 | 10,299,024 | 859,897 | 104,320,061 | 13,684,253 | 765,832 | 89,936 | 14,540,021 | 118,860,082 |
| Depreciation and Amortization | 906,666 | 670,039 | 601,118 | 986,599 | 147,200 | 13,695 | 3,325,317 | 695,304 | - | - | 695,304 | 4,020,621 |
| Total Expenses | 50,924,536 | 16,091,201 | 14,914,949 | 14,394,876 | 10,446,224 | 873,592 | 107,645,378 | 14,379,557 | 765,832 | 89,936 | 15,235,325 | 122,880,703 |
| Less: Expenses Deducted Directly from Revenues | | | | | | | | | | | | |
| Direct cost of special events | - | - | - | - | - | - | - | - | - | (89,936) | (89,936) | (89,936) |
| Total Expenses Reported by Function | \$ 50,924,536 | \$ 16,091,201 | \$ 14,914,949 | \$ 14,394,876 | \$ 10,446,224 | \$ 873,592 | \$ 107,645,378 | \$ 14,379,557 | \$ 765,832 | \$ - | \$ 15,145,389 | \$ 122,790,767 |

Rising Ground, Inc. and Affiliate

**Consolidated Schedule of Functional Expenses for
Edwin Gould Services for Children and Families and Kingsland Services Fund, Inc.**

Year ended June 30, 2020

| | Program Services | | | | | | Supporting Services | | | | | |
|---|---------------------|----------------------------|-------------------|------------------|-----------------|-----------------------|----------------------|------------------------|-------------|--------------------------------|-------------|----------------------|
| | Child Welfare | Developmental Disabilities | Special Education | Juvenile Justice | Early Childhood | Preventative Services | Total | Management and General | Development | Direct Costs of Special Events | Total | Total |
| Employee Compensation and Benefits | | | | | | | | | | | | |
| Salaries and wages | \$ 3,393,489 | \$ 3,272,404 | \$ - | \$ - | \$ - | \$ 2,806,840 | \$ 9,472,733 | \$ - | \$ - | \$ - | \$ - | \$ 9,472,733 |
| Fringe benefits | 949,297 | 910,785 | - | - | - | 770,852 | 2,630,934 | - | - | - | - | 2,630,934 |
| Total Employee Compensation and Benefits | 4,342,786 | 4,183,189 | - | - | - | 3,577,692 | 12,103,667 | - | - | - | - | 12,103,667 |
| Specific Assistance to Individuals | | | | | | | | | | | | |
| Food | 2,400 | 122,675 | - | - | - | 30,616 | 155,691 | - | - | - | - | 155,691 |
| Children's allowances and activities | 104,128 | 6,429 | - | - | - | 247,956 | 358,513 | - | - | - | - | 358,513 |
| Consumer incidentals | - | 7,525 | - | - | - | - | 7,525 | - | - | - | - | 7,525 |
| Clothing | - | 9,884 | - | - | - | 222 | 10,106 | - | - | - | - | 10,106 |
| Total Specific Assistance to Individuals | 106,528 | 146,513 | - | - | - | 278,794 | 531,835 | - | - | - | - | 531,835 |
| Occupancy | | | | | | | | | | | | |
| Interest expense | - | 21,383 | - | - | - | - | 21,383 | - | - | - | - | 21,383 |
| Rent | 691,205 | 194,239 | - | - | - | 161,062 | 1,046,506 | - | - | - | - | 1,046,506 |
| Utilities | 34,915 | 31,725 | - | - | - | 9,023 | 75,663 | - | - | - | - | 75,663 |
| Maintenance and repairs | 6,876 | 6,576 | - | - | - | 755 | 14,207 | - | - | - | - | 14,207 |
| Security | 44,788 | 33,113 | - | - | - | 61 | 77,962 | - | - | - | - | 77,962 |
| Janitorial services | 24,121 | 10,741 | - | - | - | 4,371 | 39,233 | - | - | - | - | 39,233 |
| Total Occupancy | 801,905 | 297,777 | - | - | - | 175,272 | 1,274,954 | - | - | - | - | 1,274,954 |
| Professional Fees | | | | | | | | | | | | |
| Clinical services | - | 35,105 | - | - | - | - | 35,105 | - | - | - | - | 35,105 |
| Legal and audit | 719 | - | - | - | - | 1,180 | 1,899 | - | - | - | - | 1,899 |
| Other independent contractors | 22,063 | 249,188 | - | - | - | 122,207 | 393,458 | - | - | - | - | 393,458 |
| Total Professional Fees | 22,782 | 284,293 | - | - | - | 123,387 | 430,462 | - | - | - | - | 430,462 |
| Other | | | | | | | | | | | | |
| Supplies | 22,636 | 66,668 | - | - | - | 21,649 | 110,953 | - | - | - | - | 110,953 |
| Transportation and other travel-related expenses | 16,817 | 12,441 | - | - | - | 9,212 | 38,470 | - | - | - | - | 38,470 |
| Insurance | 57,739 | 54,625 | - | - | - | 27,095 | 139,459 | - | - | - | - | 139,459 |
| Telephone | 99,816 | 84,119 | - | - | - | 44,825 | 228,760 | - | - | - | - | 228,760 |
| Vehicle rentals, repairs and replacement | 74 | 51,104 | - | - | - | - | 51,178 | - | - | - | - | 51,178 |
| Equipment/furniture rentals, repairs and replacement | 121,235 | 26,664 | - | - | - | 23,746 | 171,645 | - | - | - | - | 171,645 |
| Staff development | 71,827 | - | - | - | - | 22,623 | 94,450 | - | - | - | - | 94,450 |
| Staff recruitment | 8,743 | - | - | - | - | 250 | 8,993 | - | - | - | - | 8,993 |
| Printing, postage, subscriptions, publications | 2,571 | 14 | - | - | - | 1,433 | 4,018 | - | - | - | - | 4,018 |
| Dues, licenses, permits | 88 | 267 | - | - | - | 1,227 | 1,582 | - | - | - | - | 1,582 |
| Miscellaneous | - | 404 | - | - | - | - | 404 | - | - | - | - | 404 |
| Total Other | 401,546 | 296,306 | - | - | - | 152,060 | 849,912 | - | - | - | - | 849,912 |
| Total Expenses, before depreciation and amortization | 5,675,547 | 5,208,078 | - | - | - | 4,307,205 | 15,190,830 | - | - | - | - | 15,190,830 |
| Depreciation and Amortization | 54,368 | 39,227 | - | - | - | 9,509 | 103,104 | - | - | - | - | 103,104 |
| Total Expenses Reported by Function | \$ 5,729,915 | \$ 5,247,305 | \$ - | \$ - | \$ - | \$ 4,316,714 | \$ 15,293,934 | \$ - | \$ - | \$ - | \$ - | \$ 15,293,934 |